

SUN YAD CONSTRUCTION CO., LTD.

**Parent Company Only Financial
Statements and External Auditor's
Report**

2023 and 2022

**Company address: 20-6F, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City
Tel. No.: (06)298-8318**

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External Auditor's Report

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

Audit Opinions

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

In our opinion, said parent company only financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 CONSTRUCTION CO., LTD. as of December 31, 2023 and 2022 and its financial performance and 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 Parent Company Only Financial Statements section of the report. We are independent of SUN YAD CONSTRUCTION CO., LTD. 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 investments under equity method included into the financial statements of SUN YAD were audited by the other external auditors, not us. Therefore, in some opinion stated by us in said parent company only financial statements, the figures stated in said investees' financial statements were based on the audit report prepared by the other external auditors. The investments of said investees the under equity method accounted for 3.07% of the total assets, respectively, from January 1 to December 31, 2022. The share of profit or loss of the subsidiaries and associates recognized under the equity method from January 1 to December 31, 2022 accounted for 7.19% of the net profit (loss) before tax, respectively.

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 parent company only 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 on the recognition of revenue, please refer to Note IV(XIII) Recognition of Revenue in the parent company only financial statements. For the details on the recognition of revenue, please refer to Note VI(XVIII) Revenue in the parent company only financial statements.

Explanation of Key Audit Matters:

The revenue from the sale of real estate of SUN YAD CONSTRUCTION CO., LTD. was the main source of the operating revenue and recognized at the time of registration of the transfer of real estate title and physical settlement. The management might fail to recognize early, or defer the recognition of, the revenue, in order to attain the performance. Such transactions might not satisfy the revenue recognition principles, possibly resulting in a significant risk of over misrepresentation. Therefore, the recognition of revenue is identified as one of the important evaluation indicators in our audit on SUN YAD CONSTRUCTION CO., LTD.'s parent company only 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 internal control system of SUN YAD CONSTRUCTION CO., LTD.. 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(VII) Inventory in the parent company only 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(V) Inventory in the parent company only financial statements.

Explanation of Key Audit Matters:

SUN YAD CONSTRUCTION CO., LTD.'s inventory is measured at the lower of cost and net realizable value. 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 CONSTRUCTION CO., LTD.'s parent company only financial statements.

Audit procedures:

Our primary audit procedures for said key audit matters consist of access to the quotation about the real estate nearby according to the latest Actual Price Registration of Real Estate released by the Ministry of the Interior, and 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 the Company's disclosure of the information about loss allowance for inventory is adequate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only 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 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 parent company only financial statements, the management is responsible for assessing the ability of SUN YAD CONSTRUCTION CO., LTD. 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 CONSTRUCTION CO., LTD. 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 CONSTRUCTION CO., LTD..

External Auditors' Responsibilities for the Audit on Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 the parent company only 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 parent company only 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 CONSTRUCTION CO., LTD..
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 CONSTRUCTION CO., LTD. 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 parent company only 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 CONSTRUCTION CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the parent company only financial statements, including the related notes, and whether the parent company only 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 investees under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on the SUN YAD CONSTRUCTION CO., LTD..

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 parent company only financial statements of SUN YAD CONSTRUCTION CO., LTD.. 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.

Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ Thousand

Assets	December 31, 2023				December 31, 2022				Liabilities and equity	December 31, 2023				December 31, 2022			
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:																	
1100 Cash and cash equivalents (Note VI(I))	\$ 228,578	3	200,480	3	2100	Short-term loan (Notes VI(X) and VIII)				\$ 2,818,042	39	2,386,277	37				
1136 Financial assets measured at amortized cost - current (Note VI(III))	200,000	3	-	-	2120	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) and (XII))				-	-	96	-				
1210 Other receivables - related party (Notes VI(IV) and (VII))	19,416	-	58,380	1	2130	Contract liabilities - current (Notes (XVIII) and IX)				618,700	8	559,630	9				
1220 Income tax assets for the current period	616	-	360	-	2170	Accounts payable				365,075	5	311,769	5				
130X Inventory (Note VI(V), VII and VIII)	5,626,751	77	5,104,439	80	2180	Other payables - related party (Note VII)				191,555	3	126,349	2				
1410 Prepayments	234,732	3	215,398	3	2200	Other payables (Note VII)				25,336	-	71,956	1				
1470 Other current assets	127,000	2	98,275	2	2280	Lease liabilities - current (Note VI(XI))				3,311	-	1,605	-				
1476 Other financial assets - current (Note VIII)	205,515	3	-	-	2321	Corporate bonds payable due within one year or one business cycle (Notes VI(XII) and VIII)				349,092	5	129,940	2				
Total current assets	6,642,608	91	5,677,332	89	2399	Other current liabilities (Note VII)				8,535	-	17,120	-				
Non-current assets:																	
1550 Investment under equity method (Note VI(VI))	632,225	9	532,168	8		Non-current liabilities:											
1600 Property, plant and equipment (Note VI(VII) and VII)	2,946	-	3,416	-	2500	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) and (XII))				-	-	1,417	-				
1755 Right-of-use assets (Note VI(VIII) and VII)	8,815	-	5,785	-	2530	Corporate bonds payable (Note VI(XII) and VIII)				-	-	229,688	4				
1780 Intangible assets (Note VI(IX))	564	-	834	-	2580	Lease liabilities - non-current (Note VI(XI))				5,957	-	4,644	-				
1840 Deferred income tax assets (Note VI(XIV))	197	-	197	-	2645	Deposits received				220	-	-	-				
1920 Refundable deposits	1,249	-	6,246	-		Total non-current liabilities				6,177	-	235,749	4				
1980 Other financial assets - non-current (Note VIII)	-	-	193,181	3		Total liabilities				4,385,823	60	3,840,491	60				
Total non-current assets	645,996	9	741,827	11		Equity (Notes VI(VI), (XII), (XIV), (XV) and (XVI))											
Total assets	\$ 7,288,604	100	6,419,159	100		3100 Capital stock				2,804,169	38	2,190,421	34				
						3200 Capital surplus				288,659	4	321,536	5				
						3350 Retained earnings (accumulated deficit)				(107,759)	(1)	126,438	2				
						3400 Other equity				15	-	2,029	-				
						3500 Treasury stock				(82,303)	(1)	(61,756)	(1)				
						Total equity				2,902,781	40	2,578,668	40				
						Total liabilities and equity				\$ 7,288,604	100	6,419,159	100				

(Please refer the Notes to Parent Company Only Financial Statements.)

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

Chairman: Chang Yu-Ming

SUN YAD CONSTRUCTION CO., LTD.
Statement of Comprehensive Income
January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue, net (Note (XXVIII) and VII)	\$ 280,059	100	1,366,676	100
5000 Operating cost (Notes VI(V) and VII)	250,960	90	976,192	71
5900 Gross profit	<u>29,099</u>	<u>10</u>	<u>390,484</u>	<u>29</u>
6100 Operating expenses: (Notes (VII), (VIII), (IX), (XI), (XIII), (XVI), (XIX), VII, and XII)				
6100 Selling expenses	35,563	13	116,703	9
6200 Management expenses	68,768	24	93,462	7
6900 Total operating expenses	<u>104,331</u>	<u>37</u>	<u>210,165</u>	<u>16</u>
6900 Operating profit (loss)	<u>(75,232)</u>	<u>(27)</u>	<u>180,319</u>	<u>13</u>
Non-operating revenue and expenditure: (Note VI(II), (VI), (XI), (XII), (XX), and VII)				
7100 Interest revenue	3,888	1	2,973	-
7020 Other gains and losses	1,847	1	(1,473)	-
7050 Financial cost	(76,492)	(27)	(51,981)	(4)
7375 Share of profit or loss of subsidiaries and associates recognized under equity method	2,985	1	15,936	1
7900 Income (loss) before tax	<u>(67,772)</u>	<u>(24)</u>	<u>(34,545)</u>	<u>(3)</u>
7950 Less: Income tax expenses (gains) (Note VI(XIV))	<u>(143,004)</u>	<u>(51)</u>	<u>145,774</u>	<u>10</u>
8200 Income (loss)	<u>1,747</u>	<u>1</u>	<u>5,696</u>	<u>-</u>
8300 Other comprehensive income:				
8310 Items not reclassified into income (Note VI(XIV) and (XV))				
8331 Remeasurement of defined benefit plans of subsidiaries	54	-	138	-
8331 Unrealized valuation gains or loss on subsidiaries' investment in equity instrument at fair				
8336 value through other comprehensive income	1,279	-	2,025	-
8349 Less: Income tax related to items that are not reclassified	(11)	-	(28)	-
8360 Items that may be subsequently reclassified into income (Note VI(XIV) and (XV))	<u>1,322</u>	<u>-</u>	<u>2,135</u>	<u>-</u>
8381 Share of other comprehensive income of subsidiaries under equity method-Exchange				
8381 differences on translation of foreign financial statements	-	-	6	-
8399 Less: Income tax related to items that might be reclassified	-	-	-	-
8399 Total items likely to be reclassified into income subsequently	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
8500 Other comprehensive income for the current period	<u>1,322</u>	<u>-</u>	<u>2,141</u>	<u>-</u>
8500 Total comprehensive income	<u><u>\$ (143,429)</u></u>	<u><u>(52)</u></u>	<u><u>142,219</u></u>	<u><u>10</u></u>
9750 Earnings per share (Note VI(XVII) (Unit: NT\$)	<u><u>\$ (0.68)</u></u>		<u><u>0.70</u></u>	
9850 Basic earnings per share	<u><u>\$ (0.68)</u></u>		<u><u>0.70</u></u>	
9850 Diluted earnings per share	<u><u>\$ 0.65</u></u>			

(Please refer the Notes to Parent Company Only Financial Statements.)

Chairman: Chang Yu-Ming Manager: Chang Yu-Ming Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD.

Statement of Changes in Equity

January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

	Other equity items											
	Retained earnings					Undistributed earnings (accumulated deficit)	Total	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
	Common stock capital	Capital surplus	Legal reserve	Special reserve	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	
Income from	-	-	-	-	140,078	140,078	-	-	-	-	140,078	
Other comprehensive income for the current period	-	-	-	-	110	110	6	2,025	2,031	-	2,141	
Total comprehensive income	-	-	-	-	140,188	140,188	6	2,025	2,031	-	142,219	
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	
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(2,973)	(2,973)	
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(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)	
Share-based payment transactions	-	5,079	-	-	-	-	-	-	-	-	5,079	
Subsidiaries' disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	(753)	(753)	-	753	753	-	-	
Exercise of disgorgement	-	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	
Net loss for the current period	-	-	-	-	(144,751)	(144,751)	-	-	-	-	(144,751)	
Other comprehensive income for the current period	-	-	-	-	43	43	-	1,279	1,279	-	1,322	
Total comprehensive income	-	-	-	-	(144,708)	(144,708)	-	1,279	1,279	-	(143,429)	
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)	
Cash dividends distributed from the capital surplus	-	(65,712)	-	-	-	-	-	-	-	-	(65,712)	
Cash capital increase	600,000	-	-	-	-	-	-	-	-	-	600,000	
Convertible corporate bonds	13,748	2,208	-	-	-	-	-	-	-	-	15,956	
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(20,547)	(20,547)	
Distribute dividends to subsidiaries and adjust the capital surplus	-	2,623	-	-	-	-	-	-	-	-	2,623	
Changes in the ownership and equity of the subsidiary	-	16,119	-	-	(5,165)	(5,165)	-	-	-	-	10,954	
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	
Exercise of disgorgement	-	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	

(Please refer the Notes to Parent Company Only Financial Statements.)

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

Chairman: Chang Yu-Ming

SUN YAD CONSTRUCTION CO., LTD.

Cash Flow Statement

January 1~December 31, 2023 and 2022

Unit: NT\$ Thousand

	2023	2022
Cash flow from operating activities:		
Income (loss) before tax	\$ (143,004)	145,774
Adjustment:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	3,199	3,000
Amortization expenses	365	333
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(1,513)	3,035
Interest expenses	76,492	51,981
Interest revenue	(3,888)	(2,973)
Share-based payment transactions	2,205	5,079
Share of profit or loss of subsidiaries recognized under equity method	(2,985)	(15,936)
Gains on disposal and retirement of property, plant and equipment	(155)	-
Unrealized foreign currency exchange loss (gain)	4	(13)
Adjustments to reconcile profit (loss)	<u>73,724</u>	<u>44,506</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Increase in other receivables - related party	(1,098)	(437)
Increase in inventories	(515,032)	(433,918)
Increase in prepayments	(19,334)	(15,460)
Increase in other current assets	<u>(28,725)</u>	<u>(10,300)</u>
Total net changes in assets related to operating activities	<u>(564,189)</u>	<u>(460,115)</u>
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	59,070	104,216
Increase in accounts payable	53,306	277,773
Increase in accounts payable - related party	65,206	126,349
Increase (decrease) in other payables	(46,806)	38,478
Increase (decrease) in other current liabilities	<u>(8,585)</u>	<u>15,472</u>
Total net changes in liabilities related to operating activities	<u>122,191</u>	<u>562,288</u>
Total net changes in assets and liabilities related to operating activities	<u>(441,998)</u>	<u>102,173</u>
Total adjustments	<u>(368,274)</u>	<u>146,679</u>
Cash inflow (outflow) from operation	(511,278)	292,453
Interest collected	3,950	2,891
Dividends collected	-	9,012
Interest paid	(78,166)	(64,062)
Income tax paid	<u>(2,003)</u>	<u>(5,985)</u>
Net cash inflow (outflow) from operating activities	<u>(587,497)</u>	<u>234,309</u>
Cash flow from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(3,030)
Proceeds from disposal of financial assets at fair value through profit or loss	-	2,974
Acquisition of financial assets measured at amortized cost	(200,000)	-
Acquisition of investment under equity method	(102,720)	(75)
Acquisition of property, plant and equipment	(742)	(194)
Proceeds from disposal of property, plant and equipment	164	-
Decrease in refundable deposits	4,997	384
Decrease in other receivables - related party	40,000	50,000
Acquisition of intangible assets	(95)	(796)
Decrease (increase) in other financial assets-current	(205,515)	32,573
Decrease in other financial assets - non-current	<u>193,181</u>	<u>109,335</u>
Net cash inflow (outflow) from investing activities	<u>(270,730)</u>	<u>191,171</u>
Cash flow from financing activities:		
Increase in short-term loans	1,101,250	336,040
Decrease in short-term loans	(669,485)	(678,590)
Increase in deposits received	220	-
Repayment of principal for lease	(2,007)	(1,567)
Distribution of cash dividends	(153,329)	-
Cash capital increase	600,000	-
Repurchase of treasury stock	-	(39,580)
Exercise of disengagement	<u>9,680</u>	<u>6,571</u>
Net cash inflow (outflow) from financing activities	<u>886,329</u>	<u>(377,126)</u>
Effect of changes in foreign exchange rate to cash and cash equivalents	<u>(4)</u>	<u>13</u>
Increase in cash and cash equivalents in the current period	<u>28,098</u>	<u>48,367</u>
Balance of cash and cash equivalents, beginning	<u>200,480</u>	<u>152,113</u>
Balance of cash and cash equivalents, ending	<u>\$ 228,578</u>	<u>200,480</u>

(Please refer the Notes to Parent Company Only Financial Statements.)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD.
Notes to Parent Company Only 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. It registered address is 20-6F, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City. The Company is primarily engaged in housing and building development and rental.

II. Dates and procedures where the financial statements were resolved

The parent company only 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 Company starting on January 1, 2023 does not have a material influence on the parent company only 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 Company starting on May 23, 2023 does not have a material influence on the parent company only 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.

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.

The Company participates 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, it continues to evaluate the effects of the initial application of such amendments on the parent company only financial statements, particularly, the collection of information required to be additionally disclosed.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. Others

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

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS 1, "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 Company expects no material influence on the parent company only financial statements due to 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 parent company only financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

(II) Basis of preparation

1. Basis for measurement

Except the financial assets at fair value through profit or loss, the parent company only financial statement was prepared based on the historical cost.

2. Functional currency and presentation of currency

The functional currency of the Company shall be subject to the currency applicable in the main economic environment in which its business place is situated. The parent company only 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.

(III) 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 Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (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 different 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 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.

(IV) 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 Company 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 Company 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.

(V) 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VI) 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 Company 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, or financial assets at fair value through profit or loss. The Company 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 Company 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 Company has the right to collect the dividend (on the ex-dividend date usually).

(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 Company 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 Company recognizes 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 Company is exposed to the credit risk.

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

If the contract payment is overdue for more than 30 days, the Company 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 Company in full, the Company 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 Company based on the contract and that expected by the Company to collect.

On each reporting date, the Company evaluates 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

- Default, e.g. payment deferred or overdue for more than 180 days;
- The concession by the Company 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 Company has no reasonable expectations toward recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation toward recovery. The Company expects 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 Company's 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 Company derecognizes 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 Company neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control over the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains 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 Company 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 Company's residual equity after their assets less all of their liabilities. The equity instruments issued by the Company are recognized at the amount after the payment of acquisition less the direct issue cost.

(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 Company 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 Company derecognizes a financial liability when its 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 Company currently has a legally enforceable right to set off the amounts and its intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(VII) Inventory

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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VIII) Investment in subsidiaries

In compiling the parent company only financial statements, the Company shall value the investee of which the Company has dominant control under the equity method. Under the equity method, income of current period and other comprehensive incomes as presented in the parent company only financial statements shall be identical with the income of current period and other comprehensive incomes attributable to the proportion allocated to the owners of the parent as presented in the consolidated financial statements. The owners' equity as presented in the parent company only financial statements shall be identical with the equity attributed to the owners of parent presented in the consolidated financial statements.

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.

(IX) Property, plant and equipment

1. Recognition and measurement

Recognition and measurement 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 Company.

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) Other equipment	3~9
	Year

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

(X) Lease

At inception of a contract, the Company assesses 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.

1. As a lessee

The Company recognizes 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 Company periodically assesses whether the right-of-use asset is impaired and deals with any impairment loss as incurred, and adjusts such asset in response to certain remeasurements of the lease liability, if any.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 Company' incremental borrowing rate, if that rate cannot be reliably determined,. Generally, the Company uses its 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 Company presents 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.

The Company has 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 Company 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 Company acts as a lessor, it makes 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(XI) Intangible assets

1. Recognition and measurement

Other intangible assets with limited useful years that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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

(XII) Impairment on non-financial assets

At each reporting date, the Company reviews 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.

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.

(XIII) 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 Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(1) Sales of real estate

The Company engages in sale of real estate, and frequently the pre-sale of real estate during or before the construction. The Company recognizes revenue at the time when their control over the real estate is transferred. Subject to the contractual requirements, for the Company, 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 Company considers the control transferred upon completion and settlement of the project and also registration of transfer of the title, and then recognize the revenue.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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.

(2) 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 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 Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company 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 Company applies 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 Company recognizes 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 Company can specifically identify, the costs generate or enhance resources of the Company 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.

(XIV) 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.

(XV) 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

2. 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 Company has 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.

(XVI) 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 issuing employee stock warrants, the date of granting means the date when the number of shares which the employees subscribe for is verified.

(XVII) 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 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 Company 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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.

(XVIII) Business combination

The Company accounts 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 Company states 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 the liabilities assumed.

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

For each business combination, the consolidated company measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the acquiree's non-controlling equity is present ownership interest and entitle their holders to a proportionate share of the consolidated company's net assets in the event of liquidation. 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 reporting period in which the combination transaction occurs, the Company recognizes the accounting titles which have not yet been completed based on provisional amounts, and during the measurement period, retrospective adjustments are made 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 Company adopts the book value approach, instead of the acquisition method, to treat the business combination under reorganization.

(XIX) Earnings per share

The Company discloses 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 Company's potentially dilutive ordinary shares include convertible corporate bonds, employee stock options, and employee remuneration that may be allocated in the form of stocks.

(XX) Segment information

The Company has disclosed the segment information in the consolidated financial statements. Therefore, no such information is disclosed herein.

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

When preparing these parent company only financial statements according to the Regulations Governing the Preparation of Financial Reports, 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company 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 Company 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:

The Company holds 17.06% of the voting shares of MYSON CENTURY, INC. on December 31, 2023, as the largest shareholder of MYSON CENTURY, INC., while the other 82.94% of the voting shares are not concentrated on specific shareholders. The Company had the right to direct the voting rights of a majority of that company's Board members, and acquired control over that company as that company is controlled by its Board of Directors.

The information about the uncertainty in the 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 Company evaluates 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. 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 market demand transformation and the effects posed by politics, economy and real estate tax system reform. For the estimation of inventory valuation, please refer to Note VI(V) for details.

VI. Explanation of important accounting titles

(I) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and petty cash	\$ 100	434
Check deposits and demand deposits	<u>228,478</u>	<u>200,046</u>
Cash and cash equivalents in Cash Flow Statement	<u>\$ 228,578</u>	<u>200,480</u>

Please refer to Note VI(XXI) for the analysis on interest rate risk and sensitivity of the Company's financial assets and liabilities.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities mandatorily measured at fair value through profit or loss - non-current		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>\$ -</u>	<u>96</u>
Financial liabilities mandatorily measured at fair value through profit or loss - non-current		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>\$ -</u>	<u>1,417</u>

For the remeasurement of fair value stated into the income, please refer to Note VI(XX).

The Company's financial assets at fair value through profit or loss were not pledged as collateral.

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 Company has been adjusted as NT\$0 thousand.

The Company 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 Statement of Comprehensive Income.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(III) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current:		
Time deposits over three months	<u>\$ 200,000</u>	-

The Company 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(XXI).

Said financial assets have never been pledged as collateral.

(IV) Other receivables

	December 31, 2023	December 31, 2022
Other receivables - loaning to subsidiaries	\$ 10,000	50,000
Other receivables - related party	9,416	8,380
Less: Loss provision	-	-
	<u>\$ 19,416</u>	<u>58,380</u>

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

(V) Inventory

	December 31, 2023	December 31, 2022
Land for construction		
Construction land	\$ 4,094	1,776,293
Land for transfer floor area	-	261,015
	<u>4,094</u>	<u>2,037,308</u>
Land under construction	2,522,268	485,405
Building under construction	673,510	310,239
Available-for-sale house	2,187,901	2,008,037
Available-for-sale land	238,978	263,450
Subtotal	5,622,657	3,067,131
Total	<u>\$ 5,626,751</u>	<u>5,104,439</u>

The inventory costs recognized as the cost of goods sold and sale expenses in 2023 and 2022 were NT\$250,960 thousand and NT\$976,192 thousand, respectively.

For the amount of capitalized interest, please refer to Note VI(XX). The annual interest rates of capitalization were 2.73%~2.85% and 2.10%~2.60% in 2023 and 2022.

For the Company's inventories pledged as collaterals, please refer to Note VIII.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VI) Investment under equity method

The Company's investment under equity method at the end of the financial reporting period is listed as follows:

	December 31, 2023	December 31, 2022
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Subsidiary \$ 632,225 532,168

1. Subsidiaries

Please refer to the 2023 consolidated financial statements.

2. Goodwill impairment test

The Company acquired MYSON and thereby generated the goodwill, NT\$34,974 thousand. 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. MYSON 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 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 Company against MYSON, the recoverable amounts decided by MYSON based on the value in use on December 31, 2023 and 2022 were NT\$115,778 thousand and NT\$46,814 thousand, higher than its 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
YoY of operating revenue	20%	10%
Discount rate	11.27%	11.14%

(1) 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%.

(2) The discount rate to decide the value in use is estimated based on the weighted average cost of capital.

3. Acquisition of non-controlling equity

The Company acquired additional 7.43% of the equity in its subsidiary FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. in cash in the amount of NT\$102,720 thousand in 2023.

Effects produced by the changes in the Company's ownership and equity of FEEI to the equity attributed to owners of the parent are stated as follows:

	Amount
Carrying amount of non-controlling equity acquired	\$ 104,894
Consideration paid to non-controlling equity	<u>(102,720)</u>
Capital surplus - recognition of changes in the ownership and equity of the subsidiary	<u>\$ 2,174</u>

4. The Company's investment under equity method was not pledged as collaterals on December 31, 2023 and 2022.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VII) Property, plant and equipment

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

Other equipment

Cost or deemed cost:

Opening balance on January 1, 2023	\$ 14,048
Additions	742
Disposal	<u>(5,268)</u>
Balance on December 31, 2023	<u><u>\$ 9,522</u></u>
Balance on January 1, 2022	\$ 17,274
Additions	194
Disposal	<u>(3,420)</u>
Balance on December 31, 2022	<u><u>\$ 14,048</u></u>

Accumulated depreciation and impairment losses:

Opening balance on January 1, 2023	\$ 10,632
Depreciation in the current period	1,203
Disposal	<u>(5,259)</u>
Balance on December 31, 2023	<u><u>\$ 6,576</u></u>
Balance on January 1, 2022	\$ 12,629
Depreciation in the current period	1,423
Disposal	<u>(3,420)</u>
Balance on December 31, 2022	<u><u>\$ 10,632</u></u>

Carrying amount:

December 31, 2023	<u><u>\$ 2,946</u></u>
December 31, 2022	<u><u>\$ 3,416</u></u>
January 1, 2022	<u><u>\$ 4,645</u></u>

The Company's property, plant and equipment were not pledged as collaterals on December 31, 2023 and 2022.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(VIII) Right-of-use assets

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

	Building and structure	Transportation equipment	Total
Cost of right-of-use assets:			
Balance on December 31, 2023	\$ 12,095	-	12,095
Additions	-	5,026	5,026
Balance on December 31, 2023	<u>\$ 12,095</u>	<u>5,026</u>	<u>17,121</u>
Balance on January 1, 2022			
(i.e., the balance on December 31, 2022)	<u>\$ 12,095</u>	-	<u>12,095</u>
Accumulated depreciation of the right-of-use assets:			
Balance on December 31, 2023	\$ 6,310	-	6,310
Depreciation in the current period	1,578	418	1,996
Balance on December 31, 2023	<u>\$ 7,888</u>	<u>418</u>	<u>8,306</u>
Balance on January 1, 2022	\$ 4,733	-	4,733
Depreciation in the current period	1,577	-	1,577
Balance on December 31, 2022	<u>\$ 6,310</u>	-	<u>6,310</u>
Carrying amount:			
December 31, 2023	<u>\$ 4,207</u>	<u>4,608</u>	<u>8,815</u>
December 31, 2022	<u>\$ 5,785</u>	-	<u>5,785</u>
January 1, 2022	<u>\$ 7,362</u>	-	<u>7,362</u>

(IX) Intangible assets

The Company' intangible assets are detailed as follows:

	Computer software
Cost:	
Opening balance on January 1, 2023	\$ 5,121
Acquired independently	95
Disposal	(4,055)
Balance on December 31, 2023	<u>\$ 1,161</u>
Balance on January 1, 2022	\$ 4,325
Acquired independently	796
Balance on December 31, 2022	<u>\$ 5,121</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

	Computer software
Accumulated amortization and impairment losses:	
Opening balance on January 1, 2023	\$ 4,287
Amortized in the current period	365
Disposal	<u>(4,055)</u>
Balance on December 31, 2023	<u>\$ 597</u>
Balance on January 1, 2022	\$ 3,954
Amortized in the current period	<u>333</u>
Balance on December 31, 2022	<u>\$ 4,287</u>
Carrying amount:	
December 31, 2023	<u>\$ 564</u>
December 31, 2022	<u>\$ 834</u>
January 1, 2022	<u>\$ 371</u>

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

(X) Short-term loans

	December 31, 2023	December 31, 2022
Secured bank loans	\$ 2,818,042	2,346,282
Unsecured loan of non-bank financial institutions	<u>-</u>	<u>39,995</u>
Total	<u>\$ 2,818,042</u>	<u>2,386,277</u>
Unused short-term credit lines	<u>\$ 1,492,400</u>	<u>1,857,920</u>
Interest rate range	<u>2.735%~3.27%</u>	<u>2.6%~4.66%</u>

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

For the Company's assets mortgaged to secure the bank loans, please refer to Note VIII.

(XI) Lease liabilities

The Company's lease liabilities are stated as follows:

	December 31, 2023	December 31, 2022
Current	\$ 3,311	1,605
Non-current	<u>5,957</u>	<u>4,644</u>
	<u>\$ 9,268</u>	<u>6,249</u>

For the maturity analysis, please refer to Note VI(XXI).

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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

	2023	2022
Interest expenses on lease liabilities	<u>\$ 163</u>	<u>165</u>
Short-term lease expenses	<u>\$ 411</u>	<u>470</u>
Low-value underlying lease asset expenses (exclusive of low-value lease in the short-term leases)	<u>\$ 106</u>	<u>96</u>

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

	2023	2022
Total cash outflow from leases	<u>\$ 2,687</u>	<u>2,298</u>

1. Lease house and building

The Company rents houses and buildings as offices, and the lease period is eight years.

2. Other leases

The lease term of the transportation equipment rented by the Company is three years.

The Company leases the employee dormitory, parking lots, offices and other equipment for the lease term of 1 to 5 years. Such lease is a short-term or low-value underlying lease. The Company decides 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.

(XII) Corporate bonds payable

1. Domestic convertible corporate bonds payable

	December 31, 2023	December 31, 2022
Total amount for Issuance of convertible corporate bonds	\$ 800,000	800,000
Accumulated conversion amount	(443,200)	(427,100)
Balance of corporate bonds payable discounted but not yet amortized	(7,708)	(13,272)
Less: a current portion	<u>(349,092)</u>	<u>(129,940)</u>
Balance of corporate bonds payable, ending	<u>\$ -</u>	<u>229,688</u>
Embedded derivatives - put option and right of redemption (stated as the financial liabilities at fair value through profit or loss)	<u>\$ -</u>	<u>1,513</u>
Elements of equity - right of conversion (stated as capital surplus-employee stock options)	<u>\$ 16,358</u>	<u>17,237</u>

	2023	2022
Embedded derivatives - valuation gains (losses) on put option and right of redemption (stated as the valuation gains on financial liabilities at fair value through profit or loss)	<u>\$ 1,513</u>	<u>(2,979)</u>
Interest expenses (Note)	<u>\$ (5,420)</u>	<u>(5,466)</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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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(XV).

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
 - (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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(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 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 held 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(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:

- 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 cancellation 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.

(XIII) Employee benefits

Defined contribution plans

The defined contribution plan of the Company is 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 the plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional contribution.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company's pension expense as of 2023 and 2022 under the defined contribution plans amounted to NT\$952 thousand and NT\$1,084 thousand, respectively.

(XIV) Income tax

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

	2023	2022
Income tax expenses for the current period		
Land value increment tax	1,747	5,694
Deferred income tax expenses		
Occurrence and reversal of temporary difference	-	2
Income tax expenses	<u>1,747</u>	<u>5,696</u>

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

	2023	2022
Items not reclassified into income:		
Remeasurement of defined benefit plan	<u>11</u>	<u>28</u>

3. The relationship between the Company's income tax expenses and net profit (loss) before tax is adjusted as follows:

	2023	2022
Income (loss) before tax	<u>\$ (143,004)</u>	145,774
Income tax calculated based on the income tax rate of the country the Company operates	(28,601)	29,155
Tax-free income from land	(4,916)	(53,640)
Land value increment tax	1,747	5,694
Net investment gain recognized under the equity method	(597)	(3,187)
Valuation gains or losses on financial liabilities at fair value through profit or loss	(302)	-
Non-deductible expenses	1,471	1,726
Unrecognized changes in temporary difference	5,424	779
Current taxation loss of unrecognized deferred income tax assets	26,725	37,269
Capital decrease by the subsidiary for accumulated deficit	-	(12,102)
Deferred income tax assets and overestimation of liabilities in the previous period	-	2
Others	796	-
	<u>\$ 1,747</u>	<u>5,696</u>

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	<u>\$ 173,953</u>	129,234
Taxation loss	<u>945,846</u>	862,737
	<u>\$ 1,119,799</u>	<u>991,971</u>

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 Company evaluated that they were not likely to have sufficient taxable income to cover the losses.

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 Company is as follows:

Year of loss	Losses not deducted	Last year for deduction
Authorized in 2014	\$ 142,488	2024
Authorized in 2015	85,957	2025
Authorized in 2016	82,574	2026
Authorized in 2017	22,012	2027
Authorized in 2019	66,154	2029
Authorized in 2020	135,391	2030
Declared in 2021	90,499	2031
Declared in 2022	187,148	2032
Expected to be declared in 2023	<u>133,623</u>	2033
	<u>\$ 945,846</u>	

(2) Unrecognized deferred income tax liabilities: None.

(3) Recognized deferred income tax assets and liabilities

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

Deferred income tax assets:

	Allowance for bad debts	Others	Total
Balance on December 31, 2023			
(i.e., the balance on December 31, 2023)	<u>148</u>	<u>49</u>	<u>197</u>
Balance on January 1, 2022	\$ 148	51	199
Debit profit and loss	- (2)	(2)	(2)
Balance on December 31, 2022	<u>148</u>	<u>49</u>	<u>197</u>

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

(XV) 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 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\$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.

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 cancellation 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:

	December 31, 2023	December 31, 2022
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
\$ 288,659	<u>321,536</u>	

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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.

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:

Name of Subsidiary	2023			
	Quantity of shares, beginning	Increase in the current period	Decrease in the current period	Quantity of shares, ending
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	17,023,058	2,960,000	-	19,983,058
FEI 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
	20,214,800	10,790,000	-	31,004,800

Name of Subsidiary	2022			
	Quantity of shares, beginning	Increase in the current period	Decrease in the current period	Quantity of shares, ending
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	18,453,800	-	1,430,742	17,023,058
FEI 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
	20,403,800	1,150,000	1,699,000	20,214,800

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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

	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) from financial assets at fair value through other comprehensive income	Total
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	-		
Subsidiary		1,279	1,279
Disposal of investment in equity instrument at fair value through other comprehensive income	-	(3,293)	(3,293)
Subsidiary			
Balance on December 31, 2023	<u>\$ (182)</u>	<u>197</u>	<u>15</u>
Balance on January 1, 2022	\$ (188)	(567)	(755)
Foreign currency translation difference (net after tax)			
Subsidiary	6	-	6
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss	-		
Subsidiary		2,025	2,025
Disposal of investment in equity instrument at fair value through other comprehensive income	-	753	75
Subsidiary			
Balance on December 31, 2022	<u>\$ (182)</u>	<u>2,211</u>	<u>2,029</u>

(XVI) 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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.
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	-	(904,000)	-	(28,000)
Outstanding shares on December 31	11.6	8,020,000	11.5	8,924,000
Exercisable quantity on December 31	11.6	6,015,000	11.5	4,462,000

(XVII) Earnings per share

The Company's basic earnings per share and diluted earnings per share are calculated as follows:

	2023	2022
Basic earnings per share:		
Net profit (loss) attributed to the Company's common stock shareholders		
	\$ (144,751)	140,078
Weighted average outstanding shares of common stocks (thousand shares)	212,824	199,987
Basic earnings per share (Unit: NT\$)	\$ (0.68)	0.70
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		7,352
Net profit (loss) attributed to the Company's common stock shareholders (after adjustment of effects of dilutive potential common shares)	\$	147,430
Weighted average outstanding shares of common stocks (thousand shares)		199,987
Effect of all potential diluted common stocks:		
Remuneration to employees	226	
Convertible corporate bonds	25,966	
Weighted average outstanding shares of common stocks (after adjustment of effects of dilutive potential common shares) (thousand shares)	226,179	
Diluted earnings per share (Unit: NT\$)	\$ 0.65	

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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XVIII) Revenue from contracts with customers

(1) Details of revenue

	2023	2022
Main territories and markets:		
Taiwan	<u>\$ 280,059</u>	<u>1,366,676</u>
Main product/service line:		
Sales of real estate	\$ 271,831	1,360,295
Rental revenue	<u>8,228</u>	<u>6,381</u>
	<u>\$ 280,059</u>	<u>1,366,676</u>

(2) Contract balance

	December 31, 2023	December 31, 2022
Contract liability - The King's Landscapes	\$ 76,150	149,630
Contract liability - The Twin Towers	<u>542,550</u>	<u>410,000</u>
	<u>\$ 618,700</u>	<u>559,630</u>

The balances of contract liabilities on January 1, 2023 and 2022 that were recognized as revenue in 2023 and 2022 were NT\$72,587 thousand and NT\$272,004 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.

(XIX) 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 parent company only financial statements. For relevant information, please visit MOPS for inquiries.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(XX) Non-operating revenue and expenditure

1. Interest revenue

The Company's interest revenue is stated as follows:

	2023	2022
Interest revenue - bank deposits	\$ 824	693
Interest revenue - Loaning of fund to others	681	2,277
Interest revenue - interest on the deposit for lease	5	3
Interest revenue - financial assets measured at amortized cost	1,405	-
Interest revenue - other financial assets	963	-
Interest revenue - others	10	-
	\$ 3,888	2,973

2. Other gains and losses

The Company's other gains and losses are stated as follows:

	2023	2022
Foreign currency exchange (loss) gain	\$ (4)	13
Rental revenue	46	46
Net (loss) income from disposal of financial assets/liabilities at fair value through profit or loss	1,513	(3,035)
Proceeds from disposal of property, plant and equipment	155	-
Others	137	1,503
	\$ 1,847	(1,473)

3. Financial cost

The Company's financial cost is stated as follows:

	2023	2022
Bank loans	\$ (77,681)	(62,168)
Loan of non-bank financial institutions	(503)	(2,310)
Discount and amortization of corporate bonds payable	(5,420)	(5,466)
Imputed interest on security deposit	(5)	(3)
Interest expenses on lease liabilities	(163)	(165)
Less: capitalized interest	7,280	18,131
	\$ (76,492)	(51,981)

(XXI) Financial instruments

1. Credit risk

(1) Credit risk exposure

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

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(2) Concentration of credit risk

Since the Company is primarily engaged in the real estate development and sale business and owns considerable customers, it does not concentrate its transactions significantly with any single customer. Therefore, the Company has no concentration of credit risk on the accounts receivable. In order to mitigate the credit risk, the Company continuously monitors customers' financial position. Generally, the Company does not require the customers to provide collateral, but demands that they should allocate the bank loan to the Company directly from the lending bank.

(3) Credit risk over receivables

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)	\$ 2,818,042	2,941,588	583,330	1,221,113	420,936	664,668	51,541
Corporate bonds payable (fixed interest rate)	349,092	356,800	120,600	236,200	-	-	-
Lease liabilities	9,268	9,611	1,742	1,771	3,571	2,527	-
Liabilities without interest	581,966	581,966	581,966	-	-	-	-
Deposits received	220	220	-	-	-	-	220
	\$ 3,758,588	3,890,185	1,287,638	1,459,084	424,507	667,195	51,761
December 31, 2022							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 2,346,282	2,410,216	31,639	32,163	1,847,643	496,471	2,300
Loan of non-bank financial institutions (fixed interest rate)	39,995	40,624	31,424	9,200	-	-	-
Corporate bonds payable (fixed interest rate)	359,628	372,900	-	136,700	236,200	-	-
Lease liabilities	6,249	6,527	866	866	1,762	3,033	-
Liabilities without interest	510,074	510,074	510,074	-	-	-	-
Derivative financial liabilities							
Embedded derivatives of convertible bonds	1,513	1,513	-	96	1,417	-	-
	\$ 3,263,741	3,341,854	574,003	179,025	2,087,022	499,504	2,300

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

3. Foreign exchange rate risk: None.

4. Interest rate risk

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the Company's 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 Company's 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

If interest rate is increased or decreased by 1%, with all other variables stayed unchanged, the Company's net profit (loss) would increase or decrease by NT\$22,496 thousand and NT\$18,770 thousand in 2023 and 2022.

5. Other pricing risk: None.

6. Information about fair value

(1) Type and fair value of financial instrument

The carrying amount and fair value of the Company's 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			Total
		Class 1	Class 2	Class 3	
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 228,578	-	-	-	-
Financial assets measured at amortized cost	200,000	-	-	-	-
Other receivables - related party	19,416	-	-	-	-
Other financial assets - current	205,515	-	-	-	-
Refundable deposits	1,249	-	-	-	-
	<u>\$ 654,758</u>				
Financial liabilities measured at amortized cost					
Short-term loans	\$ 2,818,042	-	-	-	-
Payables	581,966	-	-	-	-
Corporate bonds payable (including the current portion)	349,092	-	349,366	-	349,366
Lease liabilities	9,268	-	-	-	-
Deposits received	220	-	-	-	-
	<u>\$ 3,758,588</u>				
	December 31, 2022				
	Carrying amount	Fair value			Total
		Class 1	Class 2	Class 3	
Financial assets measured at amortized cost					
Cash and Cash Equivalents	\$ 200,480	-	-	-	-
Other receivables - related party	58,380	-	-	-	-
Increase in other financial assets-non-current	193,181	-	-	-	-
Refundable deposits	6,246	-	-	-	-
	<u>\$ 458,287</u>				
Financial liabilities mandatorily at fair value through profit or loss -- current & non-current					
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>\$ 1,513</u>	-	1,513	-	1,513
Financial liabilities measured at amortized cost					
Short-term loans	\$ 2,386,277	-	-	-	-
Payables	510,074	-	-	-	-
Corporate bonds payable (including the current portion)	359,628	-	356,601	-	356,601
Lease liabilities	6,249	-	-	-	-
	<u>\$ 3,262,228</u>				

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

The Company 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 Company to estimate the instruments not measured at fair value are stated as follows:

Financial liabilities measured at amortized cost

The components of liabilities of the convertible corporate bonds issued by the Company 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.

(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 are valued based on Monte Carlo method.

(4) No transfer of fair value levels took place as of December 31, 2023 and 2022.

(XXII) Financial risk management

1. Overview

The Company has exposures to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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

2. Financial risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how the management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors of the Company is assisted in its 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 Company when the customer or the trading counterpart of financial instruments trade is unable to meet its contractual obligations. It is mainly from the Company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's 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.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's customers are concentrated in the wide consumer base. In order to mitigate the credit risk over accounts receivable, the Company 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 Company has 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.

(2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company's 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 Company's 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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

4. Liquidity risk

Liquidity risk is the risk that the Company is unable to pay cash or financial asset to settle the financial liability and unable to perform their obligations. The method applied by the Company to manage liquidity is to ensure that the Company 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 Company's income or risk over the value of financial instruments held by the Company. 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 fair value or future cash flow fluctuation risk would arise due to changes in interest rate, when the Company borrows fund. The Company's policies aim to ensure the exposure of changes in the loan interest rate, and evaluate it based on the market interest rate development. The Company manages the interest rate risk by maintaining an adequate portfolio consisting of floating and fixed interest rates.

(2) Other market price risk

The equity price risk refers to the risk over the equity instruments held by the Company resulting from the uncertainty in future price. The Company engages in multifaceted investment projects, and regularly verifies the financial status of equity instruments to manage the price risk over equity instruments.

(XXIII) 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 Company meets 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 Company 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 Company controls 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	\$ 4,385,823	3,840,491
Less: Cash and Cash Equivalents	<u>(228,578)</u>	<u>(200,480)</u>
Net liabilities	<u>\$ 4,157,245</u>	<u>3,640,011</u>
Total equity	<u>\$ 2,902,781</u>	<u>2,578,668</u>
Debt to equity ratio	<u>143.22%</u>	<u>141.16%</u>

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

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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

The Company's liabilities from financing activities in 2023 and 2022 are adjusted as follows:

	<u>Short-term loans</u>	<u>Corporate bonds payable (including the current portion)</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
Balance on December 31, 2023	\$ 2,386,277	359,628	6,249	2,752,154
Cash flow				
Cash from loan	1,101,250	-	-	1,101,250
Repayment of loan	(669,485)	-	-	(669,485)
Repayment of principal for lease	-	-	(2,007)	(2,007)
Non-cash flow				
Discount and amortization	-	5,420	-	5,420
Other changes	-	(15,956)	5,026	(10,930)
Balance on December 31, 2023	<u>\$ 2,818,042</u>	<u>349,092</u>	<u>9,268</u>	<u>3,176,402</u>
	<u>Short-term loans</u>	<u>Corporate bonds payable</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
Balance on January 1, 2022	\$ 2,728,827	454,403	7,816	3,191,046
Cash flow				
Cash from loan	336,040	-	-	336,040
Repayment of loan	(678,590)	-	-	(678,590)
Repayment of principal for lease	-	-	(1,567)	(1,567)
Non-cash flow				
Discount and amortization	-	5,466	-	5,466
Other changes	-	(100,241)	-	(100,241)
Balance on December 31, 2022	<u>\$ 2,386,277</u>	<u>359,628</u>	<u>6,249</u>	<u>2,752,154</u>

VII. Transactions with related parties

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

Related parties that have performed transactions with the Company's subsidiaries and the Company during the period of the parent company only financial statements include:

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
BOROMI OPTRONICS CORP. (BOROMI)	Subsidiary of the Company
Victory Enterprises Limited	Subsidiary of the Company
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Subsidiary of the Company
Shangyu Construction Co., Ltd. (Shangyu)	Subsidiary of the Company
MYSON CENTURY, INC. (MYSON)	Subsidiary of the Company
FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. (FEEI CHERNG)	Subsidiary of the Company
HSIN-LI CHEMICAL INDUSTRIAL CORP. (HSIN-LI)	Subsidiary of the Company
ZAVIO INC. (ZAVIO)	Subsidiary of the Company
YUAN QIAO Corporation (Yuan Qiao)	Subsidiary of the Company
Acme International Management Inc.	Subsidiary of the Company

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Name of Related Party	Relationship with the Company
Sen Tai Engineering Co., Ltd.	Subsidiary of the Company
Ms. Chang Hui-Feng	Spouse of the Company's Chairman; major management of Myson
Metropolis Internet Technology	Other related party of the Company
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

(II) Significant transactions with related parties

1. Operating revenue

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

	2023	2022
Other related party	\$ 1,940	-

The Company' collection term for sales to other related parties was O/A 30~60 days, and 15~120 days in the case of non-related party. The transaction price was negotiated and determined by both parties, which was not significantly different from that of non-related parties. As of December 31, 2023 and 2022, amounts receivable arising from the abovementioned transaction had been fully collected.

2. Contract awarding

The contract awarding by the Company to subsidiaries in 2023 and 2022 is detailed as follows:

	2023	December 31, 2023	
	Billing in the current period	Accumulated billing in the current period	Prepaid amount, ending
Subsidiary - Shangyu	\$ 316,348	1,899,738	45,045
Indirect subsidiary - BOROMI	178,916	1,025,278	90,248
Subsidiary - MYSON	66,249	66,249	56,262
	\$ 561,513	2,991,265	191,555

	2022	December 31, 2022	
	Billing in the current period	Accumulated billing in the current period	Prepaid amount, ending
Subsidiary - Shangyu	\$ 327,353	1,583,390	31,600
Indirect subsidiary - BOROMI	240,632	846,362	94,749
	\$ 567,985	2,429,752	126,349

The contracts awarded by the Company to related parties are billed and paid in installment per the contract and subject to the work progress.

3. Revenue from information service and management service.

The service revenue collected by the Company for provision of the information system maintenance service to subsidiaries and processing of business affairs in Taiwan on behalf of its overseas subsidiaries is stated as other gains and losses-others in the Statement of Comprehensive Statement, which is detailed as follows:

	2023	2022
	Subsidiary	\$ 92

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

4. Lease

(1) The Company's rental revenues from the lease of offices to subsidiaries were NT\$23 in 2023 and 2022.

The Company's unearned payment from related parties as a result of said transactions are stated as follows:

Title	Type of related party	December 31, 2023	December 31, 2022
Other current liabilities	Subsidiary	<u>\$ 17</u>	<u>17</u>

(2) The Company 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.

5. Loans to related party

The actual drawdown of the fund loaned by the Company to related parties is stated as follows:

Title	Type of related party	December 31, 2023	December 31, 2022
Other receivables - related party	Subsidiary - MYSON	\$ 10,000	-
Other receivables - related party	Indirect subsidiary - BOROMI	- -	50,000
		<u>\$ 10,000</u>	<u>50,000</u>

The fund loaned by the Company to a subsidiary accrued interest based on the average interest rate applicable to the Company's long-term loan from a financial institution in the year of allocation. All of the loans were unsecured. Upon evaluation, there should be no need to provide impairment loss. The interest revenues collected from said transactions in 2023 and 2022 were NT\$681 thousand and NT\$2,277 thousand. As of December 31, 2023 and 2022, the receivables generated from said transactions were NT\$20 thousand and NT\$82 thousand, respectively, which have been stated as other receivables - related parties.

6. Endorsement/guarantee

(1) The Company provided the endorsements/guarantees for land financing for the subsidiary, U-BEST, NT\$60,600 thousand. As the subsidiary has repaid the land financing on December 31, 2022, the limit secured by the endorsements/guarantees was canceled

(2) The subsidiary, U-BEST, provided the guarantees for construction financing for the Company in the amount of NT\$76,208 thousand and NT\$120,000 thousand as of December 31, 2023 and 2022.

7. Others

(1) The Company 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 - related parties.

(2) The Company collected the balance of the land sold under the joint construction a separate sale contract, NT\$2,195 thousand on December 31, 2022, stated as other payables.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

(3) In 2023 and 2022, the expenses arising from the office supplies purchased by the Company 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\$674 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.

(4) The Company sold computer equipment and software to subsidiary FEEI CHERNG in 2023 at a consideration of NT\$283 thousand, and relevant payments had been fully collected.

(5) The Company distributed a cash dividend of NT\$17,036 thousand to subsidiaries in 2023, and relevant payments had been fully paid.

(6) The Company acquired additional 7.43% of the equity in its subsidiary FEEI CHERNG in cash in the amount of NT\$102,720 thousand in 2023, and relevant payments had been fully paid.

(III) Key management personnel transactions

Remuneration to the key management personnel includes the following:

	2023	2022
Short-term employee benefits	\$ 1,903	2,352
Post-employment benefits	114	141
Share-based payment	50	175
	<u>\$ 2,067</u>	<u>2,668</u>

VIII. Assets pledged as collateral or for security

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

Pledged assets	Objective pledged and guaranteed	December 31, 2023	December 31, 2022
Demand deposits (Note)	Corporate bonds payable	\$ 205,515	193,181
Inventory - land for construction	Guarantees for short-term loans	- -	1,776,293
Inventory - land under construction	Guarantees for short-term loans and endorsements/guarantees	2,262,395	485,405
Inventory - building under construction	Guarantees for short-term loans	621,399	288,907
Available-for-sale land	Guarantees for short-term loans	238,978	229,099
Available-for-sale house	Guarantees for short-term loans	<u>2,187,901</u>	<u>1,901,556</u>
		<u>\$ 5,516,188</u>	<u>4,874,441</u>

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

IX. Major contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments:

The real estate sale contracts executed by the Company with the buyers for the projects launched by it totaled NT\$5,110,488 thousand and NT\$4,489,300 thousand on December 31, 2023 and 2022. Among them, NT\$618,700 thousand and NT\$559,630 thousand have been collected pursuant to the contract, and stated as contract liabilities - current.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

X. Losses due to major disasters: None.

XI. Significant subsequent events: None.

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	Classified as operating cost	Classified as operating expenses	Total
Employee benefit expenses									
Salary expenses	-	29,622	29,622	-	54,011	54,011			
Labor/national health insurance expenses	-	2,294	2,294	-	2,372	2,372			
Pension expenses	-	952	952	-	1,084	1,084			
Compensation to directors	-	983	983	-	4,810	4,810			
Other employee benefit expenses	-	1,192	1,192	-	1,757	1,757			
Depreciation expenses	-	3,199	3,199	-	3,000	3,000			
Amortization expenses	-	365	365	-	333	333			

The other information about the number of employees and employee benefit expenses of the Company in 2023 and 2022 is stated as follows:

	2023	2022
Number of employees	<u>33</u>	<u>43</u>
Number of directors without the employee identity	<u>2</u>	<u>4</u>
Average employee benefit expenses	<u>\$ 1,099</u>	<u>1,519</u>
Average employee salary expenses	<u>\$ 956</u>	<u>1,385</u>
Adjustment on average employee salary expenses	<u>(30.97)%</u>	<u>7.78%</u>
Compensation to supervisor	<u>\$ -</u>	<u>107</u>

The information about the Company's salary and remuneration policy (including for directors, supervisors, managers and employees) is stated as follows:

- (1) The compensation to directors and supervisors consists of the reward, transportation allowance, professional practice fees and remuneration. According to the Articles of Incorporation, the Company shall set aside no more than 5% of the annual earnings, if any, as the remuneration to directors and supervisors, subject to the directors'/supervisors' engagement in the Company's operations and contribution value.
- (2) The compensation to the president, vice president, managers and employees consists of salary, bonus, employee remuneration and employee stock options, or restricted stock award (RSA). The policy for payment of remuneration to the president, vice president and employees follows the Company's "Salary Management Regulations" and requires the payment of compensation based on the pay level applicable to the relevant position in the same trade, the level of authority granted to the position within the Company and the contribution to the Company's business objectives. The reasonable reward will be granted in reference to the Company's overall operating performance, future business risk in the industry and development trend, as well as personal performance achievement ratio and contribution to the Company's performance. The related performance appraisal results and reasonableness of salary and remuneration will be reviewed by the Board of Directors. The remuneration system will be reviewed subject to the business condition and related laws and regulations from time to time, in order to seek the balance between the Company's sustainable business and risk controls.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

XIII. Disclosures in notes

(I) Information on significant transactions

The information about significant transactions to be disclosed by the Company 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 Name	Collateral Value	Limit of loans to individual borrowers	Limit of total loans	Remark
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)	1,161,112 (Note)	-
0	The Company	BOROMI OPTRONICS CORP.	Other receivables	Yes	100,000	100,000	-	3%	Needs for short-term financing	-	Working capital	-	-	-	725,695 (Note)	1,161,112 (Note)	-
0	The Company	MYSON	Other receivables	Yes	100,000	100,000	10,000	3%	Needs for short-term financing	-	Working capital	-	-	-	725,695 (Note)	1,161,112 (Note)	-

(Note) 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 he 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.

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	
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	The Company	(Note)	1,548,585 (100% of the Company's net worth)	196,208	76,208	76,208	-	4.92% (200% of the Company's net worth)	3,097,170	-	Y	-	

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

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				
				Quantity of shares (thousand shares)	Carrying amount	Shareholding	Fair value	Remark
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%	-	-
BOROMI OPTRONICS CORP.	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	Financial assets at fair value through profit or loss - current	-	34,364	-	34,364	(Note 2)
MYSON CENTURY, INC.	Stocks of SUN YAD	The Company	Financial assets at fair value through other comprehensive income - Non-current	258	3,280	0.09%	3,280	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of SUN YAD	The Company	Financial assets at fair value through other comprehensive income - Non-current	19,983	253,785	7.16%	253,785	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	ACE Accessories Co., Ltd.	-	"	500	6,000	2.80%	6,000	-
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	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of WAKOM SEMICONDUCTOR CORPORATION	-	"	28	-	0.81%	-	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of FOILTEC INDUSTRIAL CO., LTD.	-	"	583	-	2.50%	-	-
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	-

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Remark
				Quantity of shares (thousand shares)	Carrying amount	Shareholding	Fair value	
HSIN-LI	Stocks of LUXE	-	Financial assets at fair value through other comprehensive income - Non-current	166	926	10.38 %	926	-
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	-
HSIN-LI	Stocks of TAIWAN BUSINESS BANK, LTD.	-	"	8,853	121,281	0.11 %	121,281	-
HSIN-LI	Stocks of Taishin Financial Holding Co., Ltd.	-	"	8,817	159,595	0.07 %	159,595	-
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	-
HSIN-LI	Stocks of King's Town Bank Co., Ltd.	-	"	104	4,155	0.01 %	4,155	-
HSIN-LI	Domestic 1st unsecured convertible corporate bonds of HORIZON SECURITIES CO., LTD.	-	"	78	7,691	- %	7,691	-
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	-
HSIN-LI	Domestic 5th unsecured convertible corporate bonds of SUN YAD	The Company	"	211	24,250	- %	24,250	(Note 2)
HSIN-LI	Stocks of SUN YAD	The Company	"	4,603	58,452	1.65 %	58,452	(Note 1)
HSIN-LI	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	2,000	27,100	1.43 %	27,100	(Note 1)
HSIN-LI	Stocks of SanDi Properties Co., Ltd.	-	"	131	4,310	0.14 %	4,310	-
HSIN-LI	Stocks of TEKKCORE CO., LTD	-	"	500	9,250	0.97 %	9,250	-
HSIN-LI	Stocks of FU TA MATERIAL TECHNOLOGY CO., LTD.	-	"	494	6,200	0.73 %	6,200	-
HSIN-LI	Stocks of Associated Industries China, Inc.	-	"	133	1,436	0.24 %	1,436	-
HSIN-LI	Yuanta U.S. Treasury 20+ Year Bond ETF	-	"	280	8,638	0.01 %	8,638	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUN YAD	The Company	"	6,161	78,243	2.21 %	78,243	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Highwealth Construction Corp.	-	"	11	441	- %	441	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SanDi Properties Co., Ltd.	-	"	943	31,025	1.03 %	31,025	-
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	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Cathay Financial Holdings Co., Ltd.	-	"	184	8,437	- %	8,437	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of AMTRAN TECHNOLOGY CO., LTD.	-	"	289	3,750	0.04 %	3,750	-
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	(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	(Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Associated Industries China, Inc.	-	"	223	2,408	0.40 %	2,408	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	"	609	8,343	1.11 %	8,343	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of Medigen Vaccines Biologics Corporation LTD.	-	"	50	4,917	- %	4,917	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	"	8	806	- %	806	-
FEEI CHERNG ENTERPRISE CO., LTD.	Yuanta U.S. Treasury 20+ Year Bond ETF	-	"	461	14,222	0.01 %	14,222	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of BULIMA GROUP INC. TAIWAN BRANCH (CAYMAN ISLANDS) in the Republic of China	-	"	3	301	- %	301	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 3rd secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	"	61	6,262	- %	6,262	-
FEEI CHERNG ENTERPRISE CO., LTD.	CTBC Battery & Energy Storage Technology ETF	-	"	2,000	19,920	0.28 %	19,920	-
FEEI CHERNG ENTERPRISE CO., LTD.	Fubon FTSE Vietnam ETF	-	"	326	3,834	0.01 %	3,834	-

(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.

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

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	-	-	(45,045)	(8.09)%	-
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)%	-
Shangyu Construction Co., Ltd.	The Company	Parent company	Engineering revenue	230,867 (Note)	86.36 %	Collected in installment per the contract and work progress	-	-	45,045	83.20%	-
BOROMI OPTRONICS CORP.	The Company	Parent company	Engineering revenue	300,277 (Note)	100 %	Collected in installment per the contract and work progress	-	-	90,248	100%	-

(Note): The contractor recognized the construction revenue under the Percentage of Completion 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 (XII).

(II) Information on investees:

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

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			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	5,005 (USD thousand) (Note)	5,005 (USD thousand) (Note)	162,500	64.36%	65	-	-	Subsidiary
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	8,816	(1,040)	Subsidiary
The Company	Shangyu Construction Co., Ltd.	Taiwan	Building industry	207,603	207,603	25,459,990	99.99%	194,265	111,558	9,934	Subsidiary
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	33,375	974	Subsidiary
The Company	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	194,420	91,700	22,000,000	13.04%	178,840	(36,107)	(6,883)	Subsidiary
Victory Enterprises Limited	Acme International Management Inc.	Samoa	Investment	-	-	-	100.00%	-	-	-	Subsidiary
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	(36,107)	(9,131)	Subsidiary
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	57,792	7,281	Subsidiary

Notes to Parent Company Only Statements of SUN YAD CONSTRUCTION CO., LTD. (Cont'd)

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			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			
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	57,792	5,968	Subsidiary
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai Engineering Co., Ltd.	Taiwan	Construction and engineering	44,071	43,218	28,222	92.53%	11,606	(33,579)	(30,841)	Subsidiary
MYSON CENTURY, INC.	ZAVIO INC.	Taiwan	Design and sale of security monitoring products	68,274	68,274	1,576,937	100.00%	16,576	193	193	Subsidiary
MYSON CENTURY, INC.	Yuan Qiao	Taiwan	Restaurants	14,900	-	-	82.78%	11,813	(1,313)	(1,153)	Subsidiary
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	57,792	2,200	Subsidiary
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	(36,107)	(69)	Subsidiary
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	8,816	193	Subsidiary
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	57,792	3,151	Subsidiary
Shangyu Construction Co., Ltd.	BOROMI OPTRONICS CORP.	Taiwan	Indoor renovation/indoor decoration, door and window installation project	211,626	211,626	20,000,001	100.00%	85,235	117,642	117,642	Subsidiary
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	8,816	101	Subsidiary
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	57,792	1,044	Subsidiary
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	33,375	1,066	Subsidiary

Note: Translated at the foreign exchange rate, USD:NTD = 1:30.705, on December 31, 2023.

(III) Information on investment in the mainland China

(IV) Information on major shareholders

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

Please refer to the 2023 consolidated financial statements.

SUN YAD CONSTRUCTION CO., LTD

**Detailed statement of cash and cash
equivalents**

December 31, 2023

Unit: NT\$ Thousand

<u>project</u>	<u>Summary</u>	<u>Original currency</u>	<u>gold Forehead</u>	<u>redeem Change</u>	<u>Amount</u>
cash in stock	Petty cash			\$	100
Bank savings	demand deposit				228,460
	Foreign Currency USD	USD576.20		30.6	18
	Deposit				
total				\$	<u>228,578</u>

**Other receivables – detailed list of
related parties**

<u>item</u>	<u>Head</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
Ms. Zhang Huifeng		advance payment		\$ 9,396
Century Minsheng Company		Funds receivable, loans, amounts and interest		<u>10,020</u>
total				<u>\$ 19,416</u>

SUN YAD CONSTRUCTION CO., LTD

Financial assets measured at amortized cost - current statement

January 1, 2023 to December 31, 2023

Unit: NT\$ Thousand

item	Head	pick	want	gold	Prepare
				Forehead	Note
Time Deposit - New		The period is from September 21 , 112 to			
Taiwan Dollar		April 6 , 113 , and the annual interest rate is 1.16%~1.80%		<u>\$200,000</u>	

SUN YAD CONSTRUCTION CO., LTD

Inventory details

December 31, 2023

Unit: NT\$ Thousand

<u>project</u>	<u>gold</u>		<u>Remark</u>
	<u>cost</u>	<u>net realizable value</u>	
construction land	\$ 4,094	4,094	
land under construction	2,522,268	4,008,594	Note 1
Houses under construction	673,510	2,067,767	Note 1
Property for sale	2,426,879	2,730,404	Note 1 and Note 2
total	<u><u>\$ 5,626,751</u></u>		

Note 1 : Part of it is provided as a pledge guarantee for short-term loans.

Note 2 : Provided as short-term loan pledge and endorsement guarantee.

Detailed list of prepayments

<u>project</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
Prepayment	Prepaid technical services, consulting service fees, insurance premiums, rents and corporate bond issuance guarantee fees, etc.		\$ 4,320
deferred marketing expenses	Commission expenses for pre-sale housing agents		230,412
total			<u><u>\$ 234,732</u></u>

SUN YAD CONSTRUCTION CO., LTD

Detailed list of other current assets

December 31, 2023

Unit: NT\$ Thousand

<u>project</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
retained tax credit	Business tax declaration and retained tax credit		\$ 123,560
payment on behalf of	Pay for projects and miscellaneous expenses, etc.		3,440
total			<u>\$ 127,000</u>

Other financial assets - current statement

<u>project</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
demand deposit	restricted demand deposit		<u>\$ 205,515</u>

SUN YAD CONSTRUCTION CO., LTD

Detailed statement of investment changes using the equity method

January 1, 2023 to December 31, 2023

Unit: NT\$ Thousand

name	say	Opening Balance		Increased in this issue		Decrease in this period		recognized under the equity method	Other equity methods	Ending balance		provide guarantee
		Number of shares	gold Forehead	Number of shares	gold Forehead	Number of shares	gold Forehead			Number of shares	Shareholding ratio	
Victory Enterprises Limited		162,500	\$ 65	-	-	-	-	-	-	162,500	64.36%	65
Yongjie Company		22,506,152	200,841	-	-	-	-	(1,040)	(3,999)	22,506,152	16.14%	195,802
shangyu co., ltd.		25,459,990	180,990	-	-	-	-	9,934	3,341	25,459,990	99.99%	194,265
Century Minsheng Company		2,507,367	61,312	-	-	-	-	974	967	2,507,367	17.06%	63,253
feicheng co., ltd.		10,000,000	<u>88,960</u>	12,000,000	<u>102,720</u>	-	-	(6,883)	(5,957)	22,000,000	13.04%	<u>178,840</u>
combine count			<u>\$ 532,168</u>		<u>102,720</u>			<u>2,985</u>	<u>(5,648)</u>			<u>632,225</u>

Note 1 : Includes

- (1) Recognition of capital reserve adjustments of the invested company \$ 16,119
- (2) Recognition of adjustments to retained earnings of the investee company (5,165)
- (3) Recognition of unrealized gains and losses on financial assets of the investee company measured at fair value through other comprehensive gains and losses 1,279
- (4) Recognition of remeasurement adjustments for the investee company's defined benefit plan 43
- (5) The subsidiary's purchase of the parent company's stocks and the distribution of dividends are regarded as adjustments to treasury shares (17,924)
 \$ (5,648)

SUN YAD CONSTRUCTION CO., LTD

January 1, 2023 to December 31, 2023

Unit: NT\$ Thousand

Note 6 (7) for the detailed list of changes in real estate, plant and equipment .

Note 6 (8) for the detailed list of changes in right-of-use assets .

Note 6 (9) for the detailed list of changes in intangible assets .

Deposit details table

December 31, 112, the Republic of China

<u>item</u>	<u>Head</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
deposit		Office and application for temporary water and electricity deposit, etc.		\$ <u>1,249</u>

SUN YAD CONSTRUCTION CO., LTD

Short-term loan details

December 31, 2023

Unit: NT\$ Thousand

<u>Borrowin g type</u>	<u>explain bright</u>	<u>Ending balance</u>	<u>Contract term</u>	<u>annual interest</u>	<u>Financing amount</u>	<u>mortgage or guarantee</u>
						<u>rate range</u>
Guarantee d borrowing	KGI Bank Tainan Branch	\$ 91,200	112.06.07~114.06.07	3.27%	100,000	Some land and houses for sale
Guarantee d borrowing	Kaohsiung Bank Chengda Branch	539,300	112.06.27~113.06.27	3.13%	539,300	Some land and houses for sale
Guarantee d borrowing	Yangxin Bank Health Branch	300,000	112.06.27~114.06.27	3.15%	300,000	Some land and houses for sale
Guarantee d borrowing	Shanghai Commercial Bank Tainan Branch	67,442	110.09.20~126.09.20	2.735%	132,000	Some homes for sale
Guarantee d borrowing	Land Bank Tainan Branch	384,800	107.08.27~115.08.27	2.85%	384,800	Part of the land under construction
Guarantee d borrowing	Land Bank Tainan Branch	587,400	108.10.09~113.10.09	2.975%	588,100	Part of the land under construction
Guarantee d borrowing	Land Bank Tainan Branch	603,000	108.12.02~113.12.02	2.975%	603,000	Part of the land under construction
Guarantee d borrowing	Land Bank Tainan	244,900	111.10.12~116.06.13	2.85%	1,736,600	Some houses under construction

borrowing Branch

n

total	<u>§ 2,818,042</u>	<u>4,383,800</u>
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SUN YAD CONSTRUCTION CO., LTD

**Contract liabilities - current
statement**

December 31, 2023

Unit: NT\$ Thousand

Please refer to Note 6 (18) .

Accounts Payable Details

<u>client's name</u>	<u>pick want</u>	<u>Amount</u>
Non-related persons:		
Others (note)	camp Industry	<u>\$ 365,076</u>

Note : The balance of each account does not exceed 5% of the amount of the account.

SUN YAD CONSTRUCTION CO., LTD.

**Accounts payable - related party details
list**

December 31, 2023

Unit: NT\$ Thousand

<u>item</u>	<u>Head</u>	<u>pick want</u>	<u>Amount</u>
Relevant person:			
Shangyu Construction Co., Ltd.	Project payment payable	\$ 45,045	
Yonghui Interior Decoration Co., Ltd.	Project payment payable	90,248	
Century Minsheng Technology Co., Ltd.	Project payment payable		<u>56,262</u>
total			<u><u>\$ 191,555</u></u>

Other payables details

<u>item</u>	<u>Head</u>	<u>pick want</u>	<u>Amount</u>
Non-related persons:			
Salaries payable	Salary and year-end bonus, etc.	\$ 6,271	
Interest payable	Borrowing interest expense	3,679	
other	Payable petty cash, labor fees, planning service fees, water and electricity bills, etc.		<u>14,933</u>
Subtotal			<u>24,883</u>
Relevant person:			
Metropolis Network Technology Co., Ltd.	Purchase computer equipment and accessories		<u>453</u>
total			<u><u>\$ 25,336</u></u>

SUN YAD CONSTRUCTION CO., LTD

**Lease Liabilities -Current and
Non-Current Detailed Statement**

December 31, 2023

Unit: NT\$ Thousand

<u>item Head</u>	<u>pick</u>	<u>want</u>	<u>Rental period</u>	<u>fold now</u>	<u>gold</u>
				<u>Rate</u>	<u>Forehead</u>
houses	office		106.8.11 -115.9.10	2.32%	\$ 4,644
	official car		112.10.1 -115.9.30	2.90%	<u>4,624</u>
Transportatio n Equipment					<u><u>\$ 9,268</u></u>
				flow	\$ 3,311
				illiquid	<u>5,957</u>
					<u><u>\$ 9,268</u></u>

Details of other current liabilities

<u>item Head</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
Temporary collection	Temporary collection of transaction processing fees and final sponsorship funds		\$ 6,893
Collection agency	Collection of building management fees, supplementary health fees, withholding of salary income tax and labor income tax, etc.		1,625
Other advance payments	Rent collected in advance		17
total			<u>\$ 8,535</u>

Deposit details list

<u>project</u>	<u>pick</u>	<u>want</u>	<u>Amount</u>
performance bond	Lease deposit		\$ 220

SUN YAD CONSTRUCTION CO., LTD

**Detailed list
of corporate bonds payable (including portion due within
one year)**

December 31, 2023

Unit: NT\$ Thousand

<u>Bond name</u>	<u>guarantor</u>	<u>trustee</u>	<u>hair travel day Expect</u>	<u>Coupon rate</u>	<u>Total issuance</u>	<u>Amount converted / bought back</u>	<u>Ending balance</u>	<u>Unamort ized discoun t price</u>	<u>book value</u>	<u>Repayme nt method</u>	<u>bear Be kind shape</u>	<u>Remar k</u>
The fourth domestic guaranteed conversion of corporate bonds	Taipei Fubon Commercial Bank	Taiwan Shin Kong Commercial Bank	110.01.29	0%	\$ 400,000	163,800	236,200	(4,610)	231,590	Note 1	Note 2	-
The fifth domestic unsecured conversion of corporate bonds	none	"	110.02.01	0%	400,000	279,400	120,600	(3,098)	117,502	"	"	-
					<u>\$ 800,000</u>	<u>443,200</u>	<u>356,800</u>	<u>(7,708)</u>	<u>349,092</u>			

Note 1 : Please refer to Note 6 (12) for details .

Note 2 : Please refer to Note 8 for details .

SUN YAD CONSTRUCTION CO., LTD
Operating Income Detailed Statement

January 1, 2023 to December 31, 2023

Unit: NT\$ Thousand

<u>project</u>	<u>pick</u>	<u>want</u>	<u>land</u>	<u>houses</u>	<u>total</u>
Income from sales of real estate	Difannei , Mayfair, Dijing , Yunqian, Dibao		\$ 110,103	184,407	294,510
Returns and discounts			(9,210)	(13,469)	(22,679)
Net income from sales of real estate			\$ 100,893	170,938	271,831
rental income					8,228
operating income					<u>\$ 280,059</u>

Operating cost schedule

<u>project</u>	<u>gold</u>	<u>Forehead</u>
real estate cost	\$	<u>250,960</u>

SUN YAD CONSTRUCTION CO., LTD

Promotional expense schedule

January 1, 2023 to December 31, 2023

Unit: NT\$ Thousand

project

Salary expenses

advertising fee

Commission expense

other

total

pick

Salary, bonus and pension, etc.

Pre-sale house advertising costs, etc.

Commission fees for pre-sale houses

Office expenses, taxes, insurance

premiums, water and electricity bills

and miscellaneous expenses, etc.

Amount

\$ 2,764

13,413

6,557

12,829

\$ 35,563

Management expense schedule

project

Salary expenses

Depreciation expense

Office expenses

Labor fee

handling fee

other

total

pick

Salary, bonus and pension, etc.

Depreciation of property, plant and equipment and right-of-use assets

Office related expenses

Accountants, lawyers and other services at public expense

Convertible corporate bond guaranteed underwriting fees, etc.

Rent, communication fees, insurance premiums, repair fees and miscellaneous expenses, etc.

Amount

\$ 28,793

3,199

9,050

9,023

6,276

12,427

\$ 68,768

Detailed statement

Please refer to Note 6 (20) .