

**SUN YAD CONSTRUCTION CO.,
LTD. and Its' Subsidiaries**

**Consolidated Financial Statements and
External Auditor's Report**

2023 and 2022

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Statement

The companies to be included by the Company in the consolidated financial statement of affiliated companies in 2023 (January 1, 2023~December 31, 2023) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the International Financial Reporting Standards (IFRSs) 10 endorsed by Financial Supervisory Commission (FSC). Further, the related information to be disclosed in the consolidated financial statement of affiliated companies has been disclosed in said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated companies separately.

Hereby declared by

Company name: SUN YAD CONSTRUCTION CO., LTD.

Chairman: Chang Yu-Ming

Date: March 12, 2024

External Auditor's Report

To the Board of Directors of SUN YAD CONSTRUCTION CO., LTD.:

Audit Opinions

We have completed our review on the Consolidated Balance Sheet of SUN YAD CONSTRUCTION CO., LTD. and its subsidiaries (hereinafter referred to as "SUN YAD Group") on December 31, 2023 and 2022, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1~December 31, 2023 and 2022.

In our opinion, said consolidated financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission, based on our audit results and the other external auditors' report (please refer to the Other Matters section). They are sufficient to adequately express the consolidated financial status of the SUN YAD Group as of December 31, 2023 and 2022 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2023 and 2022.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of the report. We are independent of SUN YAD Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions, based on our audit results and the other external auditors' report.

Other Matters

The financial statements of certain subsidiaries included into the consolidated financial statements of SUN YAD Group were audited by the other external auditors, not us. Therefore, in some opinion stated by us in said consolidated financial statements, the figures stated in said subsidiaries' financial statements were based on the audit report prepared by the other external auditors. Said subsidiaries' total assets amounted to NT\$1,740,299 thousand on December 31, 2022, accounting for 14.74% of the total consolidated assets. The net operating revenue in 2022 was NT\$16,689 thousand, accounting for 0.72% of the net consolidated operating revenue.

SUN YAD CONSTRUCTION CO., LTD. has prepared the parent company only financial statements 2023 and 2022. Meanwhile, we hereby express an unqualified opinion and the audit report referred to in the Other Matters section for future reference.

Key Audit Matters

Key audit matters refer to the most important matters for the audit of 2023 consolidated financial statements of the SUN YAD Group based on our professional judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that the following key audit matters should be communicated in the audit report:

I. Recognition of revenue - real estate sale

For the accounting policy about recognition of revenue, please refer to Notes IV(XV) Recognition of Revenue in the consolidated financial statements. For the details about the recognition of revenue, please refer to Note VI(XXVII) Revenue from contracts with customers in the consolidated financial statements.

Explanation of Key Audit Matters:

The revenue from sale of real estate of SUN YAD Group was recognized at the time of registration of the transfer of real estate title and physical settlement. Management might fail to recognize revenue early or defer the recognition of revenue in order to attain a better performance. Such transactions might not satisfy the revenue recognition principles, possibly resulting in significant risk over misrepresentation. Therefore, the recognition of revenue is identified as one of the important evaluation indicators in our audit on SUN YAD Group's consolidated financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of verification of the control mechanism for the operating procedure of collecting and recognizing revenue from sales under the company's internal control system. We conduct the random check on the house and land sales contracts, payment details, bank transaction records, real estate ownership transfer documents, and settlement list. We conduct the random check on each installment payment for house/land to analyze the integrity of bank's collections and unearned receipts out for the house/land payment accounting procedure. We select the transactions before and after the balance sheet date at random to check the related transaction documents and evaluate whether the revenue is recognized in a timely manner.

II. Inventory valuation

For the accounting policy on inventory valuation, please refer to Note IV(VIII) Inventory in the consolidated financial statements. For the uncertainty in accounting estimates and hypotheses about net realizable value of inventory valuation, please refer to Note V in the consolidated financial statements. For the explanation of the net realizable value of inventory valuation, please refer to Note VI(VII) Inventory in the consolidated financial statements.

Explanation of Key Audit Matters:

SUN YAD Group's inventory is measured at the lower of cost and net realizable value. Among the other things, In consideration of the changes in market demand, the products in the manufacturing industry might become outdated or no longer satisfy the market demand, and the sales related thereto might fluctuate drastically. As to the building industry, as the real estate industry requires a high cash inflow with the long collection period, the industry is likely to be affected significantly by politics, economy and real estate tax systems and, therefore, there might be the risk that the inventory cost would be higher than the net realizable value. Therefore, the inventory valuation is identified as one of the important evaluation indicators in our audit on SUN YAD Group's consolidated financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of verification of the valuation policy adopted by the management of SUN YAD Group, in order to evaluate the reasonableness of the net realizable value of inventory. Meanwhile, we conduct the random check to inspect the accuracy of the statement of net realizable value of inventory. We check the inventory aging report, analyze the changes in inventory aging in various periods, and conduct the random check to check the accuracy of the inventory aging report. We check the accuracy of SUN YAD Group's loss provision for inventory in the past, and compare it with the loss provision for inventory estimated in the current period, in order to evaluate whether the estimation method and hypotheses in the current period are adequate. According to the latest Actual Price Registration of Real Estate released by the Ministry of the Interior and the quotation prices of nearby real estate, we evaluate the reasonableness of allowance for inventory valuation and obsolescence losses in the building industry and also evaluate whether the inventory valuation is executed in accordance with the Company's existing accounting policy, by translating the average selling price into the net realizable value of inventory. Also, we evaluate whether SUN YAD Group's disclosure of the information about loss

provision for inventory is adequate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed and promulgated in effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of SUN YAD Group to continue operations, disclosing related matters, as well as continuing operations with the basis of accounting, unless the management either intends to liquidate SUN YAD Group or to cease operations, or has no feasible alternative but to do so.

Those charged with governance (including Audit Committee) are responsible for overseeing the financial reporting process of SUN YAD Group.

External Auditors' Responsibilities for the Audit on Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of SUN YAD Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SUN YAD Group to continue as a going concern, based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause SUN YAD Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion on the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during

our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be considered affecting our independence, and where applicable, other matters (including related safeguards).

From the matters communicated with the governance unit, we have determined key audit matters of 2023 consolidated financial statements of SUN YAD Group. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

External auditor:

Approval reference of securities : Jin-Guan-Zhen-6-Zi No. 0960069825
competent authority: (89) Tai-Cai-Zheng (6) No. 62474

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

SUN YAD CONSTRUCTION CO., LTD. and Its’ Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ Thousand

Assets		December 31, 2023		December 31, 2022						December 31, 2023		December 31, 2022										
		Amount	%	Amount	%					Amount	%	Amount	%									
Current assets:																						
1100	Cash and cash equivalents (Note VI(I))	\$	689,023	6	763,148	7	Liabilities and equity				\$	3,684,276	30	3,597,304	31							
1110	Financial assets at fair value through profit or loss - non-current (Note VI(II) and VIII)		206,282	2	287,613	2	Current liabilities:					155,822	1	154,726	1							
1136	Financial assets measured at amortized cost - current (Note VI(IV))		514,913	4	13,900	-	2100	Short-term loan (Notes VI(XVI) and VIII)				2,400	-	5,936	-							
1140	Contract assets - current (Note VI(XXVII) and VII)	-	-	-	30,383	-	2110	Short-term bills and notes payable (Notes VI(XVII) and VIII)				860,597	7	699,145	6							
1150	Notes receivable, net (Note VI(V) and (XXVII))		38,513	-	67,656	1	2120	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) and (XX))				215	-	309	-							
1170	Accounts receivable, net (Note VI(V), (XXVII) and VII)		100,227	1	110,784	1	2130	Contract liabilities - current (Note VI(XXVII), VII, and IX)				683,513	5	545,701	5							
1200	Other receivables (Note VI(VI) and VII)		27,008	-	8,771	-	2150	Notes payable				97,535	1	157,268	1							
1220	Income tax assets for the current period		2,415	-	847	-	2170	Accounts payable				4,109	-	2,584	-							
130X	Inventory (Note VI(VII), VIII and IX)		7,671,487	61	6,951,018	59	2200	Other payables (Note VII)				4,724	-	3,570	-							
1410	Prepayments		425,746	3	281,654	2	2230	Income tax liabilities for the current period				1,042,899	8	249,431	2							
1470	Other current assets		153,727	1	119,520	1	2280	Lease liabilities - current (Note VI(XIX))				41,557	-	31,085	-							
1476	Other financial assets - current (Note VIII)		274,952	2	508,826	4	2321	Corporate bonds payable due within one year or one business cycle (Notes VI(XX) and VIII)				14,950	-	22,983	-							
	Total current assets		10,104,293	80	9,144,120	77	2322	Long-term loan due within one year or one business cycle (Note VI(XVIII) and VIII)														
Non-current assets:														2399	Other current liabilities				6,592,597	52	5,470,042	46
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II))		363,325	3	348,882	3	Total current liabilities															
1521	Financial assets at fair value through other comprehensive income - non-current (Note VI(III))		6,926	-	17,458	-	Non-current liabilities:															
1600	Property, plant and equipment (Note VI(XII), (XIV), VII, VIII and IX)		1,555,527	13	1,663,007	14	2500	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) and (XX))				-	-	8,827	-							
1755	Right-of-use assets (Notes VI(XIII) and VII)		12,632	-	17,494	-	2530	Corporate bonds payable (Notes VI(XX) and VIII)				-	-	808,211	7							
1760	Investment property (Notes VI(XII), (XIV) and (XXI), and VIII)		432,305	3	262,131	2	2540	Long-term loan (Notes VI(XVIII) and VIII)				112,524	1	93,207	1							
1780	Intangible assets (Note VI(XV))		75,175	1	82,194	1	2572	Deferred income tax liabilities (Note VI(XXIII))				66,186	1	73,387	1							
1840	Deferred income tax assets (Note VI(XXIII))		12,024	-	14,685	-	2580	Lease liabilities - non-current (Note VI(XIX))				8,485	-	14,206	-							
1920	Refundable deposits		14,155	-	18,740	-	2640	Net defined benefit liabilities- non-current (Note VI(XXII))				-	-	2,980	-							
1980	Other financial assets - non-current (Note VIII)	-	-	-	194,932	2	2645	Deposits received				4,314	-	13,237	-							
1990	Other non-current assets (Note VI(XXII) and IX)		1,003	-	42,498	1	Total non-current liabilities					191,509	2	1,014,055	9							
	Total non-current assets		2,473,072	20	2,662,021	23	Total liabilities					6,784,106	54	6,484,097	55							
														Equity attributed to owners of the parent (Note VI(III), (X), (XI), (XX), (XXII), (XXIII), and (XXIV)):								
														3100	Capital stock			2,804,169	23	2,190,421	19	
														3200	Capital surplus			288,659	2	321,536	3	
														3350	Retained earnings (accumulated deficit)			(107,759)	(1)	126,438	1	
														3400	Other equity			15	-	2,029	-	
														3500	Treasury stock			(82,303)	(1)	(61,756)	(1)	
															Total equity attributed to owners of the parent			2,902,781	23	2,578,668	22	
														Non-controlling equity:								
														36XX	Non-controlling equity (Notes VI(IX), (X) and (XI))			2,890,478	23	2,743,376	23	
														Total equity				5,793,259	46	5,322,044	45	
														Total liabilities and equity				\$ 12,577,365	100	11,806,141	100	
Total assets		\$	12,577,365	100	11,806,141	100																

Chairman: Chang Yu-Ming

(See accompanying notes to consolidated financial statements)
Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries

Consolidated Statement of Comprehensive Income

January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes VI(XI), (XXVII), and VII)	\$ 845,937	100	2,331,605	100
5000	Operating cost (Note VI(VII), (XII), (XIII), (XIV), (XXII), (XXV), VII, XII)	700,117	83	1,744,172	75
5900	Gross profit	145,820	17	587,433	25
6100	Operating expense: (Note VI(V), (XII), (XIII), (XIV), (XV), (XIX), (XXI), (XXII), (XXII) and (XXV), VII and XII)				
6100	Selling expenses	60,731	7	148,338	6
6200	Management expenses	244,854	29	254,092	11
6300	R&D expenses	19,392	2	15,428	1
6450	Expected credit impairment loss	-	-	(393)	-
		324,977	38	417,465	18
6900	Operating profit (loss)	(179,157)	(21)	169,968	7
	Non-operating revenue and expenditure: (Note VI(II), (VIII), (XIX), (XX), (XXI) and (XXIX), and VII)				
7100	Interest revenue	8,640	1	6,667	-
7190	Other revenue	23,683	3	26,713	1
7020	Other gains and losses	113,577	13	(58,596)	(2)
7050	Financial cost	(111,278)	(13)	(73,963)	(3)
7060	Share of profit or loss of affiliated companies recognized under equity method	-	-	(742)	-
		34,622	4	(99,921)	(4)
7900	Income (loss) before tax	(144,535)	(17)	70,047	3
7950	Less: Income tax expenses (Note VI(XXIII))	4,344	1	13,961	1
8200	Income (loss)	(148,879)	(18)	56,086	2
8300	Other comprehensive income:				
8310	Items not reclassified into income (Note VI(XXIII) and (XXIV))				
8311	Remeasurement of defined benefit plan	375	-	1,326	-
8316	Unrealized valuation gains or loss on investment in equity instrument at fair value through other comprehensive income	2,048	-	(2,478)	-
8349	Less: Income tax related to items that are not reclassified	(75)	-	(265)	-
		2,348	-	(1,417)	-
8360	Items that may be subsequently reclassified into income (Note VI(XXIII) and (XXIV))				
8361	Exchange differences on translation of foreign financial statements	-	-	10	-
8399	Less: Income tax related to items that might be reclassified	-	-	-	-
		-	-	10	-
	Other comprehensive income (net after tax)	2,348	-	(1,407)	-
8500	Total comprehensive income	\$ (146,531)	(18)	54,679	2
	Net income (loss) of the period attributed to:				
8610	Owners of the parent	\$ (144,751)	(17)	140,078	6
8620	Non-controlling equity	(4,128)	(1)	(83,992)	(4)
		\$ (148,879)	(18)	56,086	2
	The total comprehensive income shall be vested in:				
8710	Owners of the parent	\$ (143,429)	(17)	142,219	6
8720	Non-controlling equity	(3,102)	(1)	(87,540)	(4)
		\$ (146,531)	(18)	54,679	2
	Earnings per share (Note VI(XXVI) (Unit: NTS)				
9750	Basic earnings per share	\$ (0.68)		0.70	
9850	Diluted earnings per share			\$ 0.65	

(See accompanying notes to consolidated financial statements)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries

Consolidated Statement of Changes in Equity

January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

	Equity attributed to owners of the parent												
	Other equity items												
	Retained earnings						Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) from financial assets at fair value through other comprehensive income	Total	Treasury stock	Total equity attributed to owners of the parent	Non-controlling equity	Total equity
	Common stock capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)	Total							
Balance on January 1, 2022	\$ 2,325,457	288,511	36,494	4,832	(228,678)	(187,352)	(188)	(567)	(755)	(57,515)	2,368,346	3,029,742	5,398,088
Income (loss)	-	-	-	-	140,078	140,078	-	-	-	-	140,078	(83,992)	56,086
Other comprehensive income for the current period	-	-	-	-	110	110	6	2,025	2,031	-	2,141	(3,548)	(1,407)
Total comprehensive income	-	-	-	-	140,188	140,188	6	2,025	2,031	-	142,219	(87,540)	54,679
Legal reserve for accumulated deficit	-	-	(36,494)	-	36,494	-	-	-	-	-	-	-	-
Capital surplus for accumulated deficit 6,147,461	-	(6,147)	-	-	6,147	6,147	-	-	-	-	-	-	-
Capital decrease for accumulated deficit	(186,037)	-	-	-	186,037	186,037	-	-	-	-	-	-	-
Convertible corporate bonds	74,063	25,564	-	-	-	-	-	-	-	-	99,627	-	99,627
Subsidiaries’ issuance of convertible corporate bonds	-	-	-	-	-	-	-	-	-	-	-	9,252	9,252
Subsidiaries’ allocation of cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(93,137)	(93,137)
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(2,973)	(2,973)	(59,760)	(62,733)
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	(39,580)	(39,580)	-	(39,580)
Cancellation of treasury stock	(23,062)	(2,638)	-	-	(13,880)	(13,880)	-	-	-	39,580	-	-	-
Changes in the ownership and equity of the subsidiary	-	4,596	-	-	(3,949)	(3,949)	-	-	-	(1,268)	(621)	621	-
Share-based payment transactions	-	5,079	-	-	-	-	-	-	-	-	5,079	4,275	9,354
Subsidiaries’ disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	(753)	(753)	-	753	753	-	-	-	-
Decrease/increase in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	(60,077)	(60,077)
Exercise of disgorgement	-	6,571	-	-	-	-	-	-	-	-	6,571	-	6,571
Balance on December 31, 2022	2,190,421	321,536	-	4,832	121,606	126,438	(182)	2,211	2,029	(61,756)	2,578,668	2,743,376	5,322,044
Net loss for the current period	-	-	-	-	(144,751)	(144,751)	-	-	-	-	(144,751)	(4,128)	(148,879)
Other comprehensive income for the current period	-	-	-	-	43	43	-	1,279	1,279	-	1,322	1,026	2,348
Total comprehensive income	-	-	-	-	(144,708)	(144,708)	-	1,279	1,279	-	(143,429)	(3,102)	(146,531)
Earning appropriation and distribution:													
Legal reserve appropriation	-	-	12,161	-	(12,161)	-	-	-	-	-	-	-	-
Special reserve appropriation	-	-	-	21,117	(21,117)	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(87,617)	(87,617)	-	-	-	-	(87,617)	-	(87,617)
Cash dividends distributed from the capital surplus	-	(65,712)	-	-	-	-	-	-	-	-	(65,712)	-	(65,712)
Cash capital increase	600,000	-	-	-	-	-	-	-	-	-	600,000	-	600,000
Convertible corporate bonds	13,748	2,208	-	-	-	-	-	-	-	-	15,956	-	15,956
Subsidiaries’ conversion of convertible corporate bonds	-	-	-	-	-	-	-	-	-	-	-	14,308	14,308
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(20,547)	(20,547)	(102,513)	(123,060)
Distribute dividends to subsidiaries and adjust the capital surplus	-	2,623	-	-	-	-	-	-	-	-	2,623	-	2,623
Changes in the ownership and equity of the subsidiary	-	16,119	-	-	(5,165)	(5,165)	-	-	-	-	10,954	(15,298)	(4,344)
Subsidiaries’ disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	3,293	3,293	-	(3,293)	(3,293)	-	-	-	-
Share-based payment transactions	-	2,205	-	-	-	-	-	-	-	-	2,205	1,651	3,856
Exercise of employee stock options	-	-	-	-	-	-	-	-	-	-	-	10,549	10,549
Decrease/increase in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	241,507	241,507
Exercise of disgorgement	-	9,680	-	-	-	-	-	-	-	-	9,680	-	9,680
Balance on December 31, 2023	\$ 2,804,169	288,659	12,161	25,949	(145,869)	(107,759)	(182)	197	15	(82,303)	2,902,781	2,890,478	5,793,259

(See accompanying notes to consolidated financial statements)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries

Consolidated Cash Flow Statement

January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Income (loss) before tax	\$ (144,535)	70,047
Adjustment:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	54,015	48,880
Amortization expenses	2,969	1,732
Gain on reversal of expected credit impairment	-	(393)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(85,230)	75,363
Interest expenses	111,278	73,963
Interest revenue	(8,640)	(6,667)
Dividend revenue	(23,683)	(26,713)
Lease improvement losses (gains)	271	(590)
Share of profit or loss of affiliated companies recognized under equity method	-	742
Gains on disposal and retirement of property, plant and equipment	(13,299)	(55)
Impairment loss on non-financial assets	2,846	-
Unrealized gains on foreign currency exchange	(396)	(1,263)
Share-based payment transactions	3,856	9,354
Adjustments to reconcile profit (loss)	43,987	174,353
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Decrease (increase) in contract assets	30,383	(30,383)
Decrease (increase) in notes receivable	29,143	(6,027)
Decrease in accounts receivable	10,557	22,709
Increase in other receivables	(18,228)	(741)
Increase in inventories	(709,839)	(1,065,138)
Increase in prepayments	(156,899)	(113,337)
Increase in other current assets	(34,207)	(11,114)
Decrease in other non-current assets	13,538	429
Total net changes in assets related to operating activities	(835,552)	(1,203,602)
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	161,452	139,277
Decrease in notes payable	(94)	(712)
Increase in accounts payable	138,450	234,846
Increase (decrease) in other payables	(59,869)	54,108
Increase (decrease) in other current liabilities	(8,033)	14,772
Decrease in net defined benefit liabilities	(2,980)	(237)
Total net changes in liabilities related to operating activities	228,926	442,054
Total net changes in assets and liabilities related to operating activities	(606,626)	(761,548)
Total adjustments	(562,639)	(587,195)
Cash outflow from operation	(707,174)	(517,148)
Interest collected	8,631	6,667
Dividends collected	23,683	26,713
Interest paid	(105,428)	(78,256)
Income tax paid	(6,402)	(15,534)
Net cash outflow from operating activities	(786,690)	(577,558)
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(97,821)	(208,555)
Proceeds from disposal of financial assets at fair value through profit or loss	237,795	147,433
Acquisition of financial assets measured at amortized cost	(501,186)	(13,900)
Acquisition of financial assets at fair value through other comprehensive income	(20,734)	(23,563)
Proceeds from disposal of financial assets at fair value through other comprehensive income	33,497	21,673
Acquisition of property, plant and equipment	(60,182)	(120,746)
Proceeds from disposal of property, plant and equipment	71,602	55
Decrease in refundable deposits	4,585	1,529
Decrease in other receivables	-	32,710
Acquisition of intangible assets	(379)	(918)
Acquisition of investment property	(69,463)	-
Net cash outflow from merger and acquisition of subsidiaries	-	(43,218)
Decrease (increase) in other financial assets-current	233,874	(20,418)
Decrease in other financial assets - non-current	194,932	109,328
Increase in other non-current assets	-	(42,002)
Net cash inflow (outflow) from investing activities	26,520	(160,592)
Cash flow from financing activities:		
Increase in short-term loans	2,528,620	2,201,984
Decrease in short-term loans	(2,441,648)	(1,753,206)
Increase in short-term bills and notes payable	1,096	74,811
Issuance of convertible corporate bonds	-	294,665
Proceeds from long-term loans	99,560	135,324
Repayment of long-term loans	(69,771)	(22,032)
Increase (decrease) in deposits received	(8,923)	6,957
Repayment of principal for lease	(4,371)	(3,983)
Subsidiaries' allocation of cash dividends	-	(92,950)
Cash capital increase	600,000	-
Distribution of cash dividends	(150,706)	-
Exercise of disgorgement	9,680	6,571
Repurchase of treasury stock	(123,060)	(102,313)
Changes in non-controlling equity	245,637	(65,286)
Net cash inflow from financing activities	686,114	680,542
Effect of changes in foreign exchange rate to cash and cash equivalents	(69)	406
Decrease in cash and cash equivalents during the period	(74,125)	(57,202)
Balance of cash and cash equivalents, beginning	763,148	820,350
Balance of cash and cash equivalents, ending	\$ 689,023	763,148

(See accompanying notes to consolidated financial statements)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries

Notes to Consolidated Financial Statements

2023 and 2022

(All amounts are expressed in NT\$ thousand as the currency unit, unless otherwise noted.)

I. Company History

SUN YAD CONSTRUCTION CO., LTD. (hereinafter referred to as the “Company”) was established upon approval of the Ministry of Economic Affairs on December 11, 1979. Its registered address is 20-6F, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City. The Company and its subsidiaries (hereinafter referred to as the “consolidated entities”) are primarily engaged in the business lines including various polymer chemical raw materials, such as polyurethane resins, adhesives, surface treatment agents and solvents, manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc., housing and building development and rental, livestock breeding and bulk raw materials trading, research, development, manufacturing and sale of integrated circuit systems and security monitoring products, and technical consulting service and import/export trade of said products.

II. Dates and procedures where the financial statements were resolved

The consolidated financial statements were passed and promulgated by the Board of Directors on March 12, 2024.

III. Applicability of newly promulgated and amended standard rules and interpretations

(I) Effect posed by adoption of the newly promulgated and amended standard rules and interpretations endorsed by FSC.

The adoption of the following amended International Financial Reporting Standards by the consolidated entities starting on January 1, 2023 does not have a material influence on the consolidated financial statements.

- Amendments to IAS 1, “Disclosure of Accounting Policies”
- Amendments to IAS 8, “Definition of Accounting Estimates”
- Amendments to IAS 12, “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The adoption of the following amended International Financial Reporting Standards by the consolidated entities starting on May 23, 2023 does not have a material influence on the consolidated financial statements.

- Amendments to IAS 12, “International Tax Reform - Pillar Two Model Rules”

(II) Effect when the Company has yet to adopt the IFRSs approved by the FSC.

The following amended IFRSs become effective as of January 1, 2024. The possible effects caused therefor are explained as following:

1. Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”

Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements,” added two disclosure purposes to require enterprises to provide information on supplier finance arrangements to allow users (investors) to evaluate the effects of such finance arrangements on the liabilities and cash flow of enterprises and the liquidity risk faced by the companies.

According to the amendments, enterprises shall disclose the terms and conditions of such arrangements, the carrying amount of relevant financial liabilities, and the maturity of payments, and shall disclose the categories and effects of non-cash changes in the carrying amount of financial liabilities as a part of the supplier finance arrangements.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries (Cont'd)

The amendments also added that supplier finance arrangements may serve as a factor for consideration by enterprises when providing the quantitative disclosures of specific liquidity risks related to financial liabilities in the existing disclosure requirements of IFRS 7.

Consolidated entities participate in a supplier finance arrangement, and may be required to additionally disclose the information on the supplier finance arrangement and on how to manage liquidity risks due to the amendments. At present, we continue to evaluate the effects of the initial application of such amendments on the consolidated financial statements, particularly, the collection of information required to be additionally disclosed.

2. Others

It expects that the following amended standards will not pose any significant impact to the consolidated financial statements.

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS1, "Non-current Liabilities with Covenants"

Amendments to IFRS 16, "Lease Liabilities in Sale and Leaseback Transactions"

(III) New and amended standards and interpretations not yet endorsed by FSC.

The consolidated entities expect no material influence on the consolidated financial statements due to the newly published and amended standards yet to be recognized as below.

- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"
- IFRS 17, "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IAS 21, "Lack of Exchangeability"

IV. Summary of significant accounting policies

The important accounting policies applied by the consolidated financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the consolidated financial statements.

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports (the "Preparation Regulations") by Securities Issuers and with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed and promulgated in effect by the Financial Supervisory Commission (the "IFRS Accounting Standards endorsed by FSC").

(II) Basis of preparation

1. Basis for measurement

Except the following important items in the balance sheet, the consolidated financial statement was prepared based on the historical cost:

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income;

2. Functional currency and presentation of currency

The functional currency of each of the consolidated entities shall be subject to the currency applicable in the main economic environment in which its business place is situated. The consolidated financial statements should be presented based on the Company's functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD Thousand as the currency unit.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries (Cont'd)

(III) Basis for consolidation

1. Principles for preparation of consolidated financial statements

The entities in the consolidated financial statements include the Company, and the entities controlled by the Company (namely, subsidiaries). When the Company is exposed to the changes of remuneration participated by the invested entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Company is held controlling the entities.

The subsidiary's financial statement shall be included into the consolidated financial statements as of the date of acquisition of the control is acquired, until the date of loss of the control. The consolidated entities' transactions, balance and unrealized income and expense have already been eliminated when the consolidated financial statements were prepared. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling equity, even if this results in the non-controlling equity having a deficit balance.

The financial statements of subsidiaries have been adjusted where necessary to ensure that its accounting policies are consistent with the policies adopted by the Company.

Any change in the Company's ownership of any subsidiaries which did not result in loss of control is treated as the equity transaction with the owner. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration shall be stated into equity directly and vested in the owners of the Company.

2. Subsidiaries included into the consolidated financial statements

The subsidiaries included into the consolidated financial statements include:

Name of Investee	Name of Subsidiary	Nature of Business	Equity (%)		Remarks
			December 31, 2023	December 31, 2022	
The Company	Victory Enterprises Limited	Investment	64.36%	64.36%	
The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	16.14%	16.45%	(Note)
The Company	Shangyu Construction Co., Ltd. (Shangyu)	Construction and engineering	99.99%	99.99%	
The Company	MYSON CENTURY, INC. (MYSON)	Research, development, manufacturing and sale of integrated circuit systems and security monitoring products	17.06%	17.06%	(Note 1 and Note 2)
The Company	FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. (FEEI CHERNG)	Livestock breeding, bulk raw materials trading, and housing and building development and rental	13.04%	8.42%	(Note 1, Note 2, and Note 5)
MYSON CENTURY, INC.	ZAVIO INC. (ZAVIO)	Design and sale of security monitoring products	100.00%	100.00%	(Note 6)
MYSON CENTURY, INC.	YUAN QIAO Corporation	Catering and other catering	82.78%	-	(Note 4)
MYSON CENTURY, INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	2.15%	2.19%	(Note)
MYSON CENTURY, INC.	HSIN-LI CHEMICAL INDUSTRIAL CORP. (HSIN-LI)	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	2.63%	3.81%	(Note 1)
MYSON CENTURY, INC.	FEEI CHERNG ENTERPRISE CO., LTD.	Livestock breeding, bulk raw materials trading, and housing and building development and rental	0.14%	0.20%	(Note 1 and Note 2)
Shangyu Construction Co., Ltd.	BOROMI OPTRONICS CORP. (BOROMI)	Indoor renovation/indoor decoration, and door and window installation project	100.00%	100.00%	
Shangyu Construction Co., Ltd.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	7.72%	5.05%	(Note 1)

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Name of Investee	Name of Subsidiary	Nature of Business	Equity (%)		Remarks
			December 31, 2023	December 31, 2022	
BOROMI OPTRONICS CORP.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	3.67%	0.98%	(Note 1)
BOROMI OPTRONICS CORP.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	1.13%	1.15%	(Note)
Victory Enterprises Limited	Acme International Management Inc.	Investment	100.00%	100.00%	
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	Livestock breeding, bulk raw materials trading, and housing and building development and rental	17.21%	24.45%	(Note 1 and Note 2)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	15.08%	15.08%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	10.19%	10.33%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai Engineering Co., Ltd.	Construction and engineering	92.53%	82.53%	(Note 3)
HSIN-LI	MYSON CENTURY, INC.	Research, development, manufacturing and sale of integrated circuit systems and security monitoring products	9.83%	-	(Note 1 and Note 2)

(Note): The consolidated entities had the right to direct the voting rights of a majority of the company's Board members, and acquired the control over that company as that company was controlled by its Board of Directors. Therefore, the company was included into the consolidated financial statements.

(Note 1): The consolidated entities had the right to direct the voting rights of a majority of the board members, as well as the personnel, finance, and business management of FEEI CHERNG and HSIN-LI, and acquired the control over that company as that company was controlled by its Board of Directors. Therefore, the company was included into the consolidated financial statements.

(Note 2): Important subsidiaries' 2022 financial statements have been audited by another CPA.

(Note 3): The consolidated entities have acquired the control over Sen Tai via FEEI CHERNG in December 2022, and the company became a subsidiary of the consolidated entities. Therefore, the company was included into the consolidated financial statements.

(Note 4): A subsidiary incorporated under the approval of the Ministry of Economic Affairs on April 20, 2023.

(Note 5): FEEI CHERNG ENTERPRISE CO., LTD was renamed FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. on June 26, 2023.

(Note 6): Non-important subsidiaries' 2022 financial statements have been audited by another CPA.

3. Subsidiaries excluded from the consolidated financial statements: None.

(IV) Foreign currency

1. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. Subsequently, at the end of each reporting period, the foreign currencies shall be translated into the functional currency based on the foreign exchange rate prevailing on the same date. Meanwhile, the non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

The foreign currency exchange difference generated from the translation is usually stated as income, unless in the following circumstances, it shall be stated as other comprehensive income:

- (1) Designated as the equity instrument at fair value through other comprehensive income;
- (2) Financial liabilities designated as net investment hedge for foreign operations within the scope of effective hedging; or
- (3) Qualified cash flow hedging within the scope of effective hedging.

2. Foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. The adjustments to reconcile profit (loss) shall be translated into NTD at the average exchange rate in the current period, and the exchange difference generated therefor shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling equity on a pro rata basis.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

(V) Classification standard of current and non-current assets and liabilities

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into non-current assets:

1. Assets expected to be realized, or intent to be sold or consumed, in the normal operating cycle. Except the real estate development business, which is subject to the business cycle longer than one year generally, the other businesses of the consolidated entities are subject to the business cycle for one year;
2. Assets primarily held for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting period; or
4. Assets which are cash or cash equivalent, exclusive of the assets to be used for an exchange or to settle a liability, or otherwise remain restricted at more than 12 months after the reporting period.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into non-current liabilities:

1. Liabilities expected to be repaid in the normal operating cycle; Except the real estate development business-related liabilities, which is subject to the business cycle longer than one year generally, the other liabilities of the consolidated entities are subject to the business cycle for one year;
2. Liabilities primarily held for the purpose of trading;
3. Liabilities expected to be discharged within 12 months after the reporting period; or
4. Liabilities of which the consolidated entities do not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the trading counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(VI) Cash and Cash Equivalents

Cash or cash equivalents include cash on hand and demand deposits. Cash equivalents refer to highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The time deposits satisfy said definitions, and are held in order to satisfy the short-term cash commitment, not for investment or any other purposes and, therefore, are stated as cash equivalents.

(VII) Financial instruments

The accounts receivable and bond securities issued therefrom are stated when they are incurred initially. The other financial assets and financial liabilities are recognized initially when the consolidated entities becomes a party to the contract of the financial instruments. Any financial assets other than those at fair value through profit or loss (exclusive of the accounts receivable constituting major components of finance), or financial liabilities, shall be initially evaluated based on fair value, plus the transaction cost directly attributed to the acquisition or issuance. The accounts receivable constituting major components of finance shall be initially evaluated based on the transaction cost.

1. Financial assets

The purchase or disposal of financial assets classified in the same manner in customary transactions shall be subject to accounting on the date of transaction or settlement.

At the time of initial recognition, the financial assets are classified into the financial assets measured at amortized cost, investment in debt instrument at fair value through other comprehensive income, investment in equity instrument at fair value through other comprehensive income or financial assets at fair value through profit or loss. The consolidated entities would not reclassify all affected financial assets since the first date of next reporting period until it changes the financial assets management model.

(1) Financial assets measured at amortized cost

The financial assets which meet the following conditions but are not designated as those at fair value through profit or loss are measured at the amortized cost:

- The issuer holds the financial assets within a business model whose objective is to hold the financial asset to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The subsequent measurement of such assets shall be stated at the amount recognized initially, plus or minus accumulated amortizations calculated under effective interest method, and the amortized cost after adjustment on any loss provision. The interest revenue, foreign currency exchange gain or loss and impairment loss are stated into the income. The gain or loss is stated into income at the time of derecognition.

(2) Financial assets at fair value through other comprehensive income

Equity investments not held for trading, for which the consolidated entities have irrevocably elected at initial recognition to present changes in fair value in "other comprehensive income". Said election is made on an item-by-item basis.

The investment in equity instrument, if any, is measured at fair value subsequently. The dividend revenue is stated into income (unless it obviously represents the recovery of part of the investment). The other net profit or loss is stated into other comprehensive income, and is not reclassified into income.

The dividend revenue from equity investment is recognized on the date when the consolidated entities have the right to collect the dividend (on the ex-dividend date usually).

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(3) Financial assets at fair value through profit or loss

Financial assets not measured at amortized cost or measured at fair value through other comprehensive income (i.e., financial assets held for trading that with management and performance evaluation based on fair value) as mentioned above shall be measured at fair value through profit or loss, including derivative financial assets. In order to eliminate or significantly reduce the accounting mismatch at the time of initial recognition, the consolidated entities may irrevocably designate the financial assets measured at amortized cost or at fair value through other comprehensive income as those at fair value through profit or loss.

The assets shall be measured at fair value subsequently. The net profit or loss thereof (including any stock dividend and interest revenue) is stated into income.

(4) Impairment on financial assets

The consolidated entities recognize the loss provision at an amount equal to the lifetime expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets, etc).

The loss provision on the following financial assets is measured at an amount equal to the 12-month expected credit losses, while that on the other assets is measured at an amount equal to lifetime expected credit losses.

- The credit risk over bond securities is considered low on the reporting date; and
- The credit risk over the other bond securities and bank deposits has not increased significantly since initial recognition (namely, the risk over potential defaults within the expected lifetime of financial instruments).

The loss provision on accounts receivable is measured at an amount equal to lifetime expected credit loss.

The lifetime expected credit loss represents the expected credit loss on financial instruments caused by potential defaults within the expected lifetime of the instruments.

The expected credit loss within 12 months represents the expected credit loss on financial instruments caused by potential defaults within 12 months after the reporting date (or a shorter term, if the expected lifetime of the financial instrument is shorter than 12 months).

The term measured for expected credit loss is no longer than the longest contract term in which the consolidated entities are exposed to the credit risk.

When determining whether the credit risk has increased significantly since the original recognition, the consolidated entities shall consider reasonable and supportable information (readily available without undue cost or investment), including qualitative and quantitative information, and the analysis based on the consolidated entities' historical experience, credit rating and forward-looking information.

If the contract payment is overdue for more than 30 days, the consolidated entities shall assume that the credit risk over the financial assets has increased significantly.

If the contract payment is overdue for more than 180 days, or the borrower is not likely to perform its credit obligation to repay the consolidated entities in full, the consolidated entities shall assume that the financial assets suffer default.

The expected credit loss refers to the weighted estimate based on the possibility of credit loss suffered by the financial instruments within the expected lifetime. The credit loss is measured based on the present value of cash short, namely the price difference between the cash flow collectible by the consolidated entities based on the contract and that expected by the consolidated entities to collect.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

On each reporting date, the consolidated entities evaluate whether the financial assets measured at amortized cost and bond securities measured at fair value through other comprehensive income suffer any credit impairment. If the estimated future cash flow of the financial assets is affected adversely due to a single or multiple events occurring, the financial assets should be deemed suffering credit impairment. The evidence showing that financial assets have suffered credit impairment includes the following observable information:

- The borrower or issuer suffers significant financial difficulties.
- Default, e.g. payment deferred or overdue for more than 180 days;
- The concession by the consolidated entities on terms that it would not consider otherwise, with the economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is likely to petition for bankruptcy or other financial reorganization; or
- The disappearance of an active market for the financial assets because of financial difficulties.

The loss provisions on financial assets measured at amortized cost are deducted from the carrying amount of the assets. For the investment in debt instruments at fair value through other comprehensive income, the loss provision is charged to profit or loss and is stated into other comprehensive income (without reduction in the carrying amount of the assets).

The gross carrying amount of a financial asset is written off directly when the consolidated entities have no reasonable expectations toward recovery of a financial asset in its entirety or a portion thereof. The consolidated entities individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation toward recovery. The consolidated entities expect no significant reversal from the amount written off. However, financial assets that are written off could still be subject to compulsory execution, in order to comply with the consolidated entities' procedures for recovery of overdue amounts. Based on its experience, the overdue amount will not be recovered when it is overdue for over 180 days.

(5) Derecognition of financial assets

The consolidated entities derecognize a financial asset when the contractual rights to the cash flows from the financial asset are terminated, or transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the consolidated entities neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control over the financial asset.

The consolidated entities enter into transactions whereby it transfers assets recognized in its balance sheet, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets shall still be stated into the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

Debt and equity instruments issued by the consolidated entities are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

The equity instruments refer to any contracts signifying the consolidated entities' residual equity after their assets less all of their liabilities. The equity instruments issued by the consolidated entities are recognized at the amount after the payment of acquisition less the direct issue cost.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(3) Treasury stock

When the equity instruments recognized by the Company are repurchased, the consideration paid by it (including directly attributable cost) is stated as the decrease in equity. The repurchased shares are classified as the treasury stocks. The amount collected from subsequent sale or re-issue of the treasury stocks is recognized as the increase in equity. Meanwhile, the surplus or loss generated from the transaction is recognized as the capital surplus or retained earnings (if the capital surplus is insufficient for the write-off).

(4) Compound financial instruments

The compound financial instruments issued by the consolidated entities refer to the convertible corporate bonds (denominated in NTD) which the holders may choose to convert into capital stock. The number of shares issued therefor remains unaffected by any changes in the fair value of such instruments.

The components of liabilities of compound financial instruments are initially measured at the fair value of the similar liabilities excluding the right to convert equity. The components of equity are initially measured at the price difference between the fair value of the entire compound financial instruments and fair value of the components of liabilities. Any directly attributable transaction cost is allocated to the components of liabilities and equity, subject to the proportion of the original carrying amount of liabilities and equity.

Upon the initial recognition, the components of liabilities of compound financial instruments are measured at the amortized cost using the effective interest method. The components of equity of compound financial instruments are not re-measured upon the initial recognition.

The interest related to financial liabilities is stated into income. The financial liabilities are reclassified into the equity at the time of conversion. The conversion is not stated into income.

(5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or derivative, or designated as such at the time of initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the net gains and losses, including any interest expenses, are stated into income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are stated into income. Any gain or loss on derecognition is also stated into income.

(6) Derecognition of financial liabilities

The consolidated entities derecognize a financial liability when their contractual obligations are discharged or cancelled, or expired. The consolidated entities also derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability and the total consideration paid or to be paid (including any non-cash assets transferred or liabilities assumed) is stated into income.

(7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the consolidated entities currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(VIII) Inventory

1. Building industry

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs that meet the requisite asset capitalization as incurred in bringing the inventories to a useable location and condition.

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs for completion of the project and for completion of the sale. The net realizable value is verified in the following manners:

- (1) Land for construction: The net realizable value is based on the competent authority's estimate made subject to the current market condition.
- (2) Building under construction: The net realizable value is the estimated selling price (subject to the current market condition) less the estimated costs for completion of the project and selling expenses.
- (3) Available-for-sale house: The net realizable value is the estimated selling price (estimated by the competent authority subject to the current market condition) less the estimated costs generated at the time of sale of the real estate and selling expenses.

2. Manufacturing industry

Inventories are measured at the lower of cost or net realizable value. The cost consists of all costs of purchase, production or processing and other costs as incurred in bringing the inventories to a useable location and condition.

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs for completion of the project and for completion of the sale.

(IX) Investment in associates

Associates are those entities in which the consolidated entities has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the consolidated entities' share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the consolidated entities, from the date on which significant influence commences until the date on which significant influence ceases. The consolidated entities recognize any changes of their shareholdings in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

The unrealized gains and losses resulting from transactions between the consolidated entities and an associate are recognized in the entities' financial statements only to the extent of unrelated person investors' interests in the associate.

When the consolidated entities' share of losses of an associate equals or exceeds their interests in the associate, they discontinue recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the consolidated entities have incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(X) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is stated into income.

Rental income from investment property is recognized as operating revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(XI) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is stated into income.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the consolidated entities.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is stated into income on a straight-line basis over the estimated useful lives of each component of property, plant and equipment.

No depreciation is provided for land.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1) Land improvement	7 ~ 15 Year
(2) Building and structure	1 ~ 60 Year
(3) Machine and equipment	2 ~ 30 Year
(4) Other equipment	1 ~ 30 Year

Depreciation methods, useful lives and residual values are reviewed by the consolidated entities at each reporting date, and adjusted if necessary.

(XII) Lease liabilities

At inception of a contract, the consolidated entities assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

1. As a lessee

The consolidated entities recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the consolidated entities periodically assess whether the right-of-use asset is impaired and deal with any impairment loss as incurred, and adjust such asset in response to certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease that may be reliably determined, or the consolidated entities' incremental borrowing rate, if that rate cannot be reliably determined. Generally, the consolidated entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (1) Fixed payments, including substantive fixed payments;
- (2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) Amounts expected to be payable under a residual value guarantee; and
- (4) Payments for purchase options, or fine for termination options, that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (1) there is a change in future lease payments arising from the change in an index or rate applied to decide the lease payments; or
- (2) there is a change in the consolidated entities' estimate of the amount expected to be payable under a residual value guarantee; or
- (3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset;
- (4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise a extension or termination option; or
- (5) there are any amendments to the subject matter, scope or other terms of the lease.

When the lease liability is remeasured due to the change in an index or rate applied to decide the lease payments, the change in the estimate of the amount expected to be payable under a residual value guarantee and the change of the assessment on whether it will exercise a purchase, extension or termination option, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and the residual remeasured amount is stated into the income when the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the consolidated entities account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and state into income any gain or loss relating to the partial or full termination of the lease.

The consolidated entities present right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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The consolidated entities have elected not to recognize right-of-use assets and lease liabilities for short-term leases of employee dormitory, parking lots, office premises and other equipment and leases of low-value assets. The consolidated entities recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the consolidated entities act as a lessor, they make an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset at the lease commencement. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the consolidated entities consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(XIII) Intangible assets

1. Recognition and measurement

The goodwill arising from the consolidated entities' acquisition of any subsidiary is measured at the cost less accumulated impairment.

Other intangible assets that are acquired by the consolidated entities are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is stated into income as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1) Cost of computer software	3 ~ 5 Year
(2) License	10 Year

Depreciation methods, useful lives and residual values of intangible assets are reviewed by the consolidated entities at each reporting date, and adjusted if necessary.

(XIV) Impairment on non-financial assets

At each reporting date, the consolidated entities review the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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An impairment loss is recognized if the recoverable amount of an asset or CGU is lower than its carrying amount.

Impairment losses are stated into income immediately. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(XV) Recognition of revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the consolidated entities expect to be entitled in exchange for transferring goods or services to a customer. The consolidated entities recognize revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the consolidated entities' main types of revenue are explained below:

(1) Sale of products

The consolidated entities recognize revenue at the time when its control over the products is transferred. The transfer of control over the products means that the products have been delivered to customers. Customers may decide the sales channels and price of the products to their sole discretion, and no such problem about failure to perform obligation that might affect customers' acceptance of the products is existing. The delivery takes place when the products are shipped to the specific location and the risk over out-of-date and loss has been passed on to the customers, and customers accept the products per the sales contract, the inspection and acceptance terms are expired, or the consolidated entities believe based on objective evidence that all inspection and acceptance terms have been satisfied.

The consolidated entities recognize accounts receivable when delivering the products, as the consolidated entities has the right to collect consideration unconditionally at that moment.

(2) Sales of real estate

The consolidated entities engage in sale of real estate, and frequently the pre-sale of real estate during or before the construction. The consolidated entities recognize revenue at the time when their control over the real estate is transferred. Subject to the contractual requirements, for the consolidated entities, the real estate generally is not intended for any other purposes. For identification of the year which the income from completion and settlement should be attributed to, the consolidated entities consider the control transferred upon completion and settlement of the project and also registration of transfer of the title, and then recognize the revenue.

The revenue is measured at the transaction cost per the contract. In the case of pre-sale real estate, the payment is generally collected in installments from execution of the contract until the real estate is transferred to customers. The earned receipts are recognized as the contract liabilities. The interest expenses and contract liabilities are recognized when the impact posed by time value of money is adjusted. The amount of accumulated contract liabilities is restated as revenue when the real estate is transferred to customers.

(3) Financing components

The consolidated entities do not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer for the goods or services exceeds one year. Meanwhile, the consideration for the commitment under real estate sales contracts and the present sale value are not indifferent, and are free from significant financing factors; therefore, no

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significant financial components exist. As a consequence, the consolidated entities do not adjust any of the transaction prices for the time value of money.

2. Customer contract cost

(1) Incremental costs of obtaining a contract

The consolidated entities recognize as an asset the incremental costs of obtaining a contract with a customer if the consolidated entities expect to recover those costs. The incremental costs of obtaining a contract are those costs that the consolidated entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The consolidated entities apply the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entities otherwise would have recognized is one year or less.

(2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 "Inventories," IAS 16 "Property, Plant and Equipment" or IAS 38 "Intangible Assets"), the consolidated entities recognize an asset from the costs incurred to fulfill a contract only if the costs relate directly to a contract or to an anticipated contract that the consolidated entities can specifically identify, the costs generate or enhance resources of the consolidated entities that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the consolidated entities cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the consolidated entities recognize these costs as expenses when they are incurred.

(XVI) Operating expenses

The commission expenditure that is incurred for pre-sale of real estate is stated as prepaid sales expenses at first when it is incurred, and then deferred, based on the principle of matching costs with revenues, and re-stated as current expenses when the house sale revenue is acknowledged.

(XVII) Government grants

The consolidated entities recognize an unconditional government grant related to employees' benefits as other income when the grant becomes receivable. Grants that compensate the consolidated entities for expenses or losses incurred are stated into income on a systematic basis in the periods in which the expenses or losses are recognized.

(XVIII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are stated as the employee benefit expenses under the title of income as the related service is provided.

2. Defined benefit plans

The consolidated entities' net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the consolidated entities, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and any changes in the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The consolidated entities determine the net interest expense (revenue) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are stated into income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is stated into income immediately. The consolidated entities recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the consolidated entities have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(XIX) Share-based payment transactions

The transaction is share-based payment for settlement of equity. Under the share-based payment agreement, the fair value of equity instruments on the date of granting are recognized as expenses and the equity shall be increased relatively during the vested period for the remuneration. The recognized expenses are adjusted based on the quantity of remuneration expected to meet service conditions and non-market value vested conditions. The amount recognized ultimately is measured based on the quantity of remuneration expected to service conditions and non-market value vested conditions on the vested date.

The non-vested conditions related to share-based payment has been reflected in the measurement of fair value on the grant date of share-based payment. It is not necessary to verify or adjust the difference between the expectation and actual result.

When the consolidated entities carry out cash capital increase to reserve shares available to employees for subscription, the date of granting means the record date when the Board of Directors approves the capital increase. When issuing employee stock warrants, the date of granting means the date when the number of shares which the employees subscribe for is verified.

(XX) Income tax

Income tax comprises current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be stated into income.

The current income tax comprises the expected tax payable or receivable on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount is the best estimate of the tax amount expected to be paid or received as measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are measured at and recognized based on the temporary differences between the carrying amount of assets and liabilities on the reporting date and its tax bases, except in the following circumstances, no deferred income tax shall be recognized:

1. Assets or liabilities initially recognized not for business combination transactions that (i) do not affect accounting profits and taxable income (losses) and (ii) do not generate equivalent taxable and deductible

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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- temporary differences at the time of transactions;
2. temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the consolidated entities are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
 3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities may be offset against each other by the consolidated entities only when the following conditions are met:

1. When the consolidated entities have a legally enforceable right to offset the current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current income tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(XXI) Business combination

The consolidated entities account for business combinations using the acquisition method. The goodwill arising from an acquisition is measured at the fair value of the transfer consideration on the date of acquisition, including the amount of non-controlling equity vested in the acquiree, less the identifiable assets as acquired and liabilities as assumed (generally the fair value). If the amount calculated above is a deficit balance, the consolidated entities state that amount as the gain recognized in bargain purchase transaction into income immediately after reassessing whether they have correctly identified all of the assets acquired and all of the liabilities assumed.

All transaction costs related to business combination are expensed as incurred, except for the issuance of debt or equity instruments.

If there are existing ownership interest in the non-controlling interest of an acquiree, and its holders are entitled to the net asset of the enterprise upon the settlement based on the proportion, the consolidated entities opt to measure the non-controlling interest based on the fair value on the acquisition date or the proportion that the existing ownership instruments are entitled to in the recognized amount of identifiable net assets in the acquiree. Other components of non-controlling equity are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

If the original accounting treatment of business combination has not been completed by the end of the reporting period in which the combination transaction occurs, the consolidated entities report the accounting titles which have not yet been completed based on provisional amounts, and during the measurement period, retrospective adjustments are made to the provisional amounts or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date. The measurement period shall be no more than one year as of the acquisition date.

The consolidated entities adopt the book value approach, instead of the acquisition method, to treat the

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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business combination under reorganization.

(XXII) Earnings per share

The consolidated entities disclose the Company's basic and diluted earnings per share attributed to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributed to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit or loss attributed to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The consolidated entities' potentially dilutive ordinary shares include convertible corporate bonds, employee stock options, and employee remuneration that may be allocated in the form of stocks.

(XXIII) Segment information

An operating segment is a component of the consolidated entities that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the consolidated entities). Operating results of the operating segment are regularly reviewed by the consolidated entities' chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment has standalone financial information.

V. Significant accounting judgments, and major sources of estimation and assumption uncertainty

When preparing these consolidated financial statements according to the Regulations Governing the Preparation of Financial Reports, and IFRSs endorsed by the Financial Supervisory Commission, the management must make judgments, estimates and assumptions. Such judgments, estimates and assumptions have influence on the adoption of accounting policies and the reported numbers of assets, liabilities, Income and expenses. Actual results may differ from estimates.

The management continues to monitor the accounting estimates and basic assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the future period.

Consolidated entities may face economic uncertainties (i.e., COVID-19, natural disasters, Ukraine-Russia War, and inflation). Such events may materially affect the following accounting estimates made by the consolidated entities as such estimates involve future forecasts.

The information about the accounting policies requiring significant judgment and rendering significant effects to the amounts recognized in the consolidated financial statements in order to judge whether the investee has substantial control:

On December 31, 2023, the consolidated entities held 26.89% of the voting shares of MYSON, as the largest shareholder of MYSON, while the other 73.11% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the voting rights of a majority of that company's Board members, and acquired the control over that company as that company is controlled by its Board of Directors.

On December 31, 2023, the consolidated entities held 39.29% of the voting shares of HSIN-LIN, as the largest shareholder of HSIN-LIN, while the other 60.71% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the voting rights of a majority of that company's Board members, and acquired the control over that company as that company is controlled by its Board of Directors.

On December 31, 2023, the consolidated entities held 30.39% of the voting shares of FEEI CHERNG, as the largest shareholder of HSIN-LIN, while the other 69.61% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the voting rights of a majority of that company's Board members, and acquired the control over that company as that company is controlled by its Board of Directors.

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The information about the uncertainty in the following hypotheses and estimates that result in the significant risk over significant adjustment on the carrying amount of assets and liabilities in next fiscal year; its relevant information in inventory valuation:

As the inventory shall be measured at the lower of the cost and net realizable value, the consolidated entities evaluate the amounts of inventory which suffers normal wear and tear, is outdated, or becomes unmarketable at the reporting date, and writes off the inventory cost to the net realizable value. Manufacturing industry: In consideration of the changes in market demand, the original products become outdated or no longer satisfy the market demand, and the sales related thereto might fluctuate drastically. Building industry: The real estate industry requires a high cash inflow with the long collection period. Considering that the inventory valuation is estimated based on the demand for products in the future specific period, significant changes might result from the rapid industrial transformation and the effects posed by politics, economy and real estate tax systems. For the estimation of inventory valuation, please refer to Note VI(VII) for details.

VI. Explanation of important accounting titles

(I) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash and petty cash	\$ 1,245	1,449
Check deposits and demand deposits	687,778	761,699
Cash and cash equivalents in Consolidated Cash Flow Statement	\$ 689,023	763,148

Please refer to Note VI(XXX) for the analysis on interest rate risk and sensitivity of the consolidated entities' financial assets and liabilities.

(II) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss - non-current		
Stocks listed on TWSE/TPEX	\$ 139,691	218,702
Beneficiary certificate	46,614	27,843
Convertible corporate bonds	19,977	41,068
	\$ 206,282	287,613
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Stocks listed on TWSE/TPEX	\$ 352,833	341,191
Stocks unlisted on TWSE/TPEX	10,492	7,691
	\$ 363,325	348,882
Financial liabilities mandatorily measured at fair value through profit or loss - non-current		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	\$ 2,400	5,936
Financial liabilities mandatorily measured at fair value through profit or loss - non-current:		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	\$ -	8,827

For the amount remeasured at fair value and then stated into income and gains on disposal of financial assets at fair value through profit or loss, please refer to Note VI(XXIX).

The consolidated entities' financial assets at fair value through profit or loss were pledged as collateral; for details, please refer to Note VIII.

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As Lehman Brothers Holdings Inc. and Lehman Brothers Treasury Co. B.V. petitioned for bankruptcy and the related legal procedures were pending, the carrying amount of the “monthly income USD-denominated structured bonds” held by the consolidated entities has been adjusted as NT\$0 thousand.

The consolidated entities recognized the gains on reversal, NT\$7 thousand and NT\$10 thousand, as a result of the redemption of certain structured notes by the First Commercial Bank in 2023 and 2022, stated into other gains and losses in the Consolidated Statement of Comprehensive Income.

The consolidated entities recognized the dividend revenues, NT\$14,584 thousand and NT\$24,520 thousand, as a result of said financial liabilities mandatorily measured at fair value through profit or loss in 2023 and 2022.

(III) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income - non-current:		
Stocks listed on TWSE/TPEX	\$ -	16,532
Stocks unlisted on TWSE/TPEX	<u>6,926</u>	<u>926</u>
	<u>\$ 6,926</u>	<u>17,458</u>

The consolidated entities hold such investments in equity instruments for long-term strategic investments, and they are not held for transaction purposes; therefore, they are designated as measurement at fair value through other comprehensive income.

The consolidated entities changed its investment strategies from January 1 to December 31, 2023 and 2022. Therefore, the domestic stocks listed on TWSE/TPEX designated to be measured at fair value through other comprehensive income were sold. The fair values thereof totaled NT\$33,497 thousand and NT\$21,657 thousand at the time of the disposal. The accumulated gains (losses) on the disposal amounted to NT\$4,400 thousand and NT\$(5,288) thousand. The said accumulated gains (losses) on the disposal have been re-stated as the retained earnings, NT\$3,293 thousand and NT\$(753) thousand, from other equity, subject to the consolidated entities' shareholdings.

The consolidated entities recognized the dividend revenues, NT\$9,099 thousand and NT\$2,193 thousand, respectively as a result of the above investment in equity instruments designated at fair value through other comprehensive income in 2023 and 2022.

For the information about credit risk and market risk, please refer to Note VI(XXX).

The consolidated entities' financial assets at fair value through other comprehensive income were not pledged as collateral.

(IV) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current:		
Time deposits with the maturity date of more than three months	<u>\$ 514,913</u>	<u>13,900</u>

The consolidated entities evaluated that the assets should be held to maturity to collect the contractual cash flow. Besides, the cash flow from the financial assets are solely payments of principal and interest on the principal amount outstanding. Therefore, the same are stated as the financial assets measured at amortized cost.

For the information about credit risk, please refer to Note VI(XXX).

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(Cont'd)

The above financial assets were pledged as collaterals; for details, please refer to Note VIII.

(V) Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable - from operations	\$ 38,513	67,656
Accounts receivable	100,227	104,477
Accounts receivable - related party	-	7,731
Less: Loss provision	-	(1,424)
	<u>\$ 138,740</u>	<u>178,440</u>

The consolidated entities apply the simplified approach to provide for its expected credit losses on all notes receivable and accounts receivable, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, the notes receivable and accounts receivable have been grouped based on shared credit risk characteristics in terms of customers' ability to pay all due amounts according to contract terms and conditions, as well as incorporated forward looking information.

The expected credit loss analysis on the consolidated entities' notes receivable and accounts receivable is as follows:

	December 31, 2023		
	Carrying amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	\$ 138,721	-	-
Overdue for less than 30 days	17	-	-
Overdue for more than 181 days	<u>2</u>	100%	<u>-</u>
Total	<u>\$ 138,740</u>		<u>-</u>

	December 31, 2022		
	Carrying amounts of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	\$ 178,398	-	-
Overdue for less than 30 days	42	-	-
Overdue for more than 181 days	<u>1,424</u>	100%	<u>1,424</u>
Total	<u>\$ 179,864</u>		<u>1,424</u>

Changes in loss provision for the consolidated entities' notes receivable and accounts receivable are as follows:

	2023	2022
Balance, beginning	\$ 1,424	1,804
Reversal of impairment loss	-	(393)
Amount written off due to non-recoverability during the period	(1,424)	-
Foreign currency translation gains	<u>-</u>	<u>13</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Balance, ending	\$ <u> - </u> <u>1,424</u>
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Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

The consolidated entities receive certificates of deposits from customers for customers to create property mortgage for the consolidated entities as the collateral for notes and accounts receivable; the breakdown is as follows:

Item	December 31, 2023	December 31, 2022
Certificates of deposit	\$ 1,800	5,300
Maximum amount for the creation of property mortgage	7,000	7,000

For other information about credit risk, please refer to Note VI(XXX).

(VI) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 17,612	7,043
Other receivables - related party	9,396	8,298
Less: Loss provision	-	(6,570)
	<u>\$ 27,008</u>	<u>8,771</u>

For the information about credit risk, please refer to Note VI(XXX).

Changes in loss provision for the consolidated entities' other receivables are as follows:

	2023	2022
Balance, beginning	\$ 6,570	6,570
Amount written off due to non-recoverability during the period	(6,570)	-
Balance, ending	<u>\$ -</u>	<u>6,570</u>

(VII) Inventory

	December 31, 2023	December 31, 2022
Manufacturing industry:		
Raw materials and consumables	\$ 61,811	63,326
Work in process	431	1,341
Finished goods	<u>20,528</u>	<u>31,112</u>
Subtotal	<u>82,770</u>	<u>95,779</u>
Building industry:		
Land for construction		
Construction land	1,179,626	2,965,923
Land for transfer floor area	<u>926</u>	<u>261,015</u>
	<u>1,180,552</u>	<u>3,226,938</u>
Land under construction	2,884,545	758,414
Building under construction	1,142,887	501,756
Available-for-sale house	2,030,225	1,993,706
Available-for-sale land	341,936	374,425
Prepayments for land	<u>8,572</u>	<u>-</u>
Subtotal	<u>7,588,717</u>	<u>6,855,239</u>
Total	<u>\$ 7,671,487</u>	<u>6,951,018</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Cost of goods sold of the continuing operations is detailed below:

	2023	2022
Transfer of inventories due to sales	\$ 685,493	1,737,088
Gain on price recovery of inventory	(10,293)	(6,512)
Loss on idle capacity	18,397	11,270
Revenue from sale of scraps	(639)	(898)
Gain on physical inventory, net	(111)	(56)
Investment property depreciation expenses	6,313	2,596
Others	957	684
	<u>\$ 700,117</u>	<u>1,744,172</u>

For the amount of capitalized interest, please refer to Note VI(XXIX). The annual interest rates of capitalization were 2.04%~2.975% and 1.42%~2.73% in 2023 and 2022.

For the consolidated entities' inventories pledged as collaterals, please refer to Note VIII.

(VIII) Investment under equity method

The consolidated entities resigned as a director of LUXE BRING CO., LTD. (hereinafter referred to as "LUXE") on August 11, 2022 and, therefore, lost the significant influence over such company. The investment was designated as measured at fair value through other comprehensive income.

The financial information about the consolidated entities' associates under equity method not important to the consolidated entities individually is summarized as follows. Said financial information refers to the figures included into the consolidated entities' consolidated financial statements:

	January 1, 2022~August 11, 2022
Share attributed to the consolidated entities:	
Net loss for the current period	\$ (742)
Other comprehensive income	-
Total comprehensive income	<u>\$ (742)</u>

The consolidated entities' investment under equity method has never been pledged as collateral.

(IX) Acquisition of subsidiaries and non-controlling equity

Acquisition of the subsidiary - Sen Tai

The consolidated entities held the control over Sen Tai upon acquisition of 82.53% of equity of Sen Tai on December 12, 2022, and included Sen Tai into the consolidated entities as of the date when it held the control. Sen Tai is primarily engaged in various construction, engineering and management projects.

(1) The fair value of the primary type of transfer consideration on the date of acquisition is stated as follows:

	December 12, 2022
Cash	<u>\$ 43,218</u>

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(Cont'd)

(2) Identifiable net assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed from Sen Tai on December 12, 2022 (date of acquisition) is detailed as follows:

Item	Amount
Other receivables	\$ 32,710
Prepayments	1
Property, plant and equipment	1,050
Intangible assets	13,000
Other payables	(162)
Fair value of identifiable net assets	<u><u>\$ 46,599</u></u>

(3) Goodwill

The goodwill recognized due to the acquisition is detailed as follows:

Item	Amount
Transfer consideration	\$ 43,218
Add: Fair value of non-controlling equity	6,227
Less: Fair value of identifiable assets acquired and liabilities assumed	(46,599)
Goodwill	<u><u>\$ 2,846</u></u>

The fair value of the non-controlling interest of Sen Tai is calculated based on the fair value of its identifiable net assets, taking into account the market liquidity discount and the discount of lacking control.

On the day that the consolidated financial statements were approved for publication, the market valuation and other calculations required have been completed. The consolidated entities have recognized the necessary adjustments to the provisional amount at the initial accounting treatment for the recognition of Sen Tai during the measurement period to reflect the information on existing facts on the acquisition date.

(X) Changes in the ownership and equity of the subsidiary

HSIN-LI has repurchased its own stocks successively in January 2022. As a result, the equity held by the consolidated entities in HSIN-LI increased from 33.77% to 35.25%.

The consolidated entities disposed of certain equity of FEEI CHERNG and HSIN-LI at the price of NT\$17,698 thousand in cash from January to December 2022. Notwithstanding, the consolidated entities didn't lose the control over both companies therefor.

The consolidated entities acquired additional equity from U-BEST, HSIN-LI and BOROMI OPTRONICS CORP. at the cost of NT\$80,692 thousand from January to December 2022. For the changes in the related shareholdings, please refer to Note IV (III).

The consolidated entities acquired additional equity from FEEI CHERNG, HSIN-LI, MYSON, and Sen Tai at the cost of NT\$217,738 thousand in cash from January to December 2023. For the changes in the related shareholdings, please refer to Note IV (III).

The consolidated entities disposed of certain equity of HSIN-LI at the price of NT\$19,305 thousand in cash from January to December 2023. Notwithstanding, the consolidated entities didn't lose the control over both companies therefor.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Effects produced by the changes in the consolidated entities' ownership and equity of the above subsidiaries to the equity attributed to owners of the parent are stated as follows:

	<u>2023</u>	<u>2022</u>
Retained earnings	\$ <u>(5,165)</u>	<u>(3,949)</u>
Capital surplus - recognition of changes in the ownership and equity of the subsidiary	\$ <u>(16,119)</u>	<u>(4,596)</u>

(XI) Subsidiaries with significant non-controlling equity

The information about non-controlling equity of subsidiaries important to the consolidated entities is stated as follows:

<u>Name of Subsidiary</u>	<u>Principal business place/country where the company is registered</u>	<u>Proportion of ownership and voting right of the non-controlling equity</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	80.58%	80.21%
HSIN-LI	Taiwan	60.71%	64.75%
FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	69.61%	66.93%
MYSON CENTURY, INC.	Taiwan	73.11%	82.94%

Said subsidiaries' summarized consolidated financial information is stated as follows. The financial information was prepared based on the IFRSs endorsed by FSC, which reflects the fair value adjustment and adjustment on the accounting policy difference made by the consolidated entities on the date of acquisition. Meanwhile, the financial information refers to the amount before the consolidated entities' internal trading was written off:

(1) Consolidated summarized financial information of U-BEST

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 3,686,582	3,471,647
Non-current assets	2,624,233	2,514,291
Current liabilities	(2,217,418)	(1,882,586)
Non-current liabilities	(162,523)	(723,134)
Net assets	\$ <u>3,930,874</u>	<u>3,380,218</u>
Carrying amount of non-controlling equity, ending	\$ <u>2,812,021</u>	<u>2,701,986</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	\$ <u>516,505</u>	<u>888,893</u>
Income (loss)	\$ 72,748	(157,850)
Other comprehensive income	17,679	(190,237)
Total comprehensive income	\$ <u>90,427</u>	<u>(348,087)</u>
Net loss attributed to non-controlling equity	\$ <u>(9,628)</u>	<u>(29,555)</u>
Total comprehensive income attributed to non-controlling equity	\$ <u>(9,069)</u>	<u>(28,564)</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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	2023	2022
Cash flow from operating activities	\$ (228,457)	(814,246)
Cash flow from investing activities	(7,597)	(314,130)
Cash flow from financing activities	136,879	1,075,778
Effect of changes in foreign exchange rate to cash and cash equivalents	(136)	34
Decrease in cash and cash equivalents	\$ (99,311)	(52,564)
Dividends paid to non-controlling equity	\$ -	45,056

Note: U-BEST's consolidated summarized financial information has included the financial information of the subsidiaries, HSIN-LI and FEEL.

(2) Summarized financial information of HSIN-LI:

	December 31, 2023	December 31, 2022
Current assets	\$ 379,443	326,404
Non-current assets	1,843,776	1,799,819
Current liabilities	(512,256)	(257,586)
Non-current liabilities	(117,450)	(389,695)
Net assets	\$ 1,593,513	1,478,942
Carrying amount of non-controlling equity, ending	\$ 851,086	964,757

	2023	2022
Operating revenue	\$ 161,724	325,363
Income (loss)	113,944	(38,776)
Other comprehensive income	628	1,206
Total comprehensive income	\$ 114,572	(37,570)
Net profit (loss) attributed to non-controlling equity	\$ 18,023	(3,323)
Total comprehensive income attributed to non-controlling equity	\$ 18,228	(2,331)
Cash flow from operating activities	\$ 34,595	61,949
Cash flow from investing activities	(101,085)	(205,803)
Cash flow from financing activities	8,521	209,794
Effect of changes in foreign exchange rate to cash and cash equivalents	(22)	-
Increase (decrease) in cash and cash equivalents	\$ (57,991)	65,940
Dividends paid to non-controlling equity	\$ -	48,081

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(3) Summarized financial information of FEEI:

	December 31, 2023	December 31, 2022
Current assets	\$ 1,468,229	1,585,910
Non-current assets	279,803	279,302
Current liabilities	(287,136)	(790,365)
Non-current liabilities	(303)	(2,924)
Net assets	\$ 1,460,593	1,071,923
Carrying amount of non-controlling equity, ending	\$ 911,459	661,887
	2023	2022
Operating revenue	\$ 44,944	8,922
Net loss for the current period	(40,094)	(101,009)
Other comprehensive income	411	-
Total comprehensive income	\$ (39,683)	(101,009)
Net loss attributed to non-controlling equity	\$ (34,364)	(26,233)
Total comprehensive income attributed to non-controlling equity	\$ (34,052)	(26,233)
Cash flow from operating activities	\$ (42,727)	(528,941)
Cash flow from investing activities	179,220	(160,617)
Cash flow from financing activities	(118,838)	775,231
Increase in cash and cash equivalents	\$ 17,655	85,673
Dividends paid to non-controlling equity	\$ -	-

(4) Summarized financial information of MYSON CENTURY, INC.:

	December 31, 2023	December 31, 2022
Current assets	\$ 149,615	48,713
Non-current assets	90,814	149,623
Current liabilities	(59,532)	(11,396)
Non-current liabilities	(2,683)	(51,597)
Net assets	\$ 178,214	135,343
Carrying amount of non-controlling equity, ending	\$ 104,022	90,240
	2023	2022
Operating revenue	\$ 85,353	18,432
Income (loss)	\$ 33,215	(9,357)
Other comprehensive income	16	(4,737)
Total comprehensive income	\$ 33,231	(14,094)

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	2023	2022
Net profit (loss) attributed to non-controlling equity	\$ 4,904	(7,591)
Total comprehensive income attributed to non-controlling equity	\$ 5,370	(12,094)
Cash flow from operating activities	\$ (33,634)	(10,890)
Cash flow from investing activities	94,408	(33,259)
Cash flow from financing activities	(31,942)	43,238
Effect of changes in foreign exchange rate to cash and cash equivalents	67	358
Increase (decrease) in cash and cash equivalents	\$ 28,899	(553)
Dividends paid to non-controlling equity	\$ -	-

(XII) Property, plant and equipment

The changes in the property, plant and equipment of the consolidated entities are detailed as follows:

	Land	Land improvement	Building and structure	Machine and equipment	Other equipment	Construction in progress and equipment pending inspection	Total
Cost or deemed cost:							
Opening balance on January 1, 2023	\$ 1,288,208	13,370	463,724	264,804	107,105	85,062	2,222,273
Additions	9,816	220	26,185	4,877	8,957	10,127	60,182
Reclassification	(39,837)	-	(42,407)	-	85,129	(84,779)	(81,894) (Note 1)
Disposal	-	-	(91,161)	(609)	(6,354)	-	(98,124)
Balance on December 31, 2023	\$ 1,258,187	13,590	356,341	269,072	194,837	10,410	2,102,437
Balance on January 1, 2022	\$ 1,235,263	13,067	466,570	264,567	117,545	-	2,097,012
Additions	33,150	303	1,030	596	775	84,892	120,746
Acquired from merger & acquisition	1,050	-	-	-	-	-	1,050
Reclassification	18,745	-	-	-	-	170	18,915 (Note 2)
Disposal	-	-	(3,876)	(359)	(11,215)	-	(15,450)
Balance on December 31, 2022	\$ 1,288,208	13,370	463,724	264,804	107,105	85,062	2,222,273
Accumulated depreciation and impairment losses:							
Opening balance on January 1, 2023	\$ -	7,555	271,933	200,419	79,359	-	559,266
Depreciation in the current period	-	1,142	14,141	16,954	11,237	-	43,474
Disposal	-	-	(33,098)	(377)	(6,346)	-	(39,821)
Reclassification	-	-	(16,009)	-	-	-	(16,009) (Note 1)
Balance on December 31, 2023	\$ -	8,697	236,967	216,996	84,250	-	546,910
Balance on January 1, 2022	\$ -	6,405	260,347	183,332	82,375	-	532,459
Depreciation in the current period	-	1,150	15,462	17,446	8,199	-	42,257
Disposal	-	-	(3,876)	(359)	(11,215)	-	(15,450)
Balance on December 31, 2022	\$ -	7,555	271,933	200,419	79,359	-	559,266

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	Land	Land improvement	Building and structure	Machine and equipment	Other equipment	Construction in progress and equipment pending inspection	Total
Carrying amount:							
December 31, 2023	\$ 1,258,187	4,893	119,374	52,076	110,587	10,410	1,555,527
December 31, 2022	\$ 1,288,208	5,815	191,791	64,385	27,746	85,062	1,663,007
January 1, 2022	\$ 1,235,263	6,662	206,223	81,235	35,170	-	1,564,553

Note 1: Refer to the transfer from prepayments of NT\$12,807 thousand, the transfer from other non-current assets of NT\$350 thousand, reclassification to costs of investment property of NT\$95,051 thousand, and accumulated depreciation of NT\$16,009 thousand.

Note 2: Refer to the transfer from other non-current assets of NT\$170 thousand and the transfer from investment property of NT\$18,745 thousand.

Partial land acquired by the consolidated entities is agricultural land; therefore, we may not be able to register ourselves as the nominee due to laws and regulations. Therefore, the ownership of the land was registered under the name of the Company's Chairman Chang Yu-Ming. The relevant breakdown and security measures are described as follows:

Location	December 31, 2022	Security measures
Fushan Sec., Luzhu Dist., Kaohsiung City	\$ 28,210	Entrustment agreement and creation of mortgage in full-amount
Fanshu Sec., Shuilin Township, Yunlin County	8,050	Entrustment agreement and creation of mortgage in full-amount
	\$ 36,260	

For the consolidated entities' property, plant and equipment pledged as collaterals, please refer to Note VIII.

(XIII) Right-of-use assets

The changes in the cost and accumulated depreciation of the land, house and building and transportation equipment leased by the consolidated entities are detailed as follows:

	Land	Building and structure	Transportation equipment	Total
Cost of right-of-use assets:				
Balance on December 31, 2023	\$ 10,868	12,095	4,300	27,263
Additions	-	3,033	5,548	8,581
Decrease	(10,868)	-	(2,052)	(12,920)
Balance on December 31, 2023	\$ -	15,128	7,796	22,924
Balance on January 1, 2022	\$ 14,762	16,645	5,283	36,690
Additions	-	-	1,118	1,118
Decrease	(3,894)	(4,550)	(2,101)	(10,545)
Balance on December 31, 2022	\$ 10,868	12,095	4,300	27,263
Accumulated depreciation of the right-of-use assets:				
Balance on December 31, 2023	\$ 1,425	6,311	2,033	9,769
Depreciation in the current period	228	1,903	2,097	4,228
Decrease	(1,653)	-	(2,052)	(3,705)
Balance on December 31, 2023	\$ -	8,214	2,078	10,292
Balance on January 1, 2022	\$ 1,392	6,338	2,223	9,953
Depreciation in the current period	403	1,713	1,911	4,027
Decrease	(370)	(1,740)	(2,101)	(4,211)
Balance on December 31, 2022	\$ 1,425	6,311	2,033	9,769

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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	<u>Land</u>	<u>Building and structure</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amount:				
December 31, 2023	\$ -	6,914	5,718	12,632
December 31, 2022	\$ 9,443	5,784	2,267	17,494

(XIV) Investment property

	<u>Land</u>	<u>Building and structure</u>	<u>Total</u>
Cost or deemed cost:			
Balance on December 31, 2023	\$ 204,605	135,075	339,680
Additions	14,976	54,487	69,463
Reclassified	45,073	77,960	123,033 (Note 1)
Balance on December 31, 2023	<u>\$ 264,654</u>	<u>267,522</u>	<u>532,176</u>
Balance on January 1, 2022	\$ 223,350	135,075	358,425
Reclassified	(18,745)	-	(18,745) (Note 2)
Balance on December 31, 2022	<u>\$ 204,605</u>	<u>135,075</u>	<u>339,680</u>
Accumulated depreciation:			
Balance on December 31, 2023	\$ -	77,549	77,549
Depreciation in the current period	-	6,313	6,313
Reclassified	-	16,009	16,009 (Note 1)
Balance on December 31, 2023	<u>\$ -</u>	<u>99,871</u>	<u>99,871</u>
Balance on January 1, 2022	\$ -	74,953	74,953
Depreciation in the current period	-	2,596	2,596
Balance on December 31, 2022	<u>\$ -</u>	<u>77,549</u>	<u>77,549</u>
Carrying amount:			
December 31, 2023	<u>\$ 264,654</u>	<u>167,651</u>	<u>432,305</u>
December 31, 2022	<u>\$ 204,605</u>	<u>57,526</u>	<u>262,131</u>
January 1, 2022	<u>\$ 223,350</u>	<u>60,122</u>	<u>283,472</u>
Fair value:			
December 31, 2023		\$	<u>470,612</u>
December 31, 2022		\$	<u>297,061</u>

Note 1: Refer to the transfer from other non-current assets of NT\$27,982 thousand, the cost of the transfer from property, plant and equipment of NT\$95,051 thousand, and accumulated depreciation NT\$16,009 thousand.

Note 2: Reclassified into property, plant and equipment.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Partial land acquired by the consolidated entities is agricultural land; therefore, we may not be able to register ourselves as the nominee due to laws and regulations. Therefore, the ownership of the land was registered under the name of the Company's Chairman Chang Yu-Ming. The relevant breakdown and security measures are described as follows:

Location	December 31, 2023	Security measures
Fushan Sec., Luzhu Dist., Kaohsiung City	\$ 28,210	Entrustment agreement and creation of mortgage in full-amount
Fanshu Sec., Shuilin Township, Yunlin County	<u>8,050</u>	Entrustment agreement and creation of mortgage in full-amount
	<u>\$ 36,260</u>	

The investment property held by the consolidated entities is leased in accordance with the rules governing the commercial building & land and the land and buildings of offices and certain factory premises held for sale or lease. The consolidated entities negotiate with the lessee for renewal of each lease contract each year, without collecting the contingent rent. For the related information, please refer to Note VI(XXI) for details.

The fair value of investment property on December 31, 2023 and 2022 was evaluated based on the valuation report provided by the independent appraiser. The valuation was based on the market price and the neighboring trading prices in recent years.

For the consolidated entities' investment property pledged as collaterals, please refer to Note VIII.

(XV) Intangible assets

The consolidated entities' intangible assets are detailed as follows:

	Cost of computer software	License	Goodwill	Total
Cost:				
Opening balance on January 1, 2023	\$ 7,014	24,254	76,664	107,932
Acquired independently	379	-	-	379
Effects of changes in the acquisition from M&As	-	-	(1,583)	(1,583)
Disposal	<u>(5,144)</u>	<u>-</u>	<u>-</u>	<u>(5,144)</u>
Balance on December 31, 2023	<u>\$ 2,249</u>	<u>24,254</u>	<u>75,081</u>	<u>101,584</u>
Balance on January 1, 2022	\$ 7,086	11,254	72,235	90,575
Acquired independently	918	-	-	918
Acquired from merger & acquisition	-	13,000	4,429	17,429
Disposal	<u>(990)</u>	<u>-</u>	<u>-</u>	<u>(990)</u>
Balance on December 31, 2022	<u>\$ 7,014</u>	<u>24,254</u>	<u>76,664</u>	<u>107,932</u>
Accumulated amortization and impairment losses:				
Opening balance on January 1, 2023	\$ 5,916	8,158	11,664	25,738
Amortized in the current period	542	2,427	-	2,969
Impairment loss	-	-	2,846	2,846
Disposal	<u>(5,144)</u>	<u>-</u>	<u>-</u>	<u>(5,144)</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Balance on December 31, 2023	\$	<u>1,314</u>	<u>10,585</u>	<u>14,510</u>	<u>26,409</u>
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	Cost of computer software	License	Goodwill	Total
Balance on January 1, 2022	\$ 6,300	7,032	11,664	24,996
Amortized in the current period	606	1,126	-	1,732
Disposal	(990)	-	-	(990)
Balance on December 31, 2022	<u>\$ 5,916</u>	<u>8,158</u>	<u>11,664</u>	<u>25,738</u>
Carrying amount:				
December 31, 2023	<u>\$ 935</u>	<u>13,669</u>	<u>60,571</u>	<u>75,175</u>
December 31, 2022	<u>\$ 1,098</u>	<u>16,096</u>	<u>65,000</u>	<u>82,194</u>
January 1, 2022	<u>\$ 786</u>	<u>4,222</u>	<u>60,571</u>	<u>65,579</u>

1. Goodwill impairment test

The goodwill generated from the subsidiaries, FEEI CHERNG, MYSON, and Sen Tai, acquired by the consolidated entities was NT\$25,597 thousand, NT\$34,974 thousand, and NT\$2,846 thousand, respectively, primarily arose from the profitability in the future market development of such companies. In accordance with IAS 36, the goodwill acquired from business combination shall be tested for impairment at least each year. The goodwill impairment test allocates the goodwill to the CGU benefited from the consolidated effects of the combination. FEEI CHERNG, MYSON, and Sen Tai are the CGUs that may generate independent cash flows by themselves. Therefore, the goodwill impairment provision is decided through calculation of the recoverable amount and carrying amount of FEEI CHERNG, MYSON, and Sen Tai.

(1) FEEI CHERNG and MYSON

The CGU refers the lowest level unit of the management which regulates the return on investment including goodwill assets. According to the results of the goodwill impairment test conducted by the consolidated entities against FEEI CHERNG and MYSON, the recoverable amounts decided by FEEI CHERNG and MYSON based on the value in use on December 31, 2023 and 2022 were NT\$363,021 thousand, NT\$492,656 thousand, NT\$115,778 thousand and NT\$46,814 thousand, all higher than their carrying amounts. Therefore, it is not necessary to recognize any impairment loss.

The key assumptions applied to the estimation of value in use are stated as follows:

	December 31, 2023	December 31, 2022
FEEI CHERNG ENTERPRISE CO., LTD.		
Discount rate	14.35%	8.09%
MYSON CENTURY, INC.		
YoY of operating revenue	20%	10%
Discount rate	11.27%	11.14%

- (i) The estimated future cash flows as applied refer to the five-year financial budget estimated by the management based on the future business planning. The cash flows beyond five years are estimated using the YoY by 1.5%.
- (ii) The discount rate to decide the value in use is estimated based on the weighted average cost of capital.

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(2) Sen Tai

The consolidated entities adopts the value-in-use as the calculation basis for the recoverable amount. The calculation of value-in-use is estimated based on the cash flow of Sen Tai's financial forecasts in the following five years and calculated at the annual discount rate of 12.97% on December 31, 2023 to reflect the specific risks of the CGU.

The consolidated entities evaluated the impairment of goodwill and recognized goodwill impairment losses of Sen Tai in the amount of NT\$2,846 thousand in 2023. The main reason for the impairment was that the future operating status of the CGU is as not favorable as expected, and that the recoverable amount of goodwill was estimated as nil. The abovementioned impairment losses are accounted for under other gains and losses.

2. The amortization expenses for intangible assets in 2023 and 2022 are stated as the operating expenses in the Consolidated Statement of Comprehensive Income. Please refer to Note XII.

(XVI) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	\$ 227,270	131,554
Secured bank loans	3,457,006	3,425,755
Unsecured loan of non-bank financial institutions	-	39,995
Total	<u>\$ 3,684,276</u>	<u>3,597,304</u>
Unused short-term credit lines	<u>\$ 2,196,697</u>	<u>2,944,294</u>
Interest rate range	<u>1.85%~3.27%</u>	<u>1.47%~4.66%</u>

For the interest expenses, please refer to Note VI(XXIX).

For the consolidated entities' assets mortgaged to secure the bank loans, please refer to Note VIII.

(XVII) Short-term bills and notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured short-term bills and notes payable	\$ 76,027	49,910
Secured short-term bills and notes payable	79,795	104,816
Total	<u>\$ 155,822</u>	<u>154,726</u>
Unused short-term credit lines	<u>\$ 23,900</u>	<u>245,000</u>
Interest rate	<u>1.64%~1.812%</u>	<u>1.50%~2.20%</u>

The abovementioned short-term bills and notes payable were the issuance of non-guarantee commercial papers that can be issued for up to one year on a circular basis during the contract period, and the consolidated entities are not required to pay service charges and interest.

For the consolidated entities' assets mortgaged to cover the short-term bills and notes payable, please refer to Note VIII.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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(XVIII) Long-term loans

The consolidated entities' long-term loans are detailed as follows:

December 31, 2023				
	Currency type	Interest rate range	Expiration Year	Amount
Unsecured bank loans	NTD	2.095%~2.42%	113~117	\$ 78,385
Secured bank loans	NTD	3.12%~3.1237%	113~132	75,696
Less: a current portion				(41,557)
Total				<u><u>\$ 112,524</u></u>
Unused short-term credit lines				<u><u>\$ 1,940</u></u>

December 31, 2022				
	Currency type	Interest rate range	Expiration Year	Amount
Unsecured bank loans	NTD	2.08%~2.18%	112~114	\$ 89,324
Secured bank loans	NTD	2.20%	126	34,968
Less: a current portion				(31,085)
Total				<u><u>\$ 93,207</u></u>
Unused short-term credit lines				<u><u>\$ 10,000</u></u>

For the consolidated entities' assets mortgaged to secure the bank loans, please refer to Note VIII.

(XIX) Lease liabilities

The consolidated entities' lease liabilities are stated as follows:

	December 31, 2023	December 31, 2022
Current	\$ 4,724	3,570
Non-current	8,485	14,206
	<u><u>\$ 13,209</u></u>	<u><u>17,776</u></u>

For the expiration analysis, please refer to Note VI(XXX).

The amount recognized into profit or loss is stated as follows:

	2023	2022
Interest expenses on lease liabilities	<u><u>\$ 358</u></u>	<u><u>429</u></u>
Variable lease payments not included in the measurement of the lease liabilities	<u><u>\$ 642</u></u>	<u><u>-</u></u>
Short-term lease expenses	<u><u>\$ 2,767</u></u>	<u><u>2,789</u></u>
Low-value underlying lease asset expenses (exclusive of low-value lease in the short-term leases)	<u><u>\$ 277</u></u>	<u><u>251</u></u>

Amount recognized into the Cash Flow Statement is stated as follows:

	2023	2022
Total cash outflow from leases	<u><u>\$ 8,415</u></u>	<u><u>7,452</u></u>

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1. Lease of land, house and building

The consolidated entities lease the land, house and building as the land used to store construction materials and for offices premises and reception centers. The lease term of the land used to store construction materials is 3 years. The lease term of the land leased from the Park Administration is 20 years, the lease term of the office premises 3~ 10 years, and the lease term of the reception center 1~3 years.

2. Other leases

The lease term of the transportation equipment rented by the consolidated entities is 2~3 years.

The consolidated entities lease the employee dormitory, parking lots, offices and other equipment for the lease term of 1~5 years. Such lease is a short-term or low-value underlying lease. The consolidated entities decide to apply recognition exemptions to refrain from recognizing related right-of-use assets and lease liabilities for such short-term or low-value underlying lease.

(XX) Corporate bonds payable

1. Domestic convertible corporate bonds payable

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Total amount for Issuance of convertible corporate bonds	\$ 1,600,000	1,600,000
Accumulated conversion amount	(461,800)	(427,100)
Amount of repurchase by subsidiaries	(70,878)	(74,049)
Balance of corporate bonds payable discounted but not yet amortized	(24,423)	(41,209)
Less: a current portion	<u>(1,042,899)</u>	<u>(249,431)</u>
Balance of corporate bonds payable, ending	<u>\$ -</u>	<u>808,211</u>
Embedded derivatives - put option and right of redemption (stated as the financial assets at fair value through profit or loss)	<u>\$ 2,400</u>	<u>14,763</u>
Elements of equity - right of conversion (stated as capital surplus-employee stock options, changes in net worth of subsidiaries' equity under equity method, and non-controlling equity)	<u>\$ 62,168</u>	<u>64,390</u>
	<u>2023</u>	<u>2022</u>
Embedded derivatives - valuation gains (losses) on put option and right of redemption (stated as the valuation gains on financial assets/liabilities at fair value through profit or loss)	<u>\$ 12,343</u>	<u>(13,319)</u>
Interest expenses (Note)	<u>\$ (16,344)</u>	<u>(14,205)</u>

Note: The effective interest rates for the 4th secured corporate bonds and 5th unsecured corporate bonds issued by the Company are 0.82% and 2.68%, respectively. Those for the 6th secured corporate bonds and 7th unsecured corporate bonds issued by U-BEST are 0.80% and 1.78%, respectively. The effective interest rate for the 1st unsecured corporate bonds issued by the subsidiary, HSIN-LI, is 1.77%.

For the information about the common shares converted by the Company as a result of the convertible corporate bond holders' exercise of the right of conversion in 2023 and 2022, please refer to Note VI(XXIV).

2. The Company issued the domestic 4th secured convertible corporate bonds on January 29, 2021, primarily on the following terms and conditions:

(1) Total issued amount: NT\$400,000 thousand

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- (2) Issue price: Issued at 101% of the par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by the Company earlier pursuant to Article 18 of the Regulations, or those repurchased by the Company from OTC markets for cancellation, the others would be repaid in cash in full amount upon maturity.
- (5) Issuance period: 5 years (from January 29, 2021 to January 29, 2026)
- (6) Conversion period:

The bond holders may ask the Company to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (April 30, 2021) until expiration of the bonds (January 29, 2026), other than (I) the period for suspension of transfer registration of common stock required by laws, (II) 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, (III) from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, (IV) from the commencement date of suspension of conversion until the day when the swap of new shares starts.

- (7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$14.9 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by the Company or offered by the Company in private placement into common shares.
- B. In the event of the cash dividends on common shares distributed by the Company.
- C. In the event of the Company's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of the Company's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

The Company carried out the capital reduction to compensate the deficit on August 23, 2022 and thereby caused the reduction in the common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$16.2.

The Company carried out a capital increase on September 15, 2023, and thereby caused the increase in common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$15.8.

The Board of Directors of the Company resolved to distribute the cash dividends on March 10, 2023. Therefore, the conversion price was adjusted as NT\$15 as of the ex-dividend date, October 25, 2023.

- (8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of three years after issuance of the bonds (January 29, 2024). The creditor may demand that the Company should redeem the convertible corporate bonds held by him in

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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cash at the book value of the bond plus the interest compensation
[i.e. 100.75% (the real yield rate 0.25%) upon expiration of three years].

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (April 30, 2021) until 40 days prior to expiration of the issuance period (December 20, 2025), the Company may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$40,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

The balance of said convertible corporate bonds is secured by Taipei Fubon Bank as the guarantor. According to the contract for guarantee on issuance of the convertible corporate bonds between the Company and Taipei Fubon Bank, in the duration of the contract, the Company shall provide its bank deposits, NT\$205,515 thousand, to secure the convertible corporate bonds. Please refer to Note VIII.

3. The Company issued the domestic 5th secured convertible corporate bonds on February 1, 2021, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$400,000 thousand
- (2) Issue price: Issued at par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by the Company earlier pursuant to Article 18 of the Regulations, or those repurchased by the Company from OTC markets for cancellation, the others would be repaid in cash in full amount upon maturity.
- (5) Issuance period: 3 years (from February 1, 2021 to February 1, 2024)
- (6) Conversion period:

The bond holders may ask the Company to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (May 2, 2021) until expiration of the bonds (February 1, 2024), other than (I) the period for suspension of transfer registration of common stock required by laws, (II) 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, (III) from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, (IV) from the commencement date of suspension of conversion until the day when the swap of new shares starts.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$11.6 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

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- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by the Company or offered by the Company in private placement into common shares.
- B. In the event of the cash dividends on common shares distributed by the Company.
- C. In the event of the Company's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of the Company's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

The Company carried out the capital reduction to compensate the deficit on August 23, 2022 and thereby caused the reduction in the common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$12.6.

The Company carried out a capital increase on September 15, 2023, and thereby caused the increase in common shares. The Board of Directors resolved to adjust the corporate bond conversion price as NT\$12.3.

The Board of Directors of the Company resolved to distribute the cash dividends on March 10, 2023. Therefore, the conversion price was adjusted as NT\$11.7 as of the ex-dividend date, October 25, 2023.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (February 1, 2023). The creditor may demand that the Company should redeem the convertible corporate bonds held by him in cash at the book value of the bond plus the interest compensation [i.e. 104.04% (the real yield rate 2%) upon expiration of three years].

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (May 2, 2021) until 40 days prior to expiration of the issuance period (December 23, 2023), the Company may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$40,000 thousand (10% of the initial total issue price).

- (10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

4. The subsidiary, U-BEST, issued the domestic 6th secured convertible corporate bonds on October 15, 2021, and listed the bonds on Taipei Exchange, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$300,000 thousand
- (2) Issue price: Issued at 105.37% of the par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by U-BEST earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, the others would be repaid in cash

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in full amount.

(5) Issuance period: 5 years (from October 15, 2021 to October 15, 2026)

(6) Conversion period:

The bond holders may ask U-BEST to convert the convertible corporate bonds hold by them into U-BEST's common shares from the day following expiration of three months after the bonds were issued (January 16, 2022) until expiration of the bonds (October 15, 2026), other than A. the period for suspension of transfer registration of common stock required by laws; B. 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by U-BEST, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights; C. from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, and D. from the commencement date of suspension of conversion for changes in the par value of stocks until the day prior to the swap of new shares.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$16.8 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by U-BEST or offered by U-BEST in private placement into common shares, or issuance of new shares for employee remuneration.
- B. In the event of the cash dividends on common shares distributed by U-BEST.
- C. In the event of U-BEST's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of U-BEST's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

U-Best's Board of Directors resolved to distribute the cash dividends on March 8, 2022.

Therefore, the conversion price was adjusted as NT\$15.6 as of the ex-dividend date, July 9, 2022.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of three years after issuance of the bonds (October 15, 2024). The bond holder may demand that the Company should redeem the convertible corporate bonds held by him in cash at 100% of the book value of the bond.

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (January 16, 2022) until 40 days prior to expiration of the issuance period (September 5, 2026), U-BEST may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of U-BEST's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$30,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled by U-BEST (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

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- (11) According to the Regulations, the shareholder rights and obligations of the new shares, which are converted since the common shares converted from the convertible corporate bonds are traded on Taipei Exchange after the date of delivery, are the same as those of the common shares issued initially.
5. The subsidiary, U-BEST, issued the domestic 7th secured convertible corporate bonds on November 5, 2021, and listed the bonds on Taipei Exchange, primarily on the following terms and conditions:
- (1) Total issued amount: NT\$200,000 thousand
 - (2) Issue price: Issued at 103.76% of the par value, NT\$100 thousand.
 - (3) Coupon rate: 0%
 - (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by U-BEST earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, the others would be repaid in cash in full amount.
 - (5) Issuance period: 3 years (from November 5, 2021 to November 5, 2024)
 - (6) Conversion period:
The bond holders may ask U-BEST to convert the convertible corporate bonds held by them into the Company's common shares from the day following expiration of three months after the bonds were issued (February 6, 2022) until expiration of the bonds (November 5, 2024), other than A. the period for suspension of transfer registration of common stock required by laws; B. 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by U-BEST, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights; C. from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, and D. from the commencement date of suspension of conversion for changes in the par value of stocks until the day prior to the swap of new shares.
 - (7) Conversion price and adjustment thereof:
The conversion price at the time of issuance shall be NT\$14 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:
 - A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by U-BEST or offered by U-BEST in private placement into common shares, or issuance of new shares for employee remuneration.
 - B. In the event of the cash dividends on common shares distributed by U-BEST.
 - C. In the event of U-BEST's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
 - D. In the event of U-BEST's capital decrease resulting from any causes other than cancellation of treasury stocks and thereby resulting in the decrease in common shares.
 U-Best's Board of Directors resolved to distribute the cash dividends on March 8, 2022. Therefore, the conversion price was adjusted as NT\$13 as of the ex-dividend date, July 9, 2022.
 - (8) Put option:
The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (November 5, 2023). The

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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bond holder may demand that U-BEST should redeem the convertible corporate bonds held by him in cash at 104.04% of the book value of the bond.

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (February 6, 2022) until 40 days prior to expiration of the issuance period (September 25, 2024), U-BEST may recall the convertible corporate bonds according to the Regulations:

A. if the closing price of U-BEST's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;

B. if the balance of the outstanding bonds is less than NT\$20,000 thousand (10% of the initial total issue price).

(10) According to the Regulations, all of the convertible corporate bonds recalled by U-BEST (including those repurchased from OTC markets), repaid or converted by the Company will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.

(11) According to the Regulations, the shareholder rights and obligations of the new shares, which are converted since the common shares converted from the convertible corporate bonds are traded on Taipei Exchange after the date of delivery, are the same as those of the common shares issued initially.

6. The subsidiary, HSIN-LI, issued the domestic 1st unsecured convertible corporate bonds on May 27, 2022, and listed the bonds on Taipei Exchange, primarily on the following terms and conditions:

(1) Total issued amount: NT\$300,000 thousand

(2) Issue price: Issued at 100% of the par value, NT\$100 thousand.

(3) Coupon rate: 0%

(4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by HSIN-LI earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, HSIN-LI shall repay the convertible corporate bonds at 101.5075% of the par value of the bonds (substantive annual yield 0.5%) in cash in full amount when due.

(5) Issuance period: 3 years (from May 27, 2022 to May 27, 2025)

(6) Conversion period:

The bond holders may ask HSIN-LI to convert the convertible corporate bonds held by them into the Company's common shares at any time from the day following expiration of three months after the bonds were issued (August 28, 2022) until expiration of the bonds (May 27, 2025), other than A. the period for suspension of transfer registration of common stock required by laws; B. 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by HSIN-LI, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights; C. from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, and D. from the commencement date of suspension of conversion for changes in the par value of stocks until the day prior to the swap of new shares, during which no application for conversion (subscription) is allowed.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$27.93 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

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- A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued by HSIN-LI or offered by HSIN-LI in private placement into common shares, or issuance of new shares for employee remuneration.
- B. In the event of the cash dividends on common shares distributed by HSIN-LI.
- C. In the event of HSIN-LI's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.
- D. In the event of HSIN-Li's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

HSIN-Li's Board of Directors resolved to distribute the cash dividends on March 29, 2022.

Therefore, the conversion price was adjusted as NT\$26.46 as of the ex-dividend date, September 26, 2022.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (May 27, 2024). The bond holder may demand that HSIN-LI should redeem the convertible corporate bonds held by him in cash at 102.01% of the par value of the bond.

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (August 28, 2022) until 40 days prior to expiration of the issuance period (April 17, 2025), HSIN-LI may recall the convertible corporate bonds according to the Regulations:

- A. if the closing price of HSIN-LI's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days;
- B. if the balance of the outstanding bonds is less than NT\$30,000 thousand (10% of the initial total issue price).

- (10) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by HSIN-LI will be canceled, and no longer sold or issued again. The right of conversion attached thereto shall be extinguished accordingly.
- (11) According to the Regulations, the shareholder rights and obligations of the new shares, which are converted since the common shares converted from the convertible corporate bonds are traded on Taipei Exchange after the date of delivery, are the same as those of the common shares issued initially.

(XXI) Operating lease - as a lessor

As the consolidated entities lease the investment property without transferring all risks and remuneration of the ownership of the underlying assets, the lease contract is classified as the operating lease. Please refer to Note VI(XIV) Investment Property.

The maturity analysis of the lease payment will be listed based on the total undiscounted lease payment which will be collected after the reporting date:

	December 31, 2023	December 31, 2022
Less than one year	\$ 12,310	13,041
1~2 years	5,838	5,352
2~5 years	4,728	3,310
Total undiscounted lease payment	<u>\$ 22,876</u>	<u>21,703</u>

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For the rental revenues generated from the investment property in 2023 and 2022, please refer to Note VI(XXIX). The direct operating expenses generated from said operating lease in 2023 and 2022 were NT\$7,272 thousand and NT\$4,501 thousand.

(XXII) Employee benefits

1. Defined benefit plans

The consolidated entities' present value of defined benefit obligations and net defined benefit liabilities are reconciled as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 708	3,731
Fair value of plan assets	(1,244)	(751)
Net defined benefit liabilities (assets)	<u>\$ (536)</u>	<u>2,980</u>

Contributions for defined benefit plans of the consolidated entities are appropriated to a dedicated pension fund account opened with Bank of Taiwan. The pension payment to each employee that is subject to the Labor Standards Act is based on the pension point received for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension fund appropriated by the consolidated entities in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (referred to as the "Bureau of Labor Funds" hereinafter). According to the "Guidelines for Labor Pension Fund Safekeeping and Implementation," the annual minimum yield generated from the use of fund may not be less than the interest income generated from a local bank's two-year time deposit.

The consolidated entities' labor pension fund account at the Bank of Taiwan is with a balance of NT\$1,244 thousand and NT\$751 thousand on December 31, 2023 and 2022. For information of the Labor Pension Fund Asset Management, including the fund yield rate and pension asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

The details of changes in the present value of the consolidated entities' defined benefit obligation in 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligations on January 1	\$ 3,731	7,115
Current service cost	66	125
Interest expenses	54	56
Re-measurement of net defined benefit liabilities (assets)		
- Actuarial gains/losses due to empirical adjustment	(450)	(729)
- Actuarial gains/losses due to change of financial assumption	91	(398)
Benefits planned to be paid	(2,784)	(2,438)
Defined benefit obligations on December 31	<u>\$ 708</u>	<u>3,731</u>

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(3) Changes in the fair value of plan assets

The details of changes in the fair value of the consolidated entities' defined benefit plan assets in 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets on January 1	\$ 751	2,837
Interest revenue	11	22
Re-measurement of net defined benefit liabilities		
- Actuarial gains/losses due to empirical adjustment	16	199
Amount already contributed to the plan	3,250	131
Benefits planned to be paid	(2,784)	(2,438)
Fair value of plan assets on December 31	<u>\$ 1,244</u>	<u>751</u>

(4) Expenses recognized in profit and loss

The details of expenses recognized by the consolidated entities in 2023 and 2022 are as follows:

	2023	2022
Current service cost	\$ 66	125
Net interest of net defined benefit assets/liabilities	43	34
	<u>\$ 109</u>	<u>159</u>
Operating cost	<u>\$ 109</u>	<u>159</u>

(5) Actuarial assumptions

The consolidated entities' principal actuarial assumptions to decide the present value of defined benefit obligations at the end of financial reporting are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.28%	1.46%
Future salary increase rate	2.90%	2.00%

The consolidated entities plan to pay NT\$8 thousand for the defined benefit plan within one year after the reporting date as of 2023.

The weighted average duration of the defined benefit plans is 13 years.

(6) Analysis of sensitivity

The effect of changes in the adopted principal actuarial assumptions on the present value of defined benefit obligations on December 31, 2023 and 2022 is stated as follows:

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(Cont'd)

	<u>Effect on defined benefit obligations</u>	
	<u>Increase by 0.5%</u>	<u>Decrease by 0.5%</u>
December 31, 2023		
Discount rate	\$ (44)	47
Future salary increase rate	46	(44)
December 31, 2022		
Discount rate	\$ (279)	303
Future salary increase rate	303	(29)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be structured with each other. The methods used by the analysis of sensitivity are identical with those used to calculate the net pension liabilities in the Balance Sheet.

The methods and hypotheses applied to the preparation of the current sensitivity analysis report are the same as those applied in the previous period.

2. Defined contribution plans

The defined contribution plans of the Company, U-BEST, BOROMI, Shangyu, MYSON, HSIN-LI, FEEI CHERNG, Sen Tai, and Yuan Qiao are based on the Labor Pension Act. An amount equivalent to 6% of the monthly wages is appropriated to the Labor Pension personal accounts at the Bureau of Labor Insurance. In these plans, after appropriating a fixed amount to the Bureau of Labor Insurance, the consolidated entities have no legal or constructive obligation to make additional contribution.

The consolidated entities' pension expense as of 2023 and 2022 under the defined contribution plans amounted to NT\$6,045 thousand and NT\$6,115 thousand, respectively.

(XXIII) Income tax

1. The Company's income tax expenses are detailed as follows:

	<u>2023</u>	<u>2022</u>
Income tax expenses for the current period		
Generated in the current period	\$ 4,126	3,552
Land value increment tax	2,247	6,202
Adjustment to previous year's income tax	<u>(14)</u>	<u>59</u>
	<u>6,359</u>	<u>9,813</u>
Deferred income tax expenses (gains)		
Occurrence and reversal of temporary difference	<u>(2,015)</u>	<u>4,148</u>
Income tax expenses	<u><u>\$ 4,344</u></u>	<u><u>13,961</u></u>

2. The income tax expenses recognized by the consolidated entities as other comprehensive income are stated as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified into income:		
Remeasurement of defined benefit plan	<u><u>\$ 75</u></u>	<u><u>265</u></u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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3. The relationship between the consolidated entities' income tax expenses and net loss before tax is adjusted as follows:

	2023	2022
Income (loss) before tax	\$ (144,535)	70,047
Income tax calculated based on the income tax rate of the country the Company operates	(28,907)	14,009
Tax-free income from land	(5,968)	(55,821)
Land value increment tax	2,247	6,202
Effect of TWSE's Stop Taxation Policy	(6,428)	1,678
Effect of investment loss recognized under equity method	-	148
Non-deductible expenses	8,912	(1,241)
Revenue from tax-free dividend and revenue from government grants	(4,737)	(4,329)
Valuation gains or losses on financial assets and liabilities at fair value through profit or loss	(15,860)	9,706
Recognition of taxation loss not recognized in previous period	(6,561)	(10,484)
Capital decrease by the subsidiary for accumulated deficit	-	(12,102)
Deferred income tax assets and overestimation of liabilities in the previous period	3,150	(333)
Current taxation loss of unrecognized deferred income tax assets	41,462	66,293
Unrecognized changes in temporary difference	3,291	(946)
Imposition on undistributed earnings	-	444
Underestimation in the previous period	(14)	59
Others	13,757	678
	\$ 4,344	13,961

4. Deferred income tax assets and liabilities

- (1) Unrecognized deferred income tax assets

The items not recognized by the consolidated entities as deferred income tax assets are stated as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 189,946	199,803
Taxation loss	2,704,590	2,624,056
	\$ 2,894,536	2,823,859

According to the Income Tax Act, taxation may be made on its net income after deduction of losses incurred in the preceding ten years as verified and determined by the competent tax collection authority from the current income. Said items were not recognized as deferred income tax assets, because the consolidated entities evaluated that they were not likely to have sufficient taxable income to cover the losses.

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As of December 31, 2023, the deduction period of the taxation loss of items which have not yet been recognized deferred income tax assets by the consolidated entities is as follows:

<u>Year of loss</u>	<u>Unrecognized Losses yet to be deducted</u>	<u>Last year for deduction</u>
<u>The Company</u>		
Authorized in 2014	\$ 142,488	2024
Authorized in 2015	85,956	2025
Authorized in 2016	82,575	2026
Authorized in 2017	22,012	2027
Authorized in 2019	66,154	2029
Authorized in 2020	135,391	2030
Authorized in 2021	90,499	2031
Declared in 2022	187,148	2032
Expected to be declared in 2023	133,623	2033
<u>Shangyu Construction Co., Ltd.</u>		
Expected to be declared in 2023	14,277	2033
<u>FEEI CHERNG ENTERPRISE CO., LTD.</u>		
Authorized in 2014	2,277	2024
Authorized in 2015	234,659	2025
Authorized in 2017	21,694	2027
Authorized in 2018	594,723	2028
Authorized in 2020	15,440	2030
Authorized in 2021	41,771	2031
Declared in 2022	19,687	2032
Expected to be declared in 2023	13,156	2033
<u>MYSON CENTURY, INC.</u>		
Authorized in 2014	65,796	2024
Authorized in 2015	248,551	2025
Authorized in 2016	77,944	2026
Authorized in 2017	83,151	2027
Authorized in 2018	28,298	2028
Authorized in 2019	31,370	2029
Authorized in 2020	65,779	2030
Authorized in 2021	33,082	2031
Declared in 2022	26,261	2032

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries (Cont'd)

<u>Year of loss</u>	<u>Unrecognized Losses yet to be deducted</u>	<u>Last year for deduction</u>
<u>ZAVIO INC.</u>		
Authorized in 2015	\$ 19,196	2025
Authorized in 2016	38,778	2026
Authorized in 2017	18,475	2027
Authorized in 2018	8,050	2028
Authorized in 2019	4,050	2029
Authorized in 2020	6,024	2030
<u>Sen Tai</u>		
Expected to be declared in 2023	33,335	2033
<u>HSIN-LI</u>		
Expected to be declared in 2023	12,375	2033
<u>Yuan Qiao</u>		
Expected to be declared in 2023	545	2033
	<u><u>\$ 2,704,590</u></u>	

(2) Unrecognized deferred income tax liabilities: None.

(3) Recognized deferred income tax assets and liabilities

The changes in the deferred income tax assets and liabilities in 2023 and 2022 are as follows:

Deferred income tax assets:

	<u>Deferred sales expenses</u>	<u>Loss carryforwards</u>	<u>Pension expenses</u>	<u>Others</u>	<u>Total</u>
Balance on December 31, 2023	\$ 4,104	5,384	590	4,607	14,685
(Debit)/credit profit and loss	92	(37)	(515)	(2,126)	(2,586)
(Debit)credit other comprehensive income	-	-	(75)	-	(75)
Balance on December 31, 2023	<u>\$ 4,196</u>	<u>5,347</u>	<u>-</u>	<u>2,481</u>	<u>12,024</u>
Balance on January 1, 2022	\$ 3,181	12,987	855	2,948	19,971
(Debit)/credit profit and loss	923	(7,603)	-	1,659	(5,021)
(Debit)credit other comprehensive income	-	-	(265)	-	(265)
Balance on December 31, 2022	<u>\$ 4,104</u>	<u>5,384</u>	<u>590</u>	<u>4,607</u>	<u>14,685</u>

Deferred income tax liabilities:

	<u>Land value increment tax</u>	<u>Generated from business mergers & acquisitions</u>	<u>Others</u>	<u>Total</u>
Balance on December 31, 2023	\$ 31,448	41,760	179	73,387
(Debit)/credit profit and loss	-	(5,422)	821	(4,601)
Generated from merger & acquisition	-	(2,600)	-	(2,600)
Balance on December 31, 2023	<u>\$ 31,448</u>	<u>33,738</u>	<u>1,000</u>	<u>66,186</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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	Land value increment tax	Generated from business mergers & acquisitions	Others	Total
Balance on January 1, 2022	\$ 31,448	40,014	198	71,660
(Debit)/credit profit and loss	-	(854)	(19)	(873)
Generated from merger & acquisition	-	2,600	-	2,600
Balance on December 31, 2022	\$ 31,448	41,760	179	73,387

5. The income tax returns of the Company's profit-seeking business have been authorized by the competent tax collection authority up to 2020.

(XXIV) Capital and other equity

The total authorized capital-common stocks of the Company were both NT\$5,000,000 thousand at the par value of NT\$10 per share, divided into 500,000 thousand shares respectively, as of December 31, 2023 and 2022. The shares issued refer to the common stocks totaling 280,417 thousand shares and 219,042 thousand shares, respectively, and all the capital funds for the outstanding shares have been received.

The outstanding stock of the Company (Unit: Thousand Shares) in 2023 and 2022 is adjusted as follows:

	Common stock	
	2023	2022
Balance on January 1	219,042	232,546
Capital decrease for accumulated deficit	-	(18,604)
Conversion of corporate bonds	1,375	7,406
Cancellation of treasury stock	-	(2,306)
Cash capital increase	60,000	-
Balance on December 31	280,417	219,042

1. Issuance of common stock

1,375 thousand new shares were issued at the par value upon the convertible corporate bond holders' exercise of the right of conversion in 2023. The total amount was NT\$13,748 thousand. After taking into consideration the corporate bond discount, financial liabilities at fair value through profit or loss and capital surplus-corporate bond stock options, the Company recognized the capital surplus-convertible corporate bond conversion premium, NT\$3,088 thousand, in which the legal registration procedures for 1,359 thousand shares have not been completed as of December 31, 2023.

7,406 thousand new shares were issued at the par value upon the convertible corporate bond holders' exercise of the right of conversion in 2022. The total amount was NT\$74,063 thousand. After taking into consideration the corporate bond discount, financial assets at fair value through profit or loss and capital surplus-corporate bond stock options, the Company recognized the capital surplus-convertible corporate bond conversion premium, NT\$30,166 thousand, and the legal registration procedures have been completed.

The Board of Directors resolved to carry out a cash capital increase of NT\$600,000 thousand through the issuance of 60,000 thousand shares with a par value of NT\$10 per share on May 19, 2023, which was approved by the Financial Supervisory Commission. September 15, 2023 was adopted as the record day for the capital increase, and the legal registration procedures have been completed.

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In order to secure a sound financial structure, the Company's annual general meeting on May 27, 2022 resolved to pass the capital decrease for accumulated deficit, by NT\$186,037 thousand, resulting in cancelation of 18,604 thousand shares. Said capital decrease was also reported to, and became effective upon approved by, the FSC on August 4, 2022. The Board of Directors was authorized to set August 23, 2022 as the record date for the capital decrease. The capital decrease rate was 7.7531% and 221,348 thousand shares issued upon the capital decrease.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Stock premium (including convertible corporate bond premium) \$	187,888	250,512
Changes in net worth of the subsidiary's equity recognized under equity method	42,313	26,194
Elements of equity recognized upon issuance of convertible corporate bonds - employee stock options	16,358	17,238
Treasury stock trading	2,623	-
Employee stock options	15,416	13,211
Others - invalid employee stock options	7,751	7,751
Others - exercise of disgorgement	16,310	6,630
	<u>\$ 288,659</u>	<u>321,536</u>

Pursuant to the Company Act, the capital surplus shall be first used to offset losses, then new shares or cash may be allocated based on realized capital surplus. The term "realized capital surplus" referred to in the preceding paragraph includes the shares issued at premium exceeding the par value and the gains in the form of gifts. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the capital surplus that can be capitalized annually shall not exceed 10% of the total paid-in capital.

The Company's Board of Directors resolved on March 10, 2023 to distribute the cash dividends from the capital surplus, NT\$65,712 thousand.

The annual shareholders' meeting approved to compensate losses of NT\$6,147 thousand by using the capital surplus on May 27, 2022.

3. Retained earnings

According to the Company's Articles of Incorporation, the Company may allocate earnings or compensate losses at the end of each half of the fiscal year. When allocating the earnings, the Company shall first pay taxes, make up any losses from past years, retain employee remuneration, and then make contribution of 10% of the balance to the legal reserve, unless the legal reserve reaches the Company total paid-in capital, and also make provision or reversal of special reserves according to the laws and regulations or the requirements of the competent authority. If there is a surplus, the balance and the accumulated undistributed surplus shall be shareholders' bonuses, and the Board shall formulate a distribution proposal. If the distribution is made by way of the issuance of new shares, such matter shall be first submitted to the Shareholders' Meeting for resolution before distribution. Where the same is distributed in cash, the distribution shall be subject to a special resolution made by the Board of Directors. If the Company has annual earnings, it shall first pay taxes, make up any losses from past years, and then make contribution of 10% of the balance to the legal reserve, unless the legal reserve reaches the Company total paid-in capital, and also make provision or reversal of special reserves according to the laws and regulations or the requirements of the competent authority. If there is a surplus, the balance and the accumulated undistributed surplus, beginning shall be allocated subject to the earnings allocation plan proposed by the Board of

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Directors and resolved by a shareholders' meeting.

Pursuant to Articles 240 and 241 of the Company Act, the Company shall authorize its Board of Directors to distribute dividends, and bonuses, legal reserve and capital reserve in whole or in part in the form of cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

In order to support the Company's long-term growth, the Company's dividend distribution policy aims to satisfy the future business development. After taking into consideration the conditions, such as robust financial structure, maintenance of stable dividends, and protection of reasonable remuneration to shareholders comprehensively, the Board of Directors prepares the adequate earnings allocation plan. In consideration of the balanced and stable dividend policy, the Company allocates 30% of the distributable earnings as the shareholder bonus at the end of each half of the fiscal year, provided that where the distributable earnings are less than 10% of the paid-in capital, no bonus may be distributed per resolution of the Board of Directors. The shareholder bonus may be distributed in the form of stock or in cash, provided that the cash dividend shall be no less than 10% of the total dividends. At least 30% of the distributable earnings upon annual final accounting shall be appropriated as the shareholder bonus, provided that the cash dividend shall be no less than 10% of the total dividends.

Earnings distribution:

The Company had no accumulated earnings available for distribution in 2021. Therefore, the Company resolved the loss compensation plans 2021 at the annual general meetings on May 27, 2022.

The annual shareholders' meeting approved to compensate losses of NT\$36,494 thousand by using the legal reserve on May 27, 2022.

The Company's Board of Directors resolved on August 11, 2022 that no dividends should be distributed in 1H of 2022.

For the distribution of cash dividends from earnings in 2H of 2022 as resolved by the Company's Board of Directors on March 10, 2023, the dividends to be distributed to the owners of the parent are stated as following:

	2H of 2022	
	Payout ratio (NT\$)	Amount
Dividends distributed to the owners of common shares:		
Cash	\$ 0.40	87,617

The Company's Board of Directors resolved on August 10, 2023 that no dividends should be distributed in 1H of 2023.

The related information may be accessed on the MOPS.

4. Treasury stock

The treasury stock repurchased by the Company in order to maintain the Company's credit and shareholders' equity in accordance with Article 28-2 of the Securities and Exchange Act per the Board of Directors' resolution on July 8, 2022 totaled 2,500 thousand shares, at the cost of NT\$39,580 thousand. Per the resolution of the Board of Directors on November 10, 2022, all of them were cancelled, and the registration of such change was also completed. The difference from the excess of the carrying amount of the treasury stock cancelled of the par value, NT\$23,062 thousand is offset against the capital surplus- generated from the stock premium, NT\$107 thousand and conversion premium of corporate bonds NT\$2,531 thousand, as the first priority. The deficits thereof, NT\$13,880 thousand, are debited as retained earnings.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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According to the Securities and Exchange Act, the quantity of shares repurchased by the Company shall be no more than 10% of the total shares issued by the Company. The total costs spent in the repurchase shall be no more than the Company's retained earnings plus stock premium and realized capital surplus. The quantity and amount of shares repurchased by the Company are held satisfying the Securities and Exchange Act.

Pursuant to the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged. Meanwhile, before the transfer, the shareholder's equity is not permitted.

The changes in the Company's stock held by the subsidiaries in 2023 and 2022 are detailed as follows:

2023				
<u>Name of Subsidiary</u>	<u>Quantity of shares, beginning</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Quantity of shares, ending</u>
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	17,023,058	2,960,000	-	19,983,058
FEEI CHERNG ENTERPRISE CO., LTD.	2,130,903	4,030,000	-	6,160,903
HSIN-LI	802,548	3,800,000	-	4,602,548
MYSON CENTURY, INC.	258,291	-	-	258,291
	<u>20,214,800</u>	<u>10,790,000</u>	<u>-</u>	<u>31,004,800</u>

2022				
<u>Name of Subsidiary</u>	<u>Quantity of shares, beginning</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Quantity of shares, ending</u>
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	18,453,800	-	1,430,742	17,023,058
FEEI CHERNG ENTERPRISE CO., LTD.	1,950,000	360,000	179,097	2,130,903
HSIN-LI	-	870,000	67,452	802,548
MYSON CENTURY, INC.	-	280,000	21,709	258,291
	<u>20,403,800</u>	<u>1,510,000</u>	<u>1,699,000</u>	<u>20,214,800</u>

The Company shall treat the Company's stock held by the investees controlled by it, namely U-BEST, FEEI CHERNG, HSIN-LI and MYSON, for the purpose of business and property management as the treasury stock when preparing the financial statements. Said companies held the Company's stock totaling 31,005 thousand shares and 20,215 thousand shares, at the market price of NT\$393,761 thousand and NT\$239,545 thousand, on December 31, 2023 and 2022. The Company stated the carrying amount of treasury stock as NT\$82,303 thousand and NT\$61,756 thousand, subject to the shareholdings pursuant to the relevant requirements.

5. Other equity

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized valuation gain (loss) from financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Opening balance on January 1, 2023	\$ (182)	2,211	2,029
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Consolidated entities	-	1,279	1,279
Disposal of investment in equity instrument at fair value through other comprehensive income			
Consolidated entities	-	(3,293)	(3,293)

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Balance on December 31, 2023	\$	<u>(182)</u>	<u>197</u>	<u>15</u>
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Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) from financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (188)	(567)	(755)
Foreign currency translation difference (net after tax)			
Consolidated entities	6	-	6
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Consolidated entities	-	2,025	2,025
Disposal of investment in equity instrument at fair value through other comprehensive income			
Consolidated entities	-	753	75
Balance on December 31, 2022	\$ (182)	2,211	2,029

(XXV) Share-based payment transactions

Employee stock options

1. The Company adopted the paid employee stock option scheme in July 2020, and estimated the remuneration cost under the fair value method. Meanwhile, it adopted the Black-Scholes Model to estimate the granted quantity, exercise price, vested conditions and hypotheses at the fair value of the stock options on the grant date as follows:

Grant date	109.9.7
Granted quantity	9,000,000 shares
Exercise price	Closing price of the common stock on the issuing date
Vested conditions	The exercisable equity rate is 50% upon expiration of two years, 75% upon expiration of three years, and 100% upon expiration of four years.
Projected price fluctuation ratio	36.97%, 45.83% and 43.51% upon expiration of two years, three years and four years, respectively.
Risk-free interest rate	0.29%, 0.30% and 0.32% upon expiration of two years, three years and four years, respectively.
Expected duration	4.5 years
Weighted average fair value of stock options	NT\$1.54, NT\$2.13 and NT\$1.98 upon expiration of two years, three years and four years, respectively.

2. The remuneration costs recognized under the fair value method based on said paid employee stock option scheme in 2023 and 2022 were NT\$2,205 thousand and NT\$5,079 thousand, respectively.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

3. The information about quantity and weighted average exercise price related to the Company's paid employee stock option scheme is disclosed as follows:

	2023		2022	
	Weighted average exercise price (NT\$)	Quantity of stock options	Weighted average exercise price (NT\$)	Quantity of stock options
Outstanding shares on January 1	\$ 11.5	8,924,000	\$ 11.5	8,952,000
Invalid quantity in the current period	-	<u>(904,000)</u>	-	<u>(28,000)</u>
Outstanding shares on December 31	11.6	<u>8,020,000</u>	11.5	<u>8,924,000</u>
Exercisable quantity on December 31	11.6	<u>6,015,000</u>	11.5	<u>4,462,000</u>

4. The subsidiary, U-BEST, adopted the paid employee stock option scheme in March 2020, and estimated the remuneration cost under the fair value method. Meanwhile, it adopted the Black-Scholes Model to estimate the granted quantity, exercise price, vested conditions and hypotheses at the fair value of the stock options on the grant date as follows:

Grant date	August 12, 2020
Granted quantity	5,000,000 shares
Exercise price	Closing price of the common stock on the issuing date
Vested conditions	The exercisable equity rate is 50% upon expiration of two years, 75% upon expiration of three years, and 100% upon expiration of four years.
Projected price fluctuation ratio	37.81%, 40.26% and 38.90% upon expiration of two years, three years and four years, respectively.
Risk-free interest rate	0.27%, 0.30% and 0.32% upon expiration of two years, three years and four years, respectively.
Expected duration	4.5 years
Weighted average fair value of stock options	NT\$2.86, NT\$3.20 and NT\$3.17 upon expiration of two years, three years and four years, respectively.

5. The remuneration costs recognized by the subsidiary, U-BEST, under the fair value method based on said paid employee stock option scheme in 2023 and 2022 were NT\$1,651 thousand and NT\$4,275 thousand, respectively.
6. The information about quantity and weighted average exercise price related to the paid employee stock option scheme of the subsidiary, U-BEST, is disclosed as follows:

	2023		2022	
	Weighted average exercise price (NT\$)	Quantity of stock options	Weighted average exercise price (NT\$)	Quantity of stock options
Outstanding shares, beginning	\$ 11.8	4,813,000	\$ 12.7	5,000,000
Invalid quantity in the current period	11.8	(108,000)	11.8	(187,000)
Quantity exercised in the current period	11.8	<u>(1,220,000)</u>	-	<u>-</u>
Outstanding shares, ending	11.8	<u>3,485,000</u>	11.8	<u>4,813,000</u>
Exercisable quantity, ending	11.8	<u>2,308,750</u>	11.8	<u>2,406,500</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(XXVI) Earnings per share

The consolidated entities' basic earnings per share and diluted earnings per share are calculated as follows:

	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Net profit (loss) attributed to the Company's common stock shareholders	<u>\$ (144,751)</u>	<u>140,078</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>212,824</u>	<u>199,987</u>
Basic earnings per share (Unit: NT\$)	<u>\$ (0.68)</u>	<u>0.70</u>
Basic earnings per share:		
Net profit (loss) attributed to the Company's common stock shareholders	\$	140,078
Effects after tax of income related to convertible corporate bonds		<u>7,352</u>
Net profit (loss) attributed to the Company's common stock shareholders (after adjustment of effects of dilutive potential common shares)	<u>\$</u>	<u>147,430</u>
Weighted average outstanding shares of common stocks (thousand shares)		199,987
Effect of all potential diluted common stocks:		
Effects of the exercise of employee stock options		226
Effects of the conversion of convertible corporate bonds		<u>25,966</u>
Weighted average outstanding shares of common stocks (after adjustment of effects of dilutive potential common shares) (thousand shares)		<u>226,179</u>
Diluted earnings per share (Unit: NT\$)	<u>\$</u>	<u>0.65</u>

It is not included in the calculation of diluted earnings per share, as anti-dilution effect will be produced if the potential common stocks are stated in 2023.

(XXVII) Revenue from contracts with customers

1. Details of revenue

	<u>2023</u>	<u>2022</u>
Main territories and markets:		
Taiwan	\$ 836,947	2,309,556
Asia (exclusive of the territories of Taiwan)	8,895	22,049
Others	95	-
	<u>\$ 845,937</u>	<u>2,331,605</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

	2023	2022
Main product/service line:		
PU synthetic resin	\$ 332,402	529,524
Dry and wet PU synthetic leather and plastic leather	130,930	267,377
Sales of real estate	287,843	1,380,455
Construction and engineering revenue	36,478	69,838
Rental revenue from investment property	13,227	13,719
Integrated circuit system	-	6,329
System module	1,596	241
Bulk raw materials and supplies	1,082	8,922
Others	42,379	55,200
	<u>\$ 845,937</u>	<u>2,331,605</u>

2. Contract balance

	December 31, 2023	December 31, 2022	January 31, 2022
Notes and accounts receivable	\$ 138,740	179,864	196,533
Less: Loss provision	-	(1,424)	(1,804)
	<u>\$ 138,740</u>	<u>178,440</u>	<u>194,729</u>
Contract assets - Chi Yun	\$ -	30,383	-
Less: Loss provision	-	-	-
	<u>\$ -</u>	<u>30,383</u>	<u>-</u>
Contract liability - The King's Landscapes	\$ 76,150	149,630	193,450
Contract liability - Tiffany	-	-	11,020
Contract liability - Mayfair	-	-	207,054
Contract liability - The Twin Towers	542,550	410,000	43,890
Contract liability - Changrong Taishan	73,377	50,477	43,027
Contract liability - Ha Jiu Kyung	106,344	70,644	60,735
Contract liability - Liu Jin	26,480	16,780	-
Contract liability - Liu Xing	29,940	-	-
Contract liability - others	5,756	1,614	692
	<u>\$ 860,597</u>	<u>699,145</u>	<u>559,868</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

The balances of contract liabilities on January 1, 2023 and 2022 that were recognized as revenue in 2023 and 2022 were NT\$72,839 thousand and NT\$272,463 thousand, respectively. Further, due to the customers' cancellation of reservation, or cancellation of transactions, the contract liabilities decreased by NT\$18,350 thousand in 2023, while no such case took place in 2022.

(XXVIII) Remuneration to employees and directors

According to the Articles of Incorporation, annual profits concluded by the Company shall be subject to employee remuneration of 1%~10% , and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. The employee remuneration referred to in the preceding paragraph can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The Company stated losses in 2023. Therefore, it was not necessary to provide the remuneration to employees and directors.

In 2022, the amount of employee remuneration provided by the Company was estimated at NT\$2,680 thousand, and the amount of director remuneration NT\$4,019 thousand. The estimates were made by applying the Company's before-tax profits before the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then stated as operating costs or expenses in that period. Any differences between the amounts actually paid in next year and the amount previously estimated would be treated as a change in accounting estimate, and recognized as profit or loss in next year. Said amounts of remuneration to employees and directors per the resolution of the Board of Directors were consistent with the estimated amounts reported in the Company's 2022 financial statements. For relevant information, please visit MOPS for inquiries.

(XXIX) Non-operating revenue and expenditure

1. Interest revenue

The consolidated entities' interest revenue is stated as follows:

	<u>2023</u>	<u>2022</u>
Interest revenue - bank deposits	\$ 3,145	1,832
Interest revenue - financial assets measured at amortized cost	4,152	4,367
Interest revenue - other financial assets	1,227	-
Interest revenue - interest on the deposit for lease	5	3
Interest revenue - others	<u>111</u>	<u>465</u>
	<u>\$ 8,640</u>	<u>6,667</u>

2. Other revenue

The consolidated entities' other revenue is stated as follows:

	<u>2023</u>	<u>2022</u>
Dividend revenue	<u>\$ 23,683</u>	<u>26,713</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

3. Other gains and losses

The consolidated entities' other gains and losses are stated as follows:

	<u>2023</u>	<u>2022</u>
Foreign currency exchange loss	\$ (100)	(178)
Rental revenue	4,838	7,015
Net (loss) income from disposal of financial assets/liabilities at fair value through profit or loss	85,230	(75,363)
Proceeds from disposal of property, plant and equipment	13,299	55
Revenue from selling electricity	11,524	-
Impairment loss	(2,846)	-
Others	1,632	9,875
	<u><u>\$ 113,577</u></u>	<u><u>(58,596)</u></u>

4. Financial cost

The consolidated entities' financial cost is stated as follows:

	<u>2023</u>	<u>2022</u>
Bank loans	\$ (104,612)	(76,936)
Loan of non-bank financial institutions	(503)	(2,310)
Discount and amortization of corporate bonds payable	(16,344)	(14,205)
Imputed interest on security deposit	(5)	(3)
Interest expenses on lease liabilities	(358)	(429)
Others	(86)	(53)
Less: capitalized interest	10,630	19,973
	<u><u>\$ (111,278)</u></u>	<u><u>(73,963)</u></u>

(XXX) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

The consolidated entities have sales conducted significantly focusing on few customers. 35% and 47% of the total accounts receivable by the consolidated entities were due from two and three customers on December 31, 2023 and 2022.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(3) Credit risk over receivables

For the details about credit risk exposures of notes and accounts receivable, please refer to Note VI(V).

The other financial assets measured at amortized cost include other receivables and other financial assets. No impairment was provided or reversed in 2023 and 2022. Said financial assets are all with low credit risk; therefore, the loss provision for that period should be measured based on the amount of 12-month expected credit loss.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interest but not the impact of net amount agreed.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	More than 5 years
December 31, 2023							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 3,684,276	3,836,767	944,455	1,498,482	435,141	907,148	51,541
Short-term bills and notes payable (fixed interest rate)	155,822	156,100	156,100	-	-	-	-
Corporate bonds payable (fixed interest rate)	1,042,899	1,062,200	44,600	417,600	600,000	-	-
Liabilities without interest	781,263	781,263	781,263	-	-	-	-
Lease liabilities	13,209	13,720	2,570	2,439	4,652	4,059	-
Long-term loan (including the current portion) (floating interest rate)	154,081	163,315	22,275	22,710	80,926	17,182	20,222
Deposits received	4,314	4,314	456	342	2,019	1,276	221
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss - current & non-current	2,400	2,400	-	-	2,400	-	-
	<u>\$ 5,838,264</u>	<u>6,020,079</u>	<u>1,951,719</u>	<u>1,941,573</u>	<u>1,125,138</u>	<u>929,665</u>	<u>71,984</u>
December 31, 2022							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 3,557,309	3,662,375	408,788	514,839	1,984,330	752,118	2,300
Loan of non-bank financial institutions (fixed interest rate)	39,995	40,624	31,424	9,200	-	-	-
Short-term bills and notes payable (fixed interest rate)	154,726	155,000	155,000	-	-	-	-
Corporate bonds payable (fixed interest rate)	1,057,642	1,098,852	-	62,652	436,200	600,000	-
Liabilities without interest	703,278	703,278	703,278	-	-	-	-
Lease liabilities	17,776	25,747	1,946	1,946	2,974	5,042	13,839
Long-term loan (including the current portion) (fixed interest rate)	124,292	132,733	15,285	18,149	37,749	34,955	26,595
Deposits received	13,237	13,237	9,258	364	1,967	1,648	-
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss - current & non-current	14,763	14,763	-	96	7,257	7,410	-
	<u>\$ 5,683,018</u>	<u>5,846,609</u>	<u>1,324,979</u>	<u>607,246</u>	<u>2,470,477</u>	<u>1,401,173</u>	<u>42,734</u>

The consolidated entities do not expect the maturity analysis of cash flows will be significantly pre-matured or the actual amount will be significantly different.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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3. Market risk

(1) Exchange rate risk exposure

The consolidated entities' financial assets and liabilities exposed to significant foreign exchange rate risk are as follows:

		Unit: NT\$ Thousand					
		December 31, 2023			December 31, 2022		
		Foreign currency	Foreign exchange rate	NTD	Foreign currency	Foreign exchange rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	787	30.705	24,137	948	30.71	29,088
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		578	30.705	17,775	472	30.71	14,488

(2) Analysis of sensitivity

The exchange rate risk of the consolidated entities is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If NTD vs USD on December 31, 2023 and 2022 appreciated or depreciated by 1%, while all other factors stayed unchanged, the net loss after tax would decrease or increase by NT\$51 thousand and NT\$117 thousand in 2023 and 2022. The analysis in both periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The foreign currency exchange losses (including the realized and unrealized ones) of the consolidated entities were NT\$100 thousand and NT\$178 thousand in 2023 and 2022, respectively.

4. Interest rate risk

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the consolidated entities' financial assets and financial liabilities.

The following analysis of sensitivity is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is based on the assumption that the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the consolidated entities' internal report to the management was the interest rate with an increase or decrease by 1%. The interest rate is assessed within the reasonable and possible range of change by the management.

If interest rate is increased or decreased by 1%, with all other variables stayed unchanged, the consolidated entities' net gains (losses) would increase or decrease by NT\$30,707 thousand and NT\$28,458 thousand in 2023 and 2022, primarily as a result of the consolidated entities' loan subject to the floating interest rate.

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5. Other pricing risk

The effect of the changes in equity price on the reporting date (the analysis of two periods is completed by using the same basis, and assuming all other variables held constant) on the profit and loss is as follows:

	2023		2022	
Securities and fund price on the reporting date	Other comprehensive income after tax	Income after tax	Other comprehensive income after tax	Income after tax
Increase by 3%	<u>\$ 166</u>	<u>13,191</u>	<u>419</u>	<u>14,290</u>
Decrease by 3%	<u>\$ (166)</u>	<u>(13,191)</u>	<u>(419)</u>	<u>(14,290)</u>

6. Information about fair value

(1) Type and fair value of financial instrument

The carrying amount and fair value of the consolidated entities' financial assets and liabilities (including fair value level information) are stated as follows, except the financial instruments measured at fair value with the carrying amount close to the reasonable amount of fair value and the investment in equity instruments without quotation in an active market and of which the fair value cannot be reliably measured:

	December 31, 2023				
	Carrying amount	Fair value			
		Class 1	Class 2	Class 3	Total
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 569,607</u>	569,607	-	-	569,607
Financial assets at fair value through other comprehensive income					
Stocks unlisted on TWSE/TPEx	<u>\$ 6,926</u>	-	-	6,926	6,926
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 689,023	-	-	-	-
Financial assets measured at amortized cost	514,913	-	-	-	-
(V) Notes receivable and accounts receivable (including related party)	138,740	-	-	-	-
Other receivables (including related party)	27,008	-	-	-	-
Other financial assets - current	274,952	-	-	-	-
Refundable deposits	<u>14,155</u>	-	-	-	-
	<u>\$ 1,658,791</u>				
Financial liabilities at fair value through profit or loss					
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ 2,400</u>	-	2,400	-	2,400
Financial liabilities measured at amortized cost					
Short-term loans	\$ 3,684,276	-	-	-	-
Short-term bills and notes payable	155,822	-	-	-	-
Payables	781,263	-	-	-	-
Corporate bonds payable (including the current portion)	1,042,899	-	1,035,462	-	1,035,462
Lease liabilities	13,209	-	-	-	-
Long-term loan (including the current portion)	154,081	-	-	-	-
Deposits received	<u>4,314</u>	-	-	-	-

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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\$ 5,835,864

	Carrying amount	December 31, 2022			
		Fair value			Total
		Class 1	Class 2	Class 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 636,495</u>	636,495	-	-	636,495
Financial assets at fair value through other comprehensive income					
Stocks listed on TWSE/TPEX	\$ 16,532	16,532	-	-	16,532
Stocks unlisted on TWSE/TPEX	926	-	-	926	926
	<u>\$ 17,458</u>				
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 763,148	-	-	-	-
Financial assets measured at amortized cost (V) Notes receivable and accounts receivable (including related party)	13,900	-	-	-	-
Other receivables (including related party)	178,440	-	-	-	-
Other receivables (including related party)	8,771	-	-	-	-
Other financial assets - current & non-current	703,758	-	-	-	-
Refundable deposits	18,740	-	-	-	-
	<u>\$ 1,686,757</u>				
Financial liabilities at fair value through profit or loss					
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ 14,763</u>	-	14,763	-	14,763
Financial liabilities measured at amortized cost					
Short-term loans	\$ 3,597,304	-	-	-	-
Short-term bills and notes payable	154,726	-	-	-	-
Payables (including related party)	703,278	-	-	-	-
Corporate bonds payable (including the current portion)	1,057,642	-	1,043,747	-	1,043,747
Lease liabilities	17,776	-	-	-	-
Long-term loan (including the current portion)	124,292	-	-	-	-
Deposits received	13,237	-	-	-	-
	<u>\$ 5,668,255</u>				

The consolidated entities applied the input which was observable in the market as possible as it could when measuring its assets and liabilities. The classes of fair value are concluded as follows based on the input used by the valuation technique:

(1.1) Class 1: Open quotation of the same assets or liabilities in an active market (without adjustment).

(1.2) Class 2: Except the open quotation under Class 1, the import parameter of assets or liabilities may be observable directly (namely, the price) or indirectly (namely, presumed from the price).

(1.3) Class 3: The import parameters of assets or liabilities are not based on observable market information (non-observable parameters).

(2) Fair value valuation technique for the financial instrument not measured at fair value

The methods and hypotheses used by the consolidated entities to estimate the instruments not measured at fair value are stated as follows:

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Financial liabilities measured at amortized cost

The components of liabilities of the convertible corporate bonds issued by the consolidated entities are estimated under the evaluation method. The estimates and hypotheses used by the evaluation method refer to estimation of fair value by discounted cash flow.

(3) Fair value valuation technique for the financial instrument measured at fair value

(3.1) Non-derivative financial instruments

If quotation in active markets is available, the quotation shall be established as fair values.

Market prices published by major stock exchange, and OTC market where is held high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quotation is readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and the quotation represents actual and regularly occurring market transactions on an arm's-length basis. If a financial instrument does not accord with said definition, then it is considered to be without quotation in active market. In general, any market with wide price difference, significant increase in bid price and low trading volume is an indication of non-active market.

The fair value of financial assets with standard terms/conditions and traded in the active market, such as stocks listed on TWSE/TPEX, fund and emerging stocks in an active market, shall be decided subject to the market quotation.

Except for the financial instruments in the active market, the fair value of the other financial instruments is based on the valuation technique or the quotation of the trading counterpart. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data.

If the consolidated entities' financial instruments do not have an active market, wherein their fair values are determined as follows by type and attribute:

Equity instrument without an active quotation: The consolidated entities estimate the fair values by using the comparable company approach on the assumption that the fair values are calculated on the basis of the investees' net worth per share and the Price-Book Ratio in the same trade derived from comparable TWSE/TPEX-listed companies' quoted prices. The discount effect resulting from the lack of market liquidity of such equity securities has been adjusted.

(3.2) Derivative financial instruments

Based on the valuation models extensively accepted by the users in the market, e.g. discount method and Option Pricing Model. The put options for the convertible corporate bonds of the Company and the subsidiary, U-BEST, are valued based on Monte Carlo method.

(4) No transfer of fair value levels took place in 2023 and 2022.

(XXXI) Financial risk management

1. Overview

The consolidated entities have exposures to the following risks from its financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

The consolidated entities' risk exposure information and objectives, policies, and procedures of the risk measured and managed by the consolidated entities are expressed in this Note. For more disclosures about the quantitative effects of the risk exposure, please refer to the respective notes in the consolidated financial statements.

2. Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of its risk management framework. The Board has the Chairman's Office responsible for developing and controlling the consolidated entities' risk management policies.

The consolidated entities' risk management policies are established to identify and analyze the risks faced by the consolidated entities, evaluate the effect posed by the financial risk and execute related policies to evade the financial risk. Risk management policies are reviewed regularly to reflect changes in market conditions and the consolidated entities' activities. The consolidated entities, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The consolidated entities' Board of Directors oversees how the management monitors compliance with the consolidated entities' risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the consolidated entities. The Board of Directors is assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews on the financial risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial losses faced by the consolidated entities when the customer or the trading counterpart of financial instruments trade is unable to meet its contractual obligations. It is mainly from the consolidated entities' accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The consolidated entities' exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the consolidated entities' customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Manufacturing industry: The consolidated entities have established a credit policy under which each new customer is analyzed individually for creditworthiness before the consolidated entities' standard payment terms are offered. The consolidated entities' review includes external ratings, when available, and in some cases bank references. The procurement limits are established for each customer and reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the consolidated entities only on an advance received basis.

Building industry: The consolidated entities' exposure to credit risk is influenced mainly by the individual characteristics of each customer. The consolidated entities' customers are concentrated in the wide consumer base. In order to mitigate the credit risk over accounts receivable, the consolidated entities demand that the customers should allocate the bank loan to the consolidated entities directly from the lending bank, when the bank grants the loan. Therefore, the credit risk may be controlled effectively.

The consolidated entities have the allowance account set up to reflect the estimated losses of the accounts receivable and other receivables. The allowance account mainly includes specific loss related to individual significant exposure and the combined loss of the similar asset group that have incurred but yet to be identified. The allowance account for combined loss is determined in accordance with the historical payment statistics and forward-looking information of similar financial assets.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the consolidated entities' finance department. The consolidated entities' trading counterparts and performing parties are reputable banks and corporate organizations with no significant performance concerns. Therefore, there is no significant credit risk.

(3) Guarantees

Based on the consolidated entities' policies, they may only provide financial guarantees to the subsidiaries wholly owned by them, or mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

4. Liquidity risk

Liquidity risk is the risk that the consolidated entities are unable to pay cash or financial asset to settle the financial liability and unable to perform their obligations. The method applied by the consolidated entities to manage liquidity is to ensure that the consolidated entities in general practice or under pressure has sufficient current fund to liquidate liabilities when due, without incurring unacceptable losses or causing harm to the consolidated entities' reputation.

5. Market risk

Market risk is the risk that the market price change, such as foreign exchange rate, interest rate and equity instrument price change, will affect the consolidated entities' income or risk over the value of financial instruments held by the consolidated entities. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.

(1) Interest rate risk

The consolidated entities are exposed to exchange rate risk resulting from the sale and procurement transactions measured with a currency other than the functional currency of the consolidated entities. These transactions are denominated in major currencies including USD and CNY.

Generally, the currency denominating the loan shall adopt the borrower's functional currency. If it is necessary to apply for loan in foreign currency, hedge shall be taken to ensure that the exposure is maintained within the acceptable level.

The consolidated entities adopt the economic hedging to evade the exchange rate risk arising from foreign currency financial liabilities when engaging in financial derivatives trading. The income generated from changes in foreign exchange rate is expected to offset against the income of hedged items generated from changes in foreign exchange rate. Notwithstanding, such income is stated into the valuation gains or losses on financial assets, as it doesn't satisfy the hedging accounting.

(2) Interest rate risk

The fair value or future cash flow fluctuation risk would arise due to changes in interest rate, when the consolidated entities borrow fund. The consolidated entities' policies aim to ensure the exposure of changes in the loan interest rate, and evaluate it based on the market interest rate development. The consolidated entities manage the interest rate risk by maintaining an adequate portfolio consisting of floating and fixed interest rates.

(3) Other market price risk

The equity price risk refers to the risk over the equity instruments held by the consolidated entities resulting from the uncertainty in future price. The consolidated entities engage in multifaceted investment projects, and regularly verify the financial status of equity instruments to manage the price risk over equity instruments.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

(XXXII) Capital management

The policy of the Board of Directors maintains the basis of unimpaired capital. It helps maintain the confidence of the investors, creditors and markets. It also supports future operating development. The Board of Directors controls the rate of return on the capital and also the common stock dividend level.

The consolidated entities meet its objectives for managing capital to safeguard the capacity of continuing operations, to continue to provide a return to its shareholders and other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entities might adjust the stock dividend to be paid, refund of capital to shareholders through capital decrease, issuance of new shares or realization of assets to reduce liabilities.

The consolidated entities control the capital based on the debt to equity ratio. The ratio is net liabilities divided by total capital. The net liabilities refer to the total liabilities listed in the balance sheet less cash and cash equivalents. The total capital refers to the components of equity (namely, capital stock, capital surplus, retained earnings, other equity and non-controlling equity). The debt to equity ratio on the reporting date is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 6,784,106	6,484,097
Less: Cash and Cash Equivalents	<u>(689,023)</u>	<u>(763,148)</u>
Net liabilities	<u>\$ 6,095,083</u>	<u>5,720,949</u>
Total equity	<u>\$ 5,793,259</u>	<u>5,322,044</u>
Debt to equity ratio	<u>105.21%</u>	<u>107.50%</u>

As of December 31, 2023, the capital management method of the consolidated entities remained unchanged.

(XXXIII) Investing and financing activities other than transactions in cash

The consolidated entities' liabilities from financing activities in 2023 and 2022 are adjusted as follows:

	Short-term loans	Short-term bills and notes payable	Corporate bonds payable (including the current portion)	Lease liabilities	Long-term loan (including the current portion)	Total liabilities from financing activities
Balance on December 31, 2023	\$ 3,597,304	154,726	1,057,642	17,776	124,292	4,951,740
Cash flow						
Cash from loan	2,528,620	1,096	-	-	99,560	2,629,276
Repayment of loan	(2,441,648)	-	-	-	(69,771)	(2,511,419)
Repayment of principal for lease	-	-	-	(4,371)	-	(4,371)
Non-cash flow						
Discount and amortization	-	-	16,344	-	-	16,344
Other changes	-	-	(31,087)	(196)	-	(31,283)
Balance on December 31, 2023	<u>\$ 3,684,276</u>	<u>155,822</u>	<u>1,042,899</u>	<u>13,209</u>	<u>154,081</u>	<u>5,050,287</u>
Balance on January 1, 2022	\$ 3,148,526	79,915	859,193	27,564	11,000	4,126,198
Cash flow						
Cash from loan	2,201,984	154,726	-	-	135,324	2,492,034
Repayment of loan	(1,753,206)	(79,915)	-	-	(22,032)	(1,855,153)
Cash from issuance of convertible corporate bonds	-	-	294,665	-	-	294,665
Repayment of principal for lease	-	-	-	(3,983)	-	(3,983)
Non-cash flow						
Discount and amortization	-	-	14,205	-	-	14,205
Other changes	-	-	(110,421)	(5,805)	-	(116,226)

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Balance on December 31, 2022 \$ 3,597,304 154,726 1,057,642 17,776 124,292 4,951,740

VII. Transactions with related parties

(I) Names of related parties and their relationship with the Company

Related parties that have performed transactions with the consolidated entities during the period of the consolidated financial statement include:

Name of Related Party	Relationship with the consolidated entities
Ms. Chang Hui-Feng	Spouse of the Company's Chairman; major management of Myson
Mr. Chang Yu-Ming	Major management
LUXE BRING CO., LTD.	Associate of the consolidated entities (Note)
Metropolis Internet Technology	Other related party of the consolidated entities
Zhong Qing Technology Co., Ltd.	Its Chairman is same person as the Company's Chairman.
Tai Chan Construction Co., Ltd.	Its chairman is a Company's director, who is no longer a related party after the re-election of directors in May 2023
Shin Agri Tech Co., Ltd.	Other related party of the consolidated entities

Note: On August 12, 2022, the consolidated entities was no longer the director of an associate - LUXE.

(II) Significant transactions with related parties

1. Operating revenue

The amount of significant transactions between the consolidated entities and related parties is as follows:

	2023	2022
Associate	\$ -	1,162
Other related party	3,022	8,922
	\$ 3,022	10,084

The consolidated entities' collection term for sales to the associate and other related parties was O/A 30~60 days, and 15~120 days in the case of non-related party. There were no similar transactions for the product sales to refer to; therefore, the price was negotiated and determined by both parties. No collateral was collected for the accounts receivable of related parties. After assessment, not impairment loss needed to be recognized.

2. Contract awarding

The total contract amounts and accounts collected by the consolidated entities for undertaking engineering contracts of other related parties - Tai Chan - are stated as following:

	2023	2022
Executed contract amounts	\$ 181,959	181,959
Accounts collected according to the contracts during the period	\$ 28,594	39,455

The consolidated entities calculated the contract amount for the contract awarded by any related party

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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based on the engineering budget plus reasonable overhead and profit, subject to approval of the relevant supervisor. The contract assets arising from said transaction amounted to NT\$30,383 thousand on December 31, 2022. No transaction with non-related party was made available as the comparable for the profit rate and collection terms and conditions of the contract undertaken by the consolidated entities.

3. Receivables - related party

The consolidated entities' receivable accounts-related party are stated as follows:

Title	Type of related party	December 31, 2023	December 31, 2022
Accounts receivable	Other related party	<u>\$ -</u>	<u>7,731</u>

4. Lease

- (1) The consolidated entities leased the office to other related parties in 2023 and 2022, and the rental revenues were NT\$ \$16 thousand and NT\$23 thousand. The payment for said transaction has been received in full on December 31, 2023 and 2022.
- (2) The rental revenue generated from the consolidated entities' lease of property, plant and equipment to the associate was NT\$96 thousand in 2022, stated into the operating revenue on the statement of comprehensive income. The balance of accounts receivable from such transaction has been collected in full on December 31, 2022.

5. Labor service fees

Partial land acquired by the consolidated entities is agricultural land; therefore, we may not be able to register ourselves as the nominee due to laws and regulations. Therefore, the ownership of the land was registered under the name of the consolidated entities' Chairman Chang Yu-Ming. The entrustment fees were paid on a monthly basis, and the amount is as follows:

Title	Type of related party	2023	2022
Management expenses - labor service fees	Major management - Chang Yu-Ming	<u>\$ 180</u>	<u>180</u>

As of December 31, 2023 and 2022, the unpaid balance was TN\$15 thousand, accounting for under other payables.

6. Others

- (1) The consolidated entities executed the real estate joint construction and separate sale contract with the spouse of the Company's Chairman in 2013. In 2023 and 2022, the consolidated entities paid the advertising expenses and interest to be borne by the joint construction and separate sale land owner on behalf of the land owner, NT\$9,396 thousand and NT\$8,298 thousand, preliminarily. Notwithstanding, the expenses and interest have not yet been received by December 31, 2023 and 2022; therefore, they were stated as other receivables.
- (2) In 2023 and 2022, the expenses arising from the office supplies purchased by the consolidated entities and computer equipment maintenance in 2023 were NT\$31 thousand and NT\$70 thousand, respectively, which were included in management expenses. The computer equipment and software purchased were NT\$844 thousand and NT\$194 thousand. As of December 31, 2023 and 2022, amounts payable the occurred due to the abovementioned transactions amounted to NT\$453 thousand and NT\$277 thousand, which were included in other payables.
- (3) As of December 31, 2023 and 2022, the bank loans and the available limit was under the joint guarantee of the management personnel of the consolidated entities.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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(III) Key management personnel transactions

Remuneration to the key management personnel includes the following:

	2023	2022
Short-term employee benefits	\$ 45,511	41,447
Post-employment benefits	531	409
Share-based payment	447	1,142
	\$ 46,489	42,998

The costs of leased cars recognized by the consolidated entities as the right-of-use assets were NT\$2,248 thousand, on December 31, 2023 and 2022. The cars were primarily provided to the key management personnel.

VIII. Assets pledged as collateral or for security

The carrying amount of the consolidated entities' assets pledged as collateral or for security is as follows:

Pledged assets	Objective pledged and guaranteed	December 31, 2023	December 31, 2022
Time and demand deposits (Note)	Guarantees for short-term loan, guarantees for corporate bonds payable, escrow and performance bond	\$ 274,952	703,758
Financial assets at fair value through profit or loss - current	Guarantees for short-term loans and short-term bills and notes payable	-	210,502
Financial assets measured at amortized cost-current	Guarantee for customs duties to the Customs Administration and guarantee for the land lease to the Science Park Bureau	-	1,750
Inventory - land for construction	Guarantees for short-term loans	863,380	2,492,621
Inventory - land under construction	Guarantees for short-term loans and endorsements/guarantees	2,624,672	757,917
Inventory - building under construction	Guarantees for short-term loans	593,602	288,907
Inventory - available-for-sale land	Guarantees for short-term loan and corporate bonds payable	341,935	340,074
Inventory - available-for-sale house	Guarantees for short-term loan and corporate bonds payable	2,030,225	1,887,225
Property, plant and equipment	Short-term loan, long-term loan, corporate bonds payable, and short-term bills and notes payable	437,446	445,854
Investment property	Guarantees for short-term and long-term loans and short-term bills and notes payable	255,435	165,398
		\$ 7,421,647	7,294,006

Note: Stated as other financial assets - current & non-current.

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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IX. Major contingent liabilities and unrecognized contractual commitments

- (I) The consolidated entities' letter of credit that has been issued for purchase of imported raw materials and supplies but not used amounts to NT\$7,298 thousand and NT\$13,361 thousand on December 31, 2023 and 2022.
- (II) The real estate sale contracts executed by the consolidated entities with the buyers for the projects launched by them totaled NT\$6,678,236 thousand and NT\$5,695,578 thousand on December 31, 2023 and 2022. Among them, NT\$854,841 thousand and NT\$697,531 thousand have been collected pursuant to the contract, and stated as contract liabilities - current.
- (III) The amount of the contracts for the property, plant and equipment which the consolidated entities have executed but not yet recognized was NT\$36,786 thousand and NT\$98,497 thousand on December 31, 2022. Among them, NT\$8,835 thousand and NT\$83,722 thousand has been paid per the contracts, and stated as the property, plant and equipment.
- (IV) The amount of the contracts for the investment property which the consolidated entities have executed was NT\$130,182 thousand on December 31, 2022. Among them, NT\$39,807 thousand has been paid per the contracts, and stated as the non-current assets. No such case took place on December 31, 2023.
- (V) As of December 31, 2023, the consideration for the land purchase contract entered into by the consolidated entities that has not yet been transferred was NT\$81,905 thousand. The Company has paid NT\$8,572 thousand according to the contract, and the amount was included in inventories - prepayments for land. No such case took place on December 31, 2022.

X. Losses due to major disasters: None.

XI. Significant subsequent events

- (I) The board of directors of subsidiary Sen Tai of the consolidated entities resolved to issue 10,000 thousand new shares with a par value of NT\$10 per share on February 17, 2024.
- (II) The board of directors of subsidiary FEEI CHERN of the consolidated entities resolved to participate in the cash capital increase of Sen Tai within the limit of NT\$100,000 thousand on February 27, 2024.

XII. Others

Employee benefits, depreciation, depletion and amortization expenses by function are summarized as follows:

By Nature	By function	2023			2022		
		Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefit expenses							
Salary expenses		48,230	150,603	198,833	45,977	170,220	216,197
Labor/national health insurance expenses		4,520	8,839	13,359	4,340	8,764	13,104
Pension expenses		2,185	3,969	6,154	2,128	4,146	6,274
Other employee benefit expenses		3,449	4,747	8,196	2,961	5,001	7,962
Depreciation expenses		31,600	22,415	54,015	29,784	19,096	48,880
Amortization expenses		-	2,969	2,969	-	1,732	1,732

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

XIII. Disclosures in notes

(I) Information on significant transactions

The information about significant transactions to be disclosed by the consolidated entities pursuant to the Regulations Governing the Preparation of Financial Reports in 2023 is stated as follows:

1. Loaning of fund to others:

No.	Lender	Borrower	Accounting title	Related party or not?	Current maximum amount	Balance, ending	Drawdown	Interest rate range	Nature of loans to others	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss provision	Collateral		Limit of loans to individual borrowers	Limit of total loans	Remark
													Name	Value			
0	The Company	Shangyu Construction Co., Ltd.	Other receivables	Yes	100,000	100,000	-	3%	Needs for short-term financing	-	Working capital	-		-	725,695 (Note 1)	1,161,112 (Note 1)	(Note 2)
0	The Company	BOROMI OPTRONICS CORP.	Other receivables	Yes	100,000	100,000	-	3%	Needs for short-term financing	-	Working capital	-		-	725,695 (Note 1)	1,161,112 (Note 1)	(Note 2)
0	The Company	MYSON	Other receivables	Yes	100,000	100,000	10,000	3%	Needs for short-term financing	-	Working capital	-		-	725,695 (Note 1)	1,161,112 (Note 1)	(Note 2)

(Note 1) According to the Company's Operating Procedure for Loaning to Others, the limit amount of total loans shall not exceed 50% of the net worth, provided that the limit amount of total loans to another person in need of short-term financing shall not exceed 40% of the net worth, and 25% in the case of a single enterprise. For the borrower trading with the Company, the limit amount on the loan to individual borrower shall be no more than the amount of transaction between both parties. The limit amount of loaning between foreign companies in which the Company owns directly or indirectly 100% of voting rights shall be no more than 25% of the net worth of the companies, and for a term of one year.

(Note 2) Already written off during the preparation of the consolidated financial statements.

2. Making of endorsements/guarantees for others:

No.	Endorser/guarantor	Endorsed/guaranteed party		Limits on endorsements/guarantees for a single enterprise	Current maximum endorsement/guarantee balance	Endorsement/guarantee balance - ending	Drawdown	Endorsement/guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/guarantees	Endorsement/guarantee made by the parent company for its subsidiaries	Endorsements/guarantees made by the subsidiaries for the parent company	Endorsement/guarantee made for the operations in Mainland China	Remark
		Company Name	Relationship											
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	The Company	(Note 1)	1,548,585 (100% of the Company's net worth)	196,208	76,208	76,208	-	4.92%	3,097,170 (200% of the Company's net worth)	-	Y	-	(Note 2)

(Note 1): Mutual endorsements/guarantees for another company in the same industry for purposes of undertaking a construction project.

(Note 2): Already written off during the preparation of the consolidated financial statements.

3. Marketable securities held at the end of year (excluding the equity held by invested subsidiaries, associates and joint ventures):

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period (NT\$ thousand)	Remark
				Quantity of shares (thousand shares)	Carrying amount	Shareholding	Fair value		
The Company	Monthly income USD-denominated structured bonds	-	Financial assets at fair value through profit or loss - non-current	1	-	- %	-	-%	-
The Company	Stocks of FOILTEC INDUSTRIAL CO., LTD.	-	"	1,126	-	4.83 %	-	4.83%	-
BOROMI OPTRONICS CORP.	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	Financial assets at fair value through profit or loss - current	299	34,364	- %	34,364	299	(Note 2)
MYSON CENTURY, INC.	Stocks of SUN YAD	The Company	Financial assets at fair value through profit or loss - non-current	258	3,280	0.09 %	3,280	0.12%	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of SUN YAD	The Company	"	19,983	253,785	7.16 %	253,785	7.77%	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	ACE Accessories Co., Ltd.	-	"	500	6,000	2.80 %	6,000	2.80%	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of Renjie Oldsichuan Catering Management Consultant Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	175	10,492	0.77 %	10,492	0.77%	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of WAKOM SEMICONDUCTOR CORPORATION	-	"	28	-	0.81 %	-	0.81%	-
U-BEST INNOVATIVE	Stocks of FOILTEC	-	"	583	-	2.50 %	-	2.50%	-

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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TECHNOLOGY CO., LTD.	INDUSTRIAL CO., LTD.								
Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Quantity of shares (thousand shares)	Ending			Maximum shareholding ratio or capital contribution during the period (NT\$ thousand)	Remark
					Carrying amount	Shareholding	Fair value		
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of FORMOSA TAFFETA CO., LTD.	-	Financial assets at fair value through profit or loss - current	170	4,284	0.01 %	4,284	0.04%	-
HSIN-LI	Stocks of LUXE	-	Financial assets at fair value through other comprehensive income - non-current	166	926	10.38 %	926	10.38%	-
HSIN-LI	Stocks of E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	2,789	71,957	0.02 %	71,957	0.02%	-
HSIN-LI	Stocks of TAIWAN BUSINESS BANK, LTD.	-	"	8,853	121,281	0.11 %	121,281	0.12%	-
HSIN-LI	Stocks of Taishin Financial Holding Co., Ltd.	-	"	8,817	159,595	0.07 %	159,595	0.07%	-
HSIN-LI	Stocks of Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,675	14,824	0.01 %	14,824	0.02%	-
HSIN-LI	Stocks of King's Town Bank Co., Ltd.	-	"	104	4,155	0.01 %	4,155	0.03%	-
HSIN-LI	Domestic 1st unsecured convertible corporate bonds of HORIZON SECURITIES CO., LTD.	-	"	78	7,691	- %	7,691	120%	-
HSIN-LI	Common stock of China Development Financial Holding Corporation	-	"	832	10,442	- %	10,442	-%	-
HSIN-LI	Preferred stock of China Development Financial Holding Corporation	-	"	1,355	9,581	0.09 %	9,581	0.09%	-
HSIN-LI	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	"	211	24,250	- %	24,250	24%	(Note 2)
HSIN-LI	Stocks of SUN YAD	The Company	"	4,603	58,452	1.65 %	58,452	1.65%	(Note 1)
HSIN-LI	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	2,000	27,100	1.43 %	27,100	1.43%	(Note 1)
HSIN-LI	Stocks of SanDi Properties Co., Ltd.	-	"	131	4,310	0.14 %	4,310	0.14%	-
HSIN-LI	Stocks of TEKCORE CO., LTD	-	"	500	9,250	0.97 %	9,250	1.87%	-
HSIN-LI	Stocks of FUTA TECHNOLOGY CO., LTD.	-	"	494	6,200	0.73 %	6,200	0.73%	-
HSIN-LI	Stocks of Associated Industries China, Inc.	-	"	133	1,436	0.24 %	1,436	0.24%	-
HSIN-LI	Yuanta U.S. Treasury 20+ Year Bond ETF	-	"	280	8,638	0.01 %	8,638	0.01%	-
HSIN-LI	Stocks of ETERNAL MATERIALS CO., LTD.	-	"	-	-	- %	-	0.01%	-
HSIN-LI	Stocks of MEILOON INDUSTRIAL CO., LTD.	-	"	-	-	- %	-	0.06%	-
HSIN-LI	Stocks of Fubon Financial Holding Co., Ltd.	-	"	-	-	- %	-	-%	-
HSIN-LI	Stocks of WE & WIN DIVERSIFICATION CO., LTD.	-	"	-	-	- %	-	0.05%	-
HSIN-LI	Stocks of KUNYUE DEVELOPMENT CO., LTD.	-	"	-	-	- %	-	0.07%	-
HSIN-LI	Stocks of DA-LI DEVELOPMENT CO., LTD.	-	"	-	-	- %	-	0.13%	-
HSIN-LI	Stocks of RADIUM LIFE TECH CO., LTD.	-	"	-	-	- %	-	-%	-
HSIN-LI	Stocks of Taiwan Semiconductor Manufacturing Company Limited	-	"	-	-	- %	-	-%	-
HSIN-LI	Stocks of FORMOSA OPTICAL TECHNOLOGY CO., LTD.	-	"	-	-	- %	-	0.13%	-
HSIN-LI	Stocks of Chia Ta World CO., Ltd.	-	"	-	-	- %	-	0.17%	-
HSIN-LI	Shin Kong No.1 REIT	-	Financial assets at fair value through other comprehensive income - non-current	-	-	- %	-	325%	-

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period (NT\$ thousand)	Remark
				Quantity of shares (thousand shares)	Carrying amount	Shareholding	Fair value		
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUN YAD	The Company	Financial assets at fair value through profit or loss - current	6,161	78,243	2.21 %	78,243	2.81%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Highwealth Construction Corp.	-	"	11	441	- %	441	0.04%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SanDi Properties Co., Ltd.	-	"	943	31,025	1.03 %	31,025	1.03%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Common stock of China Development Financial Holding Corporation	-	"	836	10,493	- %	10,493	-%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Preferred stock of China Development Financial Holding Corporation	-	"	763	5,394	- %	5,394	-%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of EZPLACE CO., LTD.	-	"	438	3,876	0.15 %	3,876	0.15%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Cathay Financial Holdings Co., Ltd.	-	"	184	8,438	- %	8,438	-%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of AMTRAN TECHNOLOGY CO., LTD.	-	"	289	3,756	0.04 %	3,756	0.04%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Shin Kong Financial Holding Co., Ltd.	-	"	50	443	- %	443	-%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	650	8,808	0.46 %	8,808	0.47%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Taiwan Semiconductor Manufacturing Company Limited	-	"	10	593	- %	593	-%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	"	250	28,733	- %	28,733	250.00	(Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Associated Industries China, Inc.	-	"	233	2,408	0.40 %	2,408	0.40%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	"	609	8,343	1.11 %	8,343	1.11%	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of Medigen Vaccine Biologics Corporation	-	"	50	4,917	- %	4,917	50	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	"	8	806	- %	806	8	-
FEEI CHERNG ENTERPRISE CO., LTD.	Yuanta U.S. Treasury 20+ Year Bond ETF	-	"	461	14,222	0.01 %	14,222	0.01%	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of BUIMA GROUP INC. TAIWAN BRANCH (CAYMAN ISLANDS) in the Republic of China	-	"	3	301	- %	301	3	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 3rd secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	"	61	6,262	- %	6,262	61	-
FEEI CHERNG ENTERPRISE CO., LTD.	CTBC Battery & Energy Storage Technology ETF	-	"	2,000	19,920	0.28 %	19,920	0.28%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Fubon FTSE Vietnam ETF	-	"	326	3,834	0.01 %	3,834	0.01%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of DA-LI DEVELOPMENT CO., LTD.	-	"	-	-	- %	-	0.06%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUNTY DEVELOPMENT CO., LTD.	-	"	-	-	- %	-	0.01%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of KUNYUE DEVELOPMENT CO., LTD.	-	"	-	-	- %	-	0.24%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stock of Tacheng Real Estate Co., Ltd.	-	"	-	-	- %	-	0.09%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of WE & WIN DIVERSIFICATION CO., LTD.	-	"	-	-	- %	-	0.11%	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Kindom Construction Corp.	-	"	-	-	- %	-	0.02%	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of YONGGU GROUP INC.	-	"	-	-	- %	-	79	-

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period (NT\$ thousand)	Remark
				Quantity of shares (thousand shares)	Carrying amount	Shareholding	Fair value		
FEEI CHERNG ENTERPRISE CO., LTD.	4th unsecured convertible corporate bonds of AIRMATE (CAYMAN) INTERNATIONAL CO., LIMITED, TAIWAN BRANCH	-	Financial assets at fair value through profit or loss - current	-	-	- %	-	79	
FEEI CHERNG ENTERPRISE CO., LTD.	2nd unsecured convertible corporate bonds of Bright Sheland International Co., Ltd.	-	"	-	-	- %	-	67	
FEEI CHERNG ENTERPRISE CO., LTD.	5th secured convertible corporate bonds of Shin Kong Financial Holding Co., Ltd.	-	"	-	-	- %	-	71	
FEEI CHERNG ENTERPRISE CO., LTD.	3rd secured convertible corporate bonds of COSMO ELECTRONICS CORPORATION	-	"	-	-	- %	-	12	
FEEI CHERNG ENTERPRISE CO., LTD.	2nd secured convertible corporate bonds of XIN CHIO GLOBAL CO., LTD.	-	"	-	-	- %	-	5	
FEEI CHERNG ENTERPRISE CO., LTD.	3rd secured convertible corporate bonds of KMC (KUEI MENG) INTERNATIONAL INC.	-	"	-	-	- %	-	12	
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of GSEVEN CO., LTD.	-	"	-	-	- %	-	11	
FEEI CHERNG ENTERPRISE CO., LTD.	Shin Kong No.1 REIT	-	Financial assets at fair value through other comprehensive income - non-current:	-	-	- %	-	354	

(Note 1): Restated as treasury stocks.

(Note 2): The subsidiary's subscription for convertible corporate bonds issued by the parent company shall constitute the recall.

4. The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% of the paid-in capital: None.

5. The purchase amount of real estate exceeds NT\$300 million or 20% of paid-in capital: None.

6. The amount of real estate disposed of exceeds NT\$300 million or 20% of paid-in capital:

The company disposed of the property	Name of Property	Occurrence date	Initial acquisition date	Carrying amount	Transaction amount	Consideration collection status	Gain or loss on disposal	Trading counterpart	Relationship	Disposal purpose	Reference basis for determination of the price	Other agreements
MYSON CENTURY, INC.	Buildings	112.07	90.12	36,298	71,086	Fully collected	34,788	ALL RING TECH CO., LTD.	Non-related party	Enrich working capital	Property valuation report	None

7. The purchase and sales conducted with the related parties for an amount over NT\$100 million or 20% of paid-in capital:

Purchaser/seller	Trading counterpart	Relationship	Transactions				The circumstances of and reasons for the trading conditions different from general transactions		Accounts/notes receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Credit period	Unit price	Credit period	Balance	Percentage in total accounts/notes receivable (payable)	
The Company	Shangyu Construction Co., Ltd.	Subsidiary	Contract awarding	316,348	44.12 %	Paid in installment per the contract and work progress	-	-	(45,015)	(8.09)%	(Note)
The Company	BOROMI OPTRONICS CORP.	Subsidiary	Contract awarding	178,916	24.95 %	Paid in installment per the contract and work progress	-	-	(90,248)	(16.21)%	(Note)
Shangyu Construction Co., Ltd.	The Company	Parent company	Engineering revenue	230,867 (Note 1)	86.36 %	Collected in installment per the contract and work progress	-	-	45,045	83.20%	(Note)
BOROMI OPTRONICS CORP.	The Company	Parent company	Engineering revenue	300,277 (Note 1)	100 %	Collected in installment per the contract and work progress	-	-	90,248	100%	(Note)

(Note): Already written off during the preparation of the consolidated financial statements.

(Note 1) The contractor recognized the construction revenue under the Percentage of Completion

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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Method.

8. The receivables-related party for an amount over NT\$100 million or 20% of paid-in capital: None.

9. Engaging in derivatives trading: Please refer to Notes VI(II) and (XX).

10. Business relationship and important transactions between the parent company and subsidiaries:

No.	Name of trader	Trading counterpart	Relationship with the trader (Note 1)	Transaction			
				Title	Amount	Trading terms	Percentage of consolidated total operating revenue or total assets (Note 3)
0	The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	1	Other revenue	778	O/A 30 days	0.09%
0	The Company	Shangyu Construction Co., Ltd.	1	Interest revenue	339	The loan shall accrue the interest at the annual interest rate of 3%.	0.04%
				Purchase	316,348	Collected in installment per the contract and work progress	2.52%
0	The Company	BOROMI OPTRONICS CORP.	1	Interest revenue	297	The loan shall accrue the interest at the annual interest rate of 3%.	0.04%
				Purchase	178,916	Collected in installment per the contract and work progress	1.42%
0	The Company	MYSON CENTURY, INC.	1	Other receivables	10,000	The loan shall accrue the interest at the annual interest rate of 3%.	0.08%
				Purchase	66,249	Collected in installment per the contract and work progress	0.53%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	The Company	2	Endorsement/guarantee	76,208	Not significantly different from the general endorsements/guarantees.	0.61%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	3	Sales revenue	13,553	O/A 60 days	1.60%
				Accounts receivable	2,254	O/A 60 days	0.02%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	3	Sales revenue	179	Collected in installment per the lease contract	0.02%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Sen Tai	3	Deposits received	179	Collected per the lease contract	-%
				Sales revenue	515	Collected in installment per the lease contract	0.06%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	MYSON CENTURY, INC.	3	Rental revenue	371	Collected in installment per the lease contract	0.04%
2	Shangyu Construction Co., Ltd.	The Company	2	Operating revenue	230,867	Collected in installment per the contract and work progress	27.29%
				Accounts receivable	45,045	"	0.36%
3	BOROMI OPTRONICS CORP.	The Company	2	Operating revenue	300,277	Collected in installment per the contract and work progress	35.50%
				Accounts receivable	90,248	"	0.72%
4	MYSON CENTURY, INC.	The Company	2	Operating revenue	64,216	Collected in installment according to the contract	7.59%
				Accounts receivable	56,262	"	0.45%
4	MYSON CENTURY, INC.	Yuan Qiao	3	Other receivables	3,004	Collected in installment according to the contract	0.02%
4	MYSON CENTURY, INC.	Shangyu Construction Co., Ltd.	3	Operating revenue	2,557	Collected in installment according to the contract	0.30%
				Accounts receivable	22,050	"	0.18%
5	ZAVIO INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	3	Sales revenue	2,447	O/A 90 days	0.29%
5	ZAVIO INC.	BOROMI OPTRONICS CORP.	3	Sales revenue	2,867	O/A 90 days	0.34%
6	FEEI CHERNG ENTERPRISE CO., LTD.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	3	Sales revenue	15,110	O/A 45 days	1.79%
				Accounts receivable	2,838	"	0.02%
7	Sen Tai	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	3	Sales revenue	28,181	Collected in installment according to the contract	3.33%
				Accounts receivable	4,687	"	0.04%

(Note 1): Indication of the relationship with trader

1. Parent company to a subsidiary.
2. A subsidiary to the parent company.
3. A subsidiary to a subsidiary.

(Note 2): Said transactions have already been written off during the preparation of the consolidated financial statements.

(Note 3): For assets and liabilities, the percentage of transaction amount to the consolidated total operating revenue or total assets is shown as the percentage of the balance, ending to the

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
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consolidated total assets. For income, it shall be shown as the percentage of accumulated amount in the consolidated total operating revenue.

(II) Information on investees:

The information about investees (excluding the invested business in Mainland China) of the consolidated entities in 2023 is stated as follows:

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment income recognized in the current period	Remark
				End of the current period (December 31, 2023)	End of the previous period (December 31, 2022)	Quantity of shares (shares)	Ratio	Carrying amount				
The Company	Victory Enterprises Limited	Samoa	Investment	(USD 5,005,163 thousand) (Note 1)	(USD 5,005,163 thousand) (Note 1)	162,500	64.36%	65	64.36%	-	-	Subsidiary (Note 2)
The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	240,847	240,847	22,506,152	16.14%	195,802	16.45%	8,816	(1,040)	Subsidiary (Note 2)
The Company	Shangyu Construction Co., Ltd.	Taiwan	Building industry	207,603	207,603	25,459,990	99.99%	194,265	99.99%	111,558	9,934	Subsidiary (Note 2)
The Company	MYSON CENTURY, INC.	Taiwan	R&D, manufacturing and trading of hybrid digital analog and pure digital analog integrated circuit products.	80,216	80,216	2,507,367	17.06%	63,253	17.06%	33,375	974	Subsidiary (Note 2)
The Company	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental investment	194,420	91,700	22,000,000	13.04%	178,840	15.85%	(36,107)	(6,883)	Subsidiary (Note 2)
Victory Enterprises Limited	Acme International Management Inc.	Samoa	Investment	-	-	-	100.00%	-	100.00%	-	-	Subsidiary (Note 2)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	299,063	299,063	29,041,121	17.21%	270,208	24.45%	(36,107)	(9,131)	Subsidiary (Note 2)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	207,676	207,676	10,180,219	15.08%	224,640	15.08%	57,792	7,281	Subsidiary (Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	167,932	170,129	6,880,000	10.19%	137,707	10.34%	57,792	5,968	Subsidiary (Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai Engineering Co., Ltd.	Taiwan	Construction and engineering	44,071	43,218	28,222	92.53%	11,606	92.53%	(33,579)	(30,841)	Subsidiary (Note 2)
MYSON CENTURY, INC.	ZAVIO INC.	Taiwan	Design and sale of security monitoring products	68,274	68,274	1,576,937	100.00%	16,576	100.00%	193	193	Subsidiary (Note 2)
MYSON CENTURY, INC.	Yuan Qiao	Taiwan	Restaurants	14,900	-	-	82.78%	11,813	88.89%	(1,313)	(1,153)	Subsidiary (Note 2)
MYSON CENTURY, INC.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	33,959	49,167	1,775,000	2.63%	36,412	3.81%	57,792	2,200	Subsidiary (Note 2)
MYSON CENTURY, INC.	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	2,720	2,720	240,000	0.14%	2,496	0.20%	(36,107)	(69)	Subsidiary (Note 2)
MYSON CENTURY, INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	39,965	39,965	2,997,000	2.15%	37,955	2.19%	8,816	193	Subsidiary (Note 2)
Shangyu Construction Co., Ltd.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	101,232	66,980	5,213,650	7.72%	116,427	7.72%	57,792	3,151	Subsidiary (Note 2)
Shangyu Construction Co., Ltd.	BOROMI OPTRONICS CORP.	Taiwan	Indoor renovation/indoor decoration, and door and window installation project	211,626	211,626	20,000,001	100.00%	85,235	100.00%	117,642	117,642	Subsidiary (Note 2)
BOROMI OPTRONICS CORP.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	21,735	21,735	1,570,000	1.13%	17,089	1.15%	8,816	101	Subsidiary (Note 2)
BOROMI OPTRONICS CORP.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and flocking clothe, etc.	48,306	12,925	2,476,000	3.67%	55,118	3.67%	57,792	1,044	Subsidiary (Note 2)
HSIN-LI	MYSON CENTURY, INC.	Taiwan	R&D, manufacturing and trading of hybrid digital analog and pure digital analog integrated circuit products.	44,532	-	1,445,000	9.83%	16,485	9.83%	33,375	1,066	Subsidiary (Note 2)

Note 1: Translated at the foreign exchange rate, USD:NTD = 1:30.705, on December 29, 2023.

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Note 2: Already written off during the preparation of the consolidated financial statements.

(III)

(IV) Information on major shareholders

Name of major shareholder	Shares	Shares held	Shareholding
U-BEST Innovative Technology Co., Ltd.		19,983,058	7.12%

Note 1: The information about major shareholders herein is generated based on TDCC's calculation of the number of shares already registered and delivered by the shareholders (including treasury stock), totaling 5% or more, in intangible form at the last business day of each quarter. The capital stock referred to the Company's financial report and the number of shares already registered and delivered by the Company vary or be different due to the basis of calculation.

(2) If the shareholder puts the shares held by it under trust, said information shall be disclosed by the individual client of the trust account opened by the trustee. If the shareholder completes the insider equity presentation for shareholdings more than 10% pursuant to the Securities and Exchange Act, the shares held shall include the shares held by the shareholder per se, plus the shares he puts under trust and with the right to decide and utilize the trust property. For the insider equity presentation information, please refer to the MOPS.

XIV. Segment information

(I) The consolidated entities' management has already identified the segments to be reported based on the reporting information used by the business decision maker in making decisions. The consolidated entities' business decision maker manages the business from the point of view of a company.

The consolidated entities' business policy maker evaluates the operating department's performance based on the income before tax. The criteria exclude the effect posed by the non-recurring revenue and expenditure in the operating department. The explanation about the operating department's accounting policy is as same as the summarization of the significant accounting policy stated in Notes IV to the consolidated financial statements.

The information about the consolidated entities' operating department is adjusted as follows:

	SUN YAD	U-BEST	FEEI	HSIN-LI	Shangyu	BOROMI	MYSON CENTURY, INC.	Sen Tai	Adjustment and cancellation	Total
2023										
Revenue:										
Revenue from external customers	\$ 280,059	352,757	1,653	161,724	36,478	-	13,266	-	-	845,937
Inter-departmental revenue	-	14,618	15,110	-	230,867	300,277	72,087	28,181	(661,140)	-
Interest revenue	3,888	665	2,937	976	133	180	425	117	(681)	8,640
Total revenue	<u>\$ 283,947</u>	<u>368,040</u>	<u>19,700</u>	<u>162,700</u>	<u>267,478</u>	<u>300,457</u>	<u>85,778</u>	<u>28,298</u>	<u>(661,821)</u>	<u>854,577</u>
Interest expenses	<u>\$ 76,493</u>	<u>15,461</u>	<u>7,639</u>	<u>10,800</u>	<u>339</u>	<u>552</u>	<u>701</u>	<u>-</u>	<u>(707)</u>	<u>111,278</u>
Depreciation and amortization	<u>\$ 3,564</u>	<u>13,044</u>	<u>5,491</u>	<u>28,583</u>	<u>-</u>	<u>1,012</u>	<u>4,245</u>	<u>-</u>	<u>1,045</u>	<u>56,984</u>
Income of department to be reported	<u>\$ (143,004)</u>	<u>(67,373)</u>	<u>(13,574)</u>	<u>127,877</u>	<u>111,578</u>	<u>121,768</u>	<u>33,215</u>	<u>(33,065)</u>	<u>(281,957)</u>	<u>(144,535)</u>
Income of department to be reported	<u>\$ 7,288,604</u>	<u>2,441,354</u>	<u>1,552,931</u>	<u>2,223,219</u>	<u>411,292</u>	<u>293,925</u>	<u>245,370</u>	<u>12,258</u>	<u>(1,891,588)</u>	<u>12,577,365</u>

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	<u>SUN YAD</u>	<u>U-BEST</u>	<u>FEEI</u>	<u>HSIN-LI</u>	<u>Shangyu</u>	<u>BOROMI</u>	<u>MYSON CENTURY, INC.</u>	<u>Others</u>	<u>Adjustment and cancellation</u>	<u>Total</u>
2022										
Revenue:										
Revenue from external customers	\$ 1,366,676	554,237	8,922	325,363	69,838	-	6,569	-	-	2,331,605
Inter-departmental revenue	-	8,579	-	-	345,335	184,040	11,863	-	(549,817)	-
Interest revenue	2,973	1,116	4,296	305	53	86	116	-	(2,278)	6,667
Total revenue	<u>\$ 1,369,649</u>	<u>563,932</u>	<u>13,218</u>	<u>325,668</u>	<u>415,226</u>	<u>184,126</u>	<u>18,548</u>	<u>-</u>	<u>(552,095)</u>	<u>2,338,272</u>
Interest expenses	<u>\$ 51,981</u>	<u>10,190</u>	<u>5,411</u>	<u>5,747</u>	<u>1,443</u>	<u>834</u>	<u>668</u>	<u>-</u>	<u>(2,311)</u>	<u>73,963</u>
Depreciation and amortization	<u>\$ 3,333</u>	<u>12,927</u>	<u>5,700</u>	<u>24,375</u>	<u>49</u>	<u>7</u>	<u>2,906</u>	<u>-</u>	<u>1,315</u>	<u>50,612</u>
Income of department to be reported	<u>\$ 145,774</u>	<u>(27,093)</u>	<u>(96,936)</u>	<u>(36,387)</u>	<u>(10,260)</u>	<u>(128,051)</u>	<u>(2,671)</u>	<u>-</u>	<u>225,671</u>	<u>70,047</u>
Income of department to be reported	<u>\$ 6,419,159</u>	<u>2,171,534</u>	<u>1,692,930</u>	<u>2,126,223</u>	<u>151,775</u>	<u>236,640</u>	<u>184,225</u>	<u>-</u>	<u>(1,176,345)</u>	<u>11,806,141</u>

The inter-departmental gains (losses) to be cancelled from the income of department to be reported in 2023 and 2022 were NT\$(281,597) thousand and NT\$(225,671) thousand.

(II) Overview of the entire enterprise:

1. Information by product

Consolidated entities' revenue from external customers:

<u>Name of product and labor service</u>	<u>2023</u>	<u>2022</u>
Dry and wet PU synthetic leather and plastic leather	\$ 130,930	267,377
PU synthetic resin	332,402	529,524
Sales of real estate	287,843	1,380,455
Construction and engineering revenue	36,478	69,838
Rental revenue from investment property	13,227	13,719
Integrated circuit system	-	6,329
System module	1,596	241
Bulk raw materials and supplies	1,082	8,922
Others	42,379	55,200
Total	<u>\$ 845,937</u>	<u>2,331,605</u>

2. Information by territory

The consolidated entities' information by territory is stated as follows. The revenue is classified based on the geographical location where the customer resides, while the non-current assets are classified based on the geographical location where the assets reside.

Revenue from external customers

<u>Territory</u>	<u>2023</u>	<u>2022</u>
Taiwan	\$ 836,947	2,309,556
Asia (exclusive of territories of Taiwan_	8,895	22,049
Others	95	
Total	<u>\$ 845,937</u>	<u>2,331,605</u>

Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
(Cont'd)

Non-current assets:

<u>Territory</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	<u>\$ 2,076,642</u>	<u>2,067,324</u>

The non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets, but exclude non-current assets such as financial instruments and deferred income tax assets.

(III) Information about main customers:

The consolidated entities had no revenue from a single customer accounting for more than 10% of the operating revenue, net specified in the Consolidated Income Statement in 2023 and 2022.