

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

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

2024 and 2023

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

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Statement

The companies to be included by the Company in the consolidated financial statement of affiliated companies in 2024 (January 1, 2024~December 31, 2023) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the International Financial Reporting Standards (IFRSs) 10 endorsed by Financial Supervisory Commission (FSC). Further, the related information to be disclosed in the consolidated financial statement of affiliated companies has been disclosed in said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated companies separately.

Hereby declared by

Company name: SUN YAD CONSTRUCTION CO., LTD.

Chairman: Chang Yu-Ming

Date: March 12, 2025

External Auditor's Report

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

Audit Opinions

We have completed our review on the Consolidated Balance Sheet of SUN YAD CONSTRUCTION CO., LTD. and its subsidiaries (hereinafter referred to as "SUN YAD Group") on December 31, 2024 and 2023, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1~December 31, 2024 and 2023.

In our opinion, said consolidated financial statements in all major respects are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretation, or SIC Interpretation endorsed by the Financial Supervisory Commission. They are sufficient to adequately express the consolidated financial status of the SUN YAD Group as of December 31, 2024 and 2023 and its consolidated financial performance and consolidated cash flow from January 1 through December 31, 2024 and 2023.

Basis for Opinions

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

Key Audit Matters

Key audit matters refer to the most important matters for the audit of 2024 consolidated financial statements of the SUN YAD Group based on our professional judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that the following key audit matters should be communicated in the audit report:

I. Recognition of revenue - real estate sale

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

Explanation of Key Audit Matters:

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

Audit procedures:

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

II. Inventory valuation

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

Explanation of Key Audit Matters:

Inventories of SUN YAD Group are measured at the lower of cost or net realizable value. Building industry: As the real estate industry requires a high cash inflow with the long collection period, the industry is likely to be affected significantly by politics, economy and real estate tax systems and, therefore, there might be the risk that the inventory cost would be higher than the net realizable value. Manufacturing industry: If the product is obsolete or no longer meets the market demand, and the sales of related products may fluctuate drastically, the inventory will be sluggish and the inventory cost may be higher than the net realizable value. Therefore, the inventory valuation is identified as one of the important evaluation indicators in our audit on SUN YAD Group's consolidated financial statements.

Audit procedures:

Our main audit procedures for the above key audit matters include: Construction industry: 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, or the real estate appraisal value is obtained appraiser or current transaction price. Manufacturing industry: understand the valuation policy of inventory obsolescence adopted by the management, and compare the actual status of past obsolete and slow-moving inventories to assess the accuracy of past management's estimates; obtain inventory ageing reports, and test the correctness of the inventory ageing calculations by applying a sample to the inventory transaction documents. According to the percentage of allowance for slowdown, recalculation is made for the allowance for obsolete and slow-moving inventories; and evaluates whether the disclosure of allowance for obsolete and slow-moving inventories is appropriate.

III. Business combination - acquisition of a business

Regarding the business combination - acquisition of a business for the accounting policy, please refer to Note IV(XXI) business combination (including the acquisition of a business) of the consolidated financial statements; for relevant disclosure, please refer to Note VI(VIII) of the consolidated financial statements.

Explanation of Key Audit Matters:

The management of SUN YAD Group commissioned an external independent evaluation expert to issue a purchase price allocation report, and according to the evaluation results of the report, the fair value of identifiable intangible assets and goodwill or bargain purchase gain were recognized and adjusted. Since the allocation of the acquisition price involves assumptions of accounting estimates, including evaluation models, key parameter settings, future cash flows, and the use of discount rates, the assessment consideration for the price allocation report of a business acquisition is when we implement one of the important assessment matters in the audit of the consolidated financial statements of the Group.

Audit procedures:

Our main audit procedures for the above key audit matters include assessing the suitability, objectivity, and professional qualifications of the external independent evaluation experts commissioned by the management. Through interviews with the management to understand the operations overview after including the business item, and by comparing the external market information with the internal hypothetical information, to confirm that there are no matters that affect its objectivity or limit its scope of work. Entrust the evaluation experts of the firm to implement relevant procedures to evaluate whether the main assumptions and evaluation methods used in the price allocation report issued by the external independent evaluation expert are reasonable.

Other Matters

SUN YAD CONSTRUCTION CO., LTD. has prepared the parent company only financial statements 2024 and 2023. Meanwhile, we hereby issued an unqualified audit opinion in the report for future reference.

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

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

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

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

External Auditors' Responsibilities for the Audit on Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of SUN YAD Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SUN YAD Group to continue as a going concern, based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause SUN YAD Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the consolidated financial statements, including the related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion on the Group.

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

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

From the matters communicated with the governance unit, we have determined key audit matters of 2024 consolidated financial statements of SUN YAD Group. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

External auditor:

Approval reference	Jin-Guan-Zhen-6-Zi No. 0960069825
of securities	Jin-Guan-Zheng-Shen-Zi No.
competent authority:	1130332775
March 12, 2025	

Notes to Readers

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

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

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NT\$ Thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI(I))	\$ 1,631,952	9	689,023	6	2100	Short-term loan (Notes VI(XV) and VIII)	\$ 5,554,426	32	3,684,276	30
1110	Financial assets at fair value through profit or loss - non-current (Notes VI(II) and (XX))	134,161	1	206,282	2	2110	Short-term bills and notes payable (Notes VI(XVI) and VIII)	399,440	3	155,822	1
1136	Financial assets measured at amortized cost - current (Note VI(IV))	289,623	2	514,913	4	2120	Financial liabilities at fair value through profit or loss - non-current (Note VI(II) and (XX))	-	-	2,400	-
1150	Notes receivable, net (Note VI(V) and (XXVII))	24,426	-	38,513	-	2130	Contract liabilities - current (Note VI(XXVII) and IX)	1,189,912	7	860,597	7
1170	Accounts receivable, net (Note VI(V), (XXVII) and VII)	205,876	1	100,227	1	2150	Notes payable	28,380	-	215	-
1200	Other receivables (Note VI(VI) and VII)	9,629	-	27,008	-	2170	Accounts payable	429,491	3	683,513	5
1220	Income tax assets for the current period	3,050	-	2,415	-	2200	Other payables (Note VII)	209,353	1	97,535	1
130X	Inventory (Note VI(VII), VIII and IX)	10,301,383	60	7,671,487	61	2230	Income tax liabilities for the current period	51,711	-	4,109	-
1410	Prepayments (Note VII)	414,236	3	425,746	3	2250	Provision - current (Note VI(XIX))	5,000	-	-	-
1470	Other current assets	247,648	1	153,727	1	2280	Lease liabilities - current (Note VI(XVIII))	20,593	-	4,724	-
1476	Other financial assets - current (Note VIII)	206,461	1	274,952	2	2321	Corporate bonds payable due within one year or one business cycle (Notes VI(XX) and VIII)	131,773	1	1,042,899	8
	Total current assets	13,468,445	78	10,104,293	80	2322	Long-term loan due within one year or one business cycle (Note VI(XVII) and VIII)	66,936	-	41,557	-
Non-current assets:						2399	Other current liabilities	20,362	-	14,950	-
1510	Financial assets at fair value through profit or loss - non-current (Note VI(II) and VIII)	393,741	2	363,325	3		Total current liabilities	8,107,377	47	6,592,597	52
1521	Financial assets at fair value through other comprehensive income - non-current (Note VI(III))	77,964	-	6,926	-	Non-current liabilities:					
1535	Financial assets measured at amortized cost - non-current (Note VI(IV) and VIII)	152,653	1	-	-	2530	Corporate bonds payable (Notes VI(XX) and VIII)	748,534	5	-	-
1600	Property, plant and equipment (Note VI(XVIII), (XI), VII, VIII and IX)	2,069,075	12	1,555,527	13	2540	Long-term loan (Notes VI(XVII) and VIII)	74,854	-	112,524	1
1755	Right-of-use assets (Note VI(VIII) and (XII))	116,926	1	12,632	-	2572	Deferred income tax liabilities (Note VI(VIII) and (XXIII))	66,768	-	66,186	1
1760	Investment property (Notes VI(XIII), (XXI) and VIII)	419,750	3	432,305	3	2580	Lease liabilities - non-current (Note VI(XVIII))	108,811	1	8,485	-
1780	Intangible assets (Note VI(VIII) and (XIV))	278,638	2	75,175	1	2645	Deposits received	5,771	-	4,314	-
1840	Deferred income tax assets (Note VI(VIII) and (XXIII))	27,607	-	12,024	-		Total non-current liabilities	1,004,738	6	191,509	2
1920	Refundable deposits (Note VII)	18,501	-	14,155	-		Total liabilities	9,112,115	53	6,784,106	54
1980	Other financial assets - non-current (Note VIII)	163,000	1	-	-	Equity attributed to owners of the parent (Note VI(III), (IX), (X), (XX), (XXIII), and (XXIV)):					
1990	Other non-current assets (Note VI(XXII))	14,770	-	1,003	-	3100	Capital stock	3,010,160	17	2,804,169	23
	Total non-current assets	3,732,625	22	2,473,072	20	3200	Capital surplus	649,691	4	288,659	2
						3350	Accumulated deficit	(322,437)	(2)	(107,759)	(1)
						3400	Other equity	(151)	-	15	-
						3500	Treasury stock	(46,712)	-	(82,303)	(1)
							Total equity attributed to owners of the parent	3,290,551	19	2,902,781	23
						Non-controlling equity:					
						36XX	Non-controlling equity (Notes VI(IX) and (X))	4,798,404	28	2,890,478	23
							Total equity	8,088,955	47	5,793,259	46
						Total liabilities and equity		\$ 17,201,070	100	12,577,365	100
Total assets		\$ 17,201,070	100	12,577,365	100						

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

Consolidated Statement of Comprehensive Income

January 1~December 31, 2024 and 2023

Unit: NT\$ Thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes VI(X), (XXVII), and VII)	\$ 1,491,234	100	845,937	100
5000	Operating cost (Note VI(VII), (XI), (XII), (XIII), (XIV), (XXII), (XXV), VII, XII)	1,010,282	68	700,117	83
5900	Gross profit	480,952	32	145,820	17
6100	Operating expenses: (Note VI(V), (XI), (XII), (XIII), (XIV), (XVIII), (XXI), (XXII), (XXV), VII and XII)				
6100	Selling expenses	234,910	16	60,731	7
6200	Management expenses	327,452	22	244,854	29
6300	R&D expenses	21,025	1	19,392	2
6450	Gain on reversal of expected credit impairment	(580)	-	-	-
		<u>582,807</u>	<u>39</u>	<u>324,977</u>	<u>38</u>
6900	Operating loss, net	<u>(101,855)</u>	<u>(7)</u>	<u>(179,157)</u>	<u>(21)</u>
	Non-operating revenue and expenditure: (Note VI(II), (VIII), (XVIII), (XX), (XXI) and (XXIX), VII, and IX)				
7100	Interest revenue	20,069	1	8,640	1
7190	Other revenue	12,975	1	23,683	3
7020	Other gains and losses	106,803	7	113,577	13
7050	Financial cost	<u>(124,981)</u>	<u>(8)</u>	<u>(111,278)</u>	<u>(13)</u>
		14,866	1	34,622	4
7900	Net loss before tax	<u>(86,989)</u>	<u>(6)</u>	<u>(144,535)</u>	<u>(17)</u>
7950	Less: Income tax expenses (Note VI(XXIII))	54,974	4	4,344	1
8200	Net loss for the current period	<u>(141,963)</u>	<u>(10)</u>	<u>(148,879)</u>	<u>(18)</u>
8300	Other comprehensive income:				
8310	Items not reclassified into income (Note VI(XXIII) and (XXIV))				
8311	Remeasurement of defined benefit plan	(1,836)	-	375	-
8316	Unrealized valuation gains or loss on investment in equity instrument at fair value through other comprehensive income	(122)	-	2,048	-
8349	Less: Income tax related to items that are not reclassified	<u>(367)</u>	<u>-</u>	<u>75</u>	<u>-</u>
		<u>(1,591)</u>	<u>-</u>	<u>2,348</u>	<u>-</u>
8360	Items that may be subsequently reclassified into income (Note VI(XXIII) and (XXIV))				
8361	Exchange differences on translation of foreign financial statements	7	-	-	-
8367	Unrealized valuation gains or loss on investment in debt instrument at fair value through other comprehensive income	(286)	-	-	-
8399	Less: Income tax related to items that might be reclassified	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(222)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other comprehensive income (net after tax)	<u>(1,813)</u>	<u>-</u>	<u>2,348</u>	<u>-</u>
8500	Total comprehensive income	\$ <u><u>(143,776)</u></u>	<u><u>(10)</u></u>	\$ <u><u>(146,531)</u></u>	<u><u>(18)</u></u>
	Net income (loss) of the period attributed to:				
8610	Owners of the parent	\$ (214,390)	(14)	(144,751)	(17)
8620	Non-controlling equity	72,427	4	(4,128)	(1)
		\$ <u><u>(141,963)</u></u>	<u><u>(10)</u></u>	\$ <u><u>(148,879)</u></u>	<u><u>(18)</u></u>
	The total comprehensive income shall be vested in:				
8710	Owners of the parent	\$ (214,572)	(14)	(143,429)	(17)
8720	Non-controlling equity	70,796	4	(3,102)	(1)
		\$ <u><u>(143,776)</u></u>	<u><u>(10)</u></u>	\$ <u><u>(146,531)</u></u>	<u><u>(18)</u></u>
	Earnings (losses) per share (Note VI(XXVI) (Unit: NT\$))				
9750	Basic loss per share	\$ <u><u>(0.79)</u></u>		<u><u>(0.68)</u></u>	

(See accompanying notes to consolidated financial statements)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

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

Consolidated Statement of Changes in Equity

January 1~December 31, 2024 and 2023

Unit: NT\$ Thousand

	Equity attributed to owners of the parent												Total equity attributed to owners of the parent	Non-controlling equity	Total equity
	Retained earnings						Other equity items								
							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					
	Common stock capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (accumulated deficit)	Total									
Balance on January 1, 2023	\$ 2,190,421	321,536	-	4,832	121,606	126,438	(182)	2,211	2,029	(61,756)	2,578,668	2,743,376	5,322,044		
Net loss for the current period	-	-	-	-	(144,751)	(144,751)	-	-	-	-	(144,751)	(4,128)	(148,879)		
Other comprehensive income for the current period	-	-	-	-	43	43	-	1,279	1,279	-	1,322	1,026	2,348		
Total comprehensive income	-	-	-	-	(144,708)	(144,708)	-	1,279	1,279	-	(143,429)	(3,102)	(146,531)		
Earning appropriation and distribution:															
Legal reserve appropriation	-	-	12,161	-	(12,161)	-	-	-	-	-	-	-	-		
Special reserve appropriation	-	-	-	21,117	(21,117)	-	-	-	-	-	-	-	-		
Cash dividends of common shares	-	-	-	-	(87,617)	(87,617)	-	-	-	-	(87,617)	-	(87,617)		
Cash dividends distributed from the capital surplus	-	(65,712)	-	-	-	-	-	-	-	-	(65,712)	-	(65,712)		
Cash capital increase	600,000	-	-	-	-	-	-	-	-	-	600,000	-	600,000		
Convertible corporate bonds	13,748	2,208	-	-	-	-	-	-	-	-	15,956	-	15,956		
Subsidiaries' conversion of convertible corporate bonds	-	-	-	-	-	-	-	-	-	-	-	14,308	14,308		
The stocks of the parent company purchased by a subsidiary shall be identified as treasury stocks.	-	-	-	-	-	-	-	-	-	(20,547)	(20,547)	(102,513)	(123,060)		
Distribute dividends to subsidiaries and adjust the capital surplus	-	2,623	-	-	-	-	-	-	-	-	2,623	-	2,623		
Changes in the ownership and equity of the subsidiary	-	16,119	-	-	(5,165)	(5,165)	-	-	-	-	10,954	(15,298)	(4,344)		
Subsidiaries' disposal of investment in equity instrument at fair value through other comprehensive income	-	-	-	-	3,293	3,293	-	(3,293)	(3,293)	-	-	-	-		
Share-based payment transactions	-	2,205	-	-	-	-	-	-	-	-	2,205	1,651	3,856		
Exercise of employee stock options	-	-	-	-	-	-	-	-	-	-	-	10,549	10,549		
Decrease/increase in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	241,507	241,507		
Exercise of disgorgement	-	9,680	-	-	-	-	-	-	-	-	9,680	-	9,680		
Balance on December 31, 2023	2,804,169	288,659	12,161	25,949	(145,869)	(107,759)	(182)	197	15	(82,303)	2,902,781	2,890,478	5,793,259		
Income (loss)	-	-	-	-	(214,390)	(214,390)	-	-	-	-	(214,390)	72,427	(141,963)		
Other comprehensive income for the current period	-	-	-	-	(16)	(16)	4	(170)	(166)	-	(182)	(1,631)	(1,813)		
Total comprehensive income	-	-	-	-	(214,406)	(214,406)	4	(170)	(166)	-	(214,572)	70,796	(143,776)		
Issuance of convertible corporate bonds - conversion right	-	35,252	-	-	-	-	-	-	-	-	35,252	-	35,252		
Convertible corporate bonds	161,381	47,775	-	-	-	-	-	-	-	-	209,156	-	209,156		
Subsidiaries' conversion of convertible corporate bonds	-	-	-	-	-	-	-	-	-	-	-	790,372	790,372		
Disposal of shares of parent company by subsidiary and treated as treasury stock	-	12,282	-	-	-	-	-	-	-	35,591	47,873	226,136	274,009		
Subsidiaries' allocation of cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(99,368)	(99,368)		
Changes in the ownership and equity of the subsidiary	-	257,824	-	-	(272)	(272)	-	-	-	-	257,552	41,114	298,666		
Share-based payment transactions	-	761	-	-	-	-	-	-	-	-	761	392	1,153		
Exercise of employee stock options	44,610	7,138	-	-	-	-	-	-	-	-	51,748	-	51,748		
Decrease/increase in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	878,484	878,484		
Balance on December 31, 2024	\$ 3,010,160	649,691	12,161	25,949	(360,547)	(322,437)	(178)	27	(151)	(46,712)	3,290,551	4,798,404	8,088,955		

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

Chairman: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

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

Consolidated Cash Flow Statement

January 1~December 31, 2024 and 2023

Unit: NT\$ Thousand

	2024	2023
Cash flow from operating activities:		
Net loss before tax for the period	\$ (86,989)	(144,535)
Adjustment:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	68,203	54,015
Amortization expenses	7,908	2,969
Gain on reversal of expected credit impairment	(580)	-
Net gain on financial assets and liabilities at fair value through profit or loss	(56,743)	(85,230)
Interest expenses	124,981	111,278
Interest revenue	(20,069)	(8,640)
Dividend revenue	(12,975)	(23,683)
Lease improvement losses	-	271
Loss (gain) on disposal and retirement of property, plant and equipment	16	(13,299)
Impairment loss	3,691	2,846
Unrealized gains on foreign currency exchange	(7,388)	(396)
Share-based payment transactions	1,153	3,856
Gain recognized in bargain purchase transaction	(1,761)	-
Adjustments to reconcile profit (loss)	106,436	43,987
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Decrease in contract assets	-	30,383
Decrease in notes payable	14,648	29,143
Decrease in accounts receivable	56,507	10,557
Decrease (increase) in other receivables	26,481	(18,228)
Increase in inventories	(2,357,312)	(709,839)
Decrease (increase) in prepayments	12,349	(156,899)
Increase in other current assets	(86,938)	(34,207)
Decrease (increase) of other non-current assets	(3,411)	13,538
Total net changes in assets related to operating activities	(2,337,676)	(835,552)
Net changes in liabilities related to operating activities:		
Increase in contract liabilities	296,997	161,452
Decrease in notes payable	(72,094)	(94)
Increase (decrease) in accounts payable	(324,850)	138,450
Increase (decrease) in other payables	62,929	(59,869)
Increase in provisions - current	5,000	-
Increase (decrease) in other current liabilities	3,874	(8,033)
Decrease in net defined benefit liabilities	-	(2,980)
Total net changes in liabilities related to operating activities	(28,144)	228,926
Total net changes in assets and liabilities related to operating activities	(2,365,820)	(606,626)
Total adjustments	(2,259,384)	(562,639)
Cash outflow from operation	(2,346,373)	(707,174)
Interest collected	18,460	8,631
Dividends collected	12,975	23,683
Interest paid	(133,212)	(105,428)
Income tax paid	(8,566)	(6,402)
Net cash outflow from operating activities	(2,456,716)	(786,690)
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(60,720)	(20,734)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	33,497
Decrease (increase) of financial assets at amortized cost	119,671	(501,186)
Acquisition of financial assets at fair value through profit or loss	(198,724)	(97,821)
Proceeds from disposal of financial assets at fair value through profit or loss	301,432	237,795
Acquisition of subsidiaries (less acquired cash)	(537,012)	-
Acquisition of property, plant and equipment	(42,934)	(60,182)
Proceeds from disposal of property, plant and equipment	1,672	71,602
Decrease (increase) in refundable deposits	(1,434)	4,585
Acquisition of intangible assets	(16,774)	(379)
Acquisition of investment property	(216)	(69,463)
Decrease in other financial assets - current	98,150	233,874
Decrease (increase) in other financial assets-current	(163,000)	194,932
Net cash (outflow) inflow from investing activities	(499,889)	26,520
Cash flow from financing activities:		
Increase in short-term loans	3,014,036	2,528,620
Decrease in short-term loans	(1,312,524)	(2,441,648)
Increase in short-term bills and notes payable	1,091,671	614,648
Decrease in short-term bills and notes payable	(848,053)	(613,552)
Issuance of convertible corporate bonds	812,655	-
Repayment of corporate bonds	(13,200)	-
Proceeds from long-term loans	-	99,560
Repayment of long-term loans	(94,291)	(69,771)
Increase (decrease) in deposits received	1,227	(8,923)
Repayment of principal for lease	(12,375)	(4,371)
Cash capital increase	-	600,000
Exercise of employee stock options	51,748	-
Proceeds from disposal of treasury stock	274,009	-
Distribution of cash dividends	-	(150,706)
Exercise of disgorgement	-	9,680
Repurchase of treasury stock	-	(123,060)
Changes in non-controlling equity	933,799	245,637
Net cash inflow from financing activities	3,898,702	686,114
Effect of changes in foreign exchange rate to cash and cash equivalents	832	(69)
Net increase (decrease) in cash and cash equivalents for the current period	942,929	(74,125)
Balance of cash and cash equivalents, beginning	689,023	763,148
Balance of cash and cash equivalents, ending	\$ 1,631,952	689,023

(See accompanying notes to consolidated financial statements)

Chairman: Chang Yu-Ming

Manager: Chang Yu-Ming

Accounting Manager: Kuo Yu-Cheng

SUN YAD CONSTRUCTION CO., LTD. and Its' Subsidiaries
Notes to Consolidated Financial Statements
2024 and 2023

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

I. Company History

SUN YAD CONSTRUCTION CO., LTD. (hereinafter referred to as the "Company") was established upon approval of the Ministry of Economic Affairs on December 11, 1979. Its registered address is 20-6F, No. 248, Sec. 2, Yong Hua Rd., Anping Dist., Tainan City. The Company and its subsidiaries (hereinafter referred to as the "consolidated entities") are primarily engaged in the business lines including various polymer chemical raw materials, such as polyurethane resins, adhesives, surface treatment agents and solvents, manufacture and trading of synthetic leather, plastic leather and more, housing and building development and rental, livestock breeding and bulk raw materials trading, and sale of integrated circuit systems and security monitoring products, restaurant business, retail business of groceries and beverages, other catering services, trading of building materials, interior decoration business, trading of apparel and advertising and marketing.

II. Dates and procedures where the financial statements were resolved

The consolidated financial statements were passed and promulgated by the Board of Directors on March 12, 2025.

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 the Financial Supervisory Commission (FSC).

The adoption of the following amended International Financial Reporting Standards by the consolidated entities starting on January 1, 2024 does not have a material influence on the consolidated 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 IAS 7 and IFRS 7, "Supplier Finance Arrangements"
- Amendments to IFRS 16, "Lease Liabilities in Sale and Leaseback Transactions"

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

The consolidated entities evaluated that the application of the following amended IFRS since January 1, 2025 shall have little chance leading to material impacts in the consolidated financial statements.

- Amendments to IAS 21, "Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendment to the Classification and Measurement of Financial Instruments" regarding the application guidance of IFRS 9 Section 4.1 and IFRS 7 relevant disclosure requirements

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

IFRSs that have been released and amended by the International Accounting Standards Board (hereinafter referred to as the "IASB") but have not yet endorsed by the FSC as critical to the consolidated entities are listed as follows:

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

New or amended standard	Contents of the amendments	Effective date of IASB's announcement
IFRS No. 18 "Presentation and Disclosures of Financial Statements"	<p>The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies.</p> <ul style="list-style-type: none"> • More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of "operating income," and stipulates that all income, expenses and losses are classified into three new different categories based on the company's main operating activities. • Management Performance Measurement (MPM): The new standard introduces the definition of MPM, and requires companies to explain why each measurement could provide useful information, and how the indicators are calculated and adjusted with the amounts recognized in accordance with the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes. 	January 1, 2027

The consolidated entities are continuing to assess the impact of the above standards and interpretations on its financial status and operating results and will disclose relevant influence once the assessment has been completed.

The consolidated entities expect no material influence on the consolidated financial statements due to other 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
- IFRS 19 "Subsidiaries not with Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendment to the Classification and Measurement of Financial Instruments" regarding the application guidance of IFRS 9 Section 3.1 and 3.3 and IFRS 7 relevant disclosure requirements

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

- Annual improvement of IFRS accounting
- Amendments to IFRS 9 and IFRS 7 - "Contracts Referencing Nature-dependent Electricity"

IV. Summary of significant accounting policies

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

(I) Statement of compliance

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

(II) Basis of preparation

1. Basis for measurement

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

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income; and
- (3) Net defined benefit assets are measured at the fair value of pension fund assets less the present value of defined benefit obligations.

2. Functional currency and presentation of currency

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

(III) Basis for consolidation

1. Principles for preparation of consolidated financial statements

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

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

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

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

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

2. Subsidiaries included into the consolidated financial statements

The subsidiaries included into the consolidated financial statements include:

Name of Investee	Name of Subsidiary	Nature of Business	Equity (%)		Remarks
			2024.12.31	2023.12.31	
The Company	Victory Enterprises Limited	Investment	64.36%	64.36%	
The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	12.66%	16.14%	(Note 1)
The Company	Shangyu Construction Co., Ltd. (Shangyu)	Construction and engineering	99.99%	99.99%	
The Company	MYSON CENTURY, INC. (MYSON)	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	17.06%	17.06%	(Note 1)
The Company	FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. (FEEI CHERNG)	Livestock breeding, bulk raw materials trading, housing and building development and rental	13.04%	13.04%	(Note 1 and Note 3)
MYSON CENTURY, INC.	ZAVIO INC. (ZAVIO)	Trading of apparel and sales of security monitoring products	100.00%	100.00%	
MYSON CENTURY, INC.	YUAN QIAO Corporation	Catering and other catering	80.00%	82.78%	(Note 2)
MYSON CENTURY, INC.	Yunkang Century Co., Ltd. (Yunkang Century)	Food and Grocery Trading	100.00%	-	(Note 4)
MYSON CENTURY, INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	-	2.15%	(Note 1)
MYSON CENTURY, INC.	HSIN-LI CHEMICAL INDUSTRIAL CORP. (HSIN-LI)	Manufacture and trading of synthetic leather, plastic leather	-	2.63%	(Note 1)
MYSON CENTURY, INC.	FEEI CHERNG ENTERPRISE CO., LTD.	Livestock breeding, bulk raw materials trading, housing and building development and rental	-	0.14%	(Note 1)
Shangyu Construction Co., Ltd.	BOROMI OPTRONICS CORP. (BOROMI)	Indoor renovation/indoor decoration, and door and window installation project	100.00%	100.00%	
Shangyu Construction Co., Ltd.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather	-	7.72%	(Note 1)
Shangyu Construction Co., Ltd.	MYSON CENTURY, INC.	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	1.89%	-	(Note 1)
BOROMI OPTRONICS CORP.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather	-	3.67%	(Note 1)
BOROMI OPTRONICS CORP.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	-	1.13%	(Note 1)
BOROMI OPTRONICS CORP.	MYSON CENTURY, INC.	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	0.15%	-	(Note 1)
Victory Enterprises Limited	Acme International Management Inc.	Investment	100.00%	100.00%	
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	Livestock breeding, bulk raw materials trading, housing and building development and rental	16.88%	17.21%	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather	12.64%	15.08%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	HSIN-LI	Manufacture and trading of synthetic leather, plastic leather	-	10.19%	(Note 1)
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai Engineering Co., Ltd.	Construction and engineering	98.63%	92.53%	
HSIN-LI	MYSON CENTURY, INC.	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	7.17%	9.83%	(Note 1)
HSIN-LI	PONY LEATHER CORPORATION (Pony Leather)	Manufacture and trading of synthetic leather, plastic leather	69.67%	-	(Note 4)

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

(Note 1): The consolidated entities has the right to lead the company's personnel, finance and business operations to obtain control, so it is included in the subject of the consolidated financial statements.

(Note 2): A subsidiary incorporated under the approval of the Ministry of Economic Affairs on April 20, 2023.

(Note 3): FEEI CHERNG ENTERPRISE CO., LTD was renamed FEEI CHERNG DEVELOP TECHNOLOGY CO., LTD. on June 26, 2023.

(Note 4): The consolidated entities have acquired the control over Yunkang Century Co., Ltd. and Pony Leather Corporation in September 2024, and the company became a subsidiary of the consolidated entities. Therefore, the company was included into the consolidated financial statements.

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

(IV) Foreign currency

1. Foreign currency transactions

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

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 the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling equity on a pro rata basis.

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

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

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

1. Assets expected to be realized, or intent to be sold or consumed, in the normal operating cycle. Except the real estate development business, which is subject to the business cycle longer than one year generally, the other businesses of the consolidated entities are subject to the business cycle for one year;
2. Assets primarily held for the purpose of trading;

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

3. Assets expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalents (as defined by IAS 7), unless the exchange of the asset or its use to settle a liability at least twelve months after the reporting period are restricted.

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 by the consolidated entities:

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, the other liabilities of the consolidated entities are subject to the business cycle for one year;
2. Liabilities primarily held for the purpose of trading;
3. The liability will be settled within twelve months after the reporting period; or
4. At the end of the reporting period, the Company does not have the right to defer the settlement of the liability for at least 12 months after the reporting period.

(VI) Cash and Cash Equivalents

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

(VII) Financial instruments

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

1. Financial assets

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

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

(1) Financial assets measured at amortized cost

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

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

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

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

Debt instrument investments that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at fair value through other comprehensive income:

- The issuer holds the financial assets within a business model whose objective is to hold the financial asset to collect the contractual cash flows and selling.
- 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.

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

The investment in debt instrument, if any, is measured at fair value subsequently. Interest income, foreign currency exchange gains or losses, and impairment losses calculated under the effective interest method are recognized in profit or loss, and the remaining net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income will be reclassified to profit or loss.

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

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

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

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

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

(4) Impairment on financial assets

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

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

- The credit risk over bond securities is considered low on the reporting date; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

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

(2) Equity transactions

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

(3) Treasury stock

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

(4) Compound financial instruments

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

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

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

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

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

(5) Financial liabilities

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

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

(6) Derecognition of financial liabilities

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

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

(7) Offsetting of financial assets and liabilities

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

(VIII) Inventory

1. Building industry

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

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

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

2. Manufacturing industry

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

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

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

(IX) Investment property

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

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

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

(X) Property, plant and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

No depreciation is provided for land.

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

(1) Land improvement	7 ~ 15 Year
(2) Building and structure	1 ~ 60 Year
(3) Machine and equipment	2 ~ 18 Year
(4) Other equipment	1 ~ 30 Year

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

(XI) Lease

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

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

1. As a lessee

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

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

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

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

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

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

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

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

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

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

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

The consolidated entities have elected not to recognize right-of-use assets and lease liabilities for short-term leases of employee dormitory, parking lots, office premises and other equipment and leases of low-value assets. The consolidated entities recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

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

(XII) Intangible assets

1. Recognition and measurement

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

Computer softwares and other intangible assets with limited useful years that are acquired by the consolidated entities are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

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

3. Amortization

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

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

(1) Cost of computer software	3~5 Year
(2) License	10 Year
(3) Trademark	10 Year
(4) Specialized technology	10 Year
(5) Others	3~5 Year

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

(XIII) Impairment on non-financial assets

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

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

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

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.

(XIV) Provision for liabilities

The reserve for liabilities shall be recognized when the consolidated entities has a present obligation as a result of a past event, and it is probable that the consolidated entities will require an outflow of economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. The provision for liabilities is discounted at the pre-tax discount rate that reflects the current market's assessment of the specific risk of the time value of money and liabilities; the amortization of the discount is recognized as interest expense.

The provision for warranty liabilities is recognized when the product or service is sold. The provision is based on the historical warranty information and all possible outcomes weighted by the relevant probability.

(XV) Recognition of revenue

1. Revenue from contracts with customers

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

(1) Sale of products

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

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

(2) Sales of real estate

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

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

(3) Lease revenue

The investment property held by the consolidated entities is to earn lease income, which is recognized in the lease income under the straight-line method over the period of the lease contract realization.

(4) Revenue from selling electricity

It is recognized based on the actual kWh of electricity sold and tariff.

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

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

(2) Costs to fulfill a contract

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

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

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

(XVI) Operating expenses

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

(XVII) Government grants

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

(XVIII) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

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

(XIX) Share-based payment transactions

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

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

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

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

(XX) Income tax

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

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

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

1. Assets or liabilities initially recognized not for business combination transactions that (i) do not affect accounting profits and taxable income (losses) and (ii) do not generate equivalent taxable and deductible temporary differences at the time of transactions;
2. temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the consolidated entities are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

(XXI) Business combination (including acquisition of a business)

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

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

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

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

(XXII) Earnings per share

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

(XXIII) Segment information

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

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

In preparing the consolidated financial statements, the management must make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

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

The management continues to review the estimates and basic assumptions. They are consistent with the consolidated entities' risk management and climate-related commitments. Changes in accounting estimates are deferred during the period between the changes and affected future periods.

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

On December 31, 2024, the consolidated entities held 26.27% of the voting shares of MYSON, as the largest shareholder of MYSON, while the other 73.73% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the company's personnel, finance, and business operations, and thus gain control over it.

On December 31, 2024, the consolidated entities held 12.64% of the voting shares of HSIN-LI, as the largest shareholder of HSIN-LI, while the other 87.36% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the company's personnel, finance, and business operations, and thus gain control over it.

As of December 31, 2024, the consolidated entities and the consolidated entities's chairman held 29.92% and 26.66% of the voting shares of the consolidated entities, respectively, making it its largest and second largest shareholder, respectively, and the remaining 43.42% shareholding is not concentrated on a specific shareholder. The consolidated entities had the right to direct the company's personnel, finance, and business operations, and thus gain control over it.

On December 31, 2024, the consolidated entities held 12.66% of the voting shares of U-BEST INNOVATIVE TECHNOLOGY, becoming its largest shareholder, while the other 87.34% of the voting shares are not concentrated on specific shareholders. The consolidated entities had the right to direct the company's personnel, finance, and business operations, and thus gain control over it.

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

(I) Inventory valuation

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

(II) Acquisition of subsidiary

The fair value of the identifiable net assets acquired by the consolidated entities by acquiring subsidiaries is a provisional amount, and the final evaluation of these assets is pending. The consolidated entities will continue to review the final evaluation of the above assets during the evaluation period. If any new information about facts and circumstances already existing on the date of acquisition as obtained within one year as of the date of acquisition may identify the adjustment on said provisional amount or additional liability allowance existing on the date of acquisition, the accounting treatment of acquisition will be modified. Please refer to Note VI(VIII).

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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VI. Explanation of important accounting titles

(I) Cash and Cash Equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash and petty cash	\$ 1,626	1,245
Check deposits and demand deposits	1,616,695	687,778
Time deposits	<u>13,631</u>	<u>-</u>
Cash and cash equivalents in Consolidated Cash Flow Statement	<u><u>\$ 1,631,952</u></u>	<u><u>689,023</u></u>

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

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss - non-current		
Stocks listed on TWSE/TPEX	\$ 27,918	139,691
Beneficiary certificate	104,842	46,614
Convertible corporate bonds	-	19,977
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>1,401</u>	<u>-</u>
	<u><u>\$ 134,161</u></u>	<u><u>206,282</u></u>
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Stocks listed on TWSE/TPEX	\$ 382,809	352,833
Stocks unlisted on TWSE/TPEX	7,200	10,492
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u>3,732</u>	<u>-</u>
	<u><u>\$ 393,741</u></u>	<u><u>363,325</u></u>
Financial liabilities designated to be measured at fair value through profit or loss - current:		
Embedded derivatives - put option/right of redemption for convertible corporate bonds	<u><u>\$ -</u></u>	<u><u>2,400</u></u>

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

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

The consolidated entities recognized the gains on reversal, NT\$23 thousand and NT\$7 thousand, as a result of the redemption of certain structured notes by the First Commercial Bank in 2024 and 2023, stated into other gains and losses in the Consolidated Statement of Comprehensive Income.

The consolidated entities recognized the dividend revenues, NT\$12,825 thousand and NT\$14,584 thousand, as a result of said financial liabilities mandatorily measured at fair value through profit or loss in

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

2024 and 2023.

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

(III) Financial assets at fair value through other comprehensive income - non-current:

	2024.12.31	2023.12.31
Debt instruments measured at fair value through other comprehensive income:		
Foreign bond investment	\$ 10,318	-
Equity instruments measured at fair value through other comprehensive income:		
Stocks unlisted on TWSE/TPEX	67,646	6,926
	<u>\$ 77,964</u>	<u>6,926</u>

The consolidated entities evaluates the foreign bond investment held by the business model of collecting contractual cash flows and selling financial assets, so it is listed in financial assets at fair value through other comprehensive income.

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

The consolidated entities did not dispose of strategic investment in 2024, nor was the accumulated gain or loss during the period transferred within the equity.

The consolidated company changed its investment strategies in 2023. Therefore, the domestic stocks listed on TWSE/TPEX designated to be measured at fair value through other comprehensive income were sold. The fair value thereof NT\$33,497 thousand at the time of the disposal. The accumulated gains on the disposal amounted to NT\$4,400 thousand. Said accumulated gains on the disposal have been re-stated as the retained earnings, NT\$3,293 thousand, from other equity, subject to the consolidated entities' shareholdings.

The consolidated entities recognized the dividend revenues, NT\$150 thousand and NT\$9,099 thousand, respectively as a result of the above investment in equity instruments designated at fair value through other comprehensive income in 2024 and 2023.

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

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

(IV) Financial assets measured at amortized cost

	2024.12.31	2023.12.31
Current:		
Time deposits with original maturity date of more than three months	<u>\$ 289,623</u>	<u>514,913</u>
Non-current:		
Time deposits with limited uses	\$ 4,000	-
Foreign government bonds	148,653	-
	<u>\$ 152,653</u>	<u>-</u>

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

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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The consolidated entities invested in foreign government bonds with a face value of US\$4,500 thousand, a coupon rate of 4.625%, and an effective interest rate of 4.449%.

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

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

(V) Notes receivable and accounts receivable

	<u>2024.12.31</u>	<u>2023.12.31</u>
Notes receivable - from operations	\$ 24,426	38,513
Accounts receivable	206,292	100,227
Accounts receivable - related party	21	-
Less: Loss provision	<u>(437)</u>	<u>-</u>
	<u>\$ 230,302</u>	<u>138,740</u>

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

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

	<u>2024.12.31</u>		
	<u>Carrying amount of</u>	<u>Weighted</u>	<u>Allowance for</u>
	<u>notes and accounts</u>	<u>average expected</u>	<u>lifetime expected</u>
	<u>receivable</u>	<u>credit loss rate</u>	<u>credit losses</u>
Not past due	\$ 230,389		-
Overdue 31 - 60 days	4		-
Overdue for more than 181 days	<u>346</u>	100 %	<u>346</u>
Total	<u>\$ 230,739</u>		<u>346</u>

	<u>2023.12.31</u>		
	<u>Carrying amount of</u>	<u>Weighted</u>	<u>Allowance for</u>
	<u>notes and accounts</u>	<u>average expected</u>	<u>lifetime expected</u>
	<u>receivable</u>	<u>credit loss rate</u>	<u>credit losses</u>
Not past due	\$ 138,721	-	-
Overdue for less than 30 days	17	-	-
Overdue for more than 181 days	<u>2</u>	100 %	<u>-</u>
Total	<u>\$ 138,740</u>		<u>-</u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Changes in loss provision for the consolidated entities' notes receivable and accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ -	1,424
Amount written off due to non-recoverability during the period	-	(1,424)
Effect of initial consolidation of subsidiaries	1,017	-
Reversal of impairment loss	<u>(580)</u>	<u>-</u>
Balance, ending	<u><u>\$ 437</u></u>	<u><u>-</u></u>

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

<u>Item</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Certificates of deposit	\$ 1,300	1,800
Maximum amount for the creation of property mortgage	7,000	7,000

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

(VI) Other receivables

	<u>2024.12.31</u>	<u>2023.12.31</u>
Other receivables	\$ 9,368	17,612
Other receivables - related party	261	9,396
Less: Loss provision	<u>-</u>	<u>-</u>
	<u><u>\$ 9,629</u></u>	<u><u>27,008</u></u>

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

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

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ -	6,570
Amount written off due to non-recoverability during the period	<u>-</u>	<u>(6,570)</u>
Balance, ending	<u><u>\$ -</u></u>	<u><u>-</u></u>

(VII) Inventory

	<u>2024.12.31</u>	<u>2023.12.31</u>
Manufacturing industry:		
Raw materials and consumables	\$ 240,287	61,811
Work in process	46,760	431
Finished goods	34,220	20,528
Commodities	<u>20,606</u>	<u>-</u>
Subtotal	<u><u>341,873</u></u>	<u><u>82,770</u></u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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	<u>2024.12.31</u>	<u>2023.12.31</u>
Building industry:		
Land for construction		
Construction land	2,973,160	1,175,532
Land for transfer floor area	5,020	5,020
	<u>2,978,180</u>	<u>1,180,552</u>
Land under construction	2,826,539	2,884,545
Building under construction	1,771,919	1,142,887
Available-for-sale house	2,024,702	2,030,225
Available-for-sale land	319,970	341,936
Prepayments for land	38,200	8,572
Subtotal	<u>9,959,510</u>	<u>7,588,717</u>
Total	<u><u>\$ 10,301,383</u></u>	<u><u>7,671,487</u></u>

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

	<u>2024</u>	<u>2023</u>
Transfer of inventories due to sales	\$ 990,976	685,493
Gain on price recovery of inventory	(19,479)	(10,293)
Loss on idle capacity	22,458	18,397
Inventory retirement loss	374	-
Revenue from sale of scraps	(986)	(639)
Net loss (profit) of inventory	58	(111)
Investment property depreciation expenses	9,271	6,313
Others	7,610	957
	<u><u>\$ 1,010,282</u></u>	<u><u>700,117</u></u>

For the amount of capitalized interest, please refer to Note VI(XXIX). The annual interest rates of capitalization were 2.3% ~ 3.105% and 2.04% ~ 2.975% in 2024 and 2023.

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

(VIII) Business combination

1. Acquisition business

<u>Trading counterpart</u>	<u>Major operating activities</u>	<u>Date of acquisition</u>
Yuan Fu Long Trading Co., Ltd. (hereinafter referred to as "Yuan Fu Long")	Online social media operation and sale of goods	June 13, 2024

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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On June 13, 2024, the consolidated entities acquired its business and asset portfolio from the non-related Yuan Fu Long Company, which included the input and processing of the input. The ability to create output conforms to the definition of a business according to IFRS 3 "Business Combinations". The purpose of this acquisition is to achieve the business expansion effect of the consolidated entities and strengthen the product portfolio of the consolidated entities.

(1) Transfer consideration

	A m o u n t
Cash	\$ <u><u>59,524</u></u>

(2) Identifiable net assets and liabilities assumed on the acquisition date

I t e m	A m o u n t
Non-current assets	
Intangible assets	\$ 60,900
Deferred income tax assets	<u>385</u>
	<u>\$ <u>61,285</u></u>

(3) Gains on bargain purchase due to acquisition

I t e m	A m o u n t
Transfer consideration	\$ 59,524
Less: Fair value of identifiable net assets acquired	<u>(61,285)</u>
Gains on bargain purchase due to acquisition	<u>\$ <u>(1,761)</u></u>

The profit from the bargain purchase arising from the acquisition of Yuan Fu Long Company's activities and assets is mainly due to the consolidated entities's plan to set foot in the online social platform to operate related businesses in 2024. Yuan Fu Long lacks competition in the market due to limitations of its company scale. Therefore, the consolidated entities acquired the portfolio of assets at a transfer consideration lower than the fair value of the assets.

2. Acquisition of the subsidiary - Pony Leather Corporation

For the needs of business development strategy, the consolidated entities acquired 69.67% equity of Pota Technologies in September 2024 for NT\$558,780 thousand in cash, obtained control over the company, and included Pota Technologies into the consolidated entities from the date of acquiring control. Pota Technologies is principally engaged in the manufacturing and trading of synthetic and plastic leather.

The consideration for the acquisition, assets acquired and liabilities assumed, and goodwill recognized on the date of acquisition are stated as follows:

(1) Acquisition consideration

	A m o u n t
Cash	\$ <u><u>558,780</u></u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(2) Identifiable net assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed from Pota Technologies on the date of acquisition is detailed as follows:

Item	Amount
Cash and Cash Equivalents	\$ 92,884
Financial assets measured at amortized cost-current	46,257
Notes and accounts receivable, net	159,829
Other receivables	1,110
Income tax assets for the current period	342
Inventory	250,772
Other current assets	12,395
Other financial assets - current	28,251
Financial assets at fair value through other comprehensive income - non-current:	10,637
Property, plant and equipment	519,131
Right-of-use assets	81,630
Deferred income tax assets	13,805
Other non-current assets	13,589
Refundable deposits	352
Short-term loans	(168,638)
Notes and accounts payable, net	(169,763)
Other payables	(45,342)
Lease liability - current	(6,701)
Long-term loan (including the current portion)	(82,000)
Other current liabilities	(1,248)
Deferred income tax liabilities	(754)
Lease liability - non-current	(86,927)
Deposits received	(230)
Fair value of identifiable net assets	<u><u>\$ 669,381</u></u>

(3) Goodwill

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

Item	Amount
Acquisition consideration - cash	\$ 558,780
Add: Non-controlling equity (measured at the proportion of identifiable net assets to the non-controlling equity)	203,023
Less: Fair value of identifiable assets acquired and liabilities assumed	(669,381)
Goodwill	<u><u>\$ 92,422</u></u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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3. Acquisition of the subsidiary - Yunkang Century Co., Ltd.

For the needs of the business development strategy, the consolidated entities purchased 100% equity of Jukang Life Service Co., Ltd. (hereinafter referred to as "Jukang") in September 2024 for NT\$22,500 thousand, and acquired control over the company. Jukang was included in the consolidated entities as of the date of acquisition of controlling power. Jukang changed its name to Yunkang Century Co., Ltd. (hereinafter referred to as "Yunkang Century") on October 24, 2024. Yunkang Century is mainly engaged in the wholesale of food and groceries. The delivery of relevant equity interests has been completed and the transaction price has been paid in September 2024.

From the acquisition date to December 31, 2024, the revenue and net profit contributed by Yunkang Century are NT\$52,371 thousand and NT\$22,073 thousand, respectively. If the acquisition had occurred on January 1, 2024, the management estimated that the consolidated entities's revenue and net profit would increase (decrease) by NT\$33,621 thousand and NT\$(32,738) thousand, respectively. In determining these amounts, the management assumes that the acquisition takes place on January 1, 2024 and that the provisional fair value adjustments generated on the acquisition date are the same.

The consideration for the acquisition, assets acquired and liabilities assumed, and goodwill recognized on the date of acquisition are stated as follows:

(1) Acquisition consideration

	<u>A m o u n t</u>
Cash	<u>\$ 22,500</u>

(2) Identifiable net assets acquired and liabilities assumed

The fair value of the identifiable assets acquired and liabilities assumed from Yunkang Century on the date of acquisition is detailed as follows:

<u>I t e m</u>	<u>A m o u n t</u>
Cash and Cash Equivalents	\$ 2,908
Net accounts receivable	1,470
Other receivables	808
Income tax assets for the current period	180
Inventory	3,942
Prepayments	839
Other current assets	1
Financial assets measured at amortized cost-non-current	4,000
Property, plant and equipment	25
Right-of-use assets	1,948
Deferred income tax assets	177
Other non-current assets	2,560
Contract liability - current	(32,318)
Accounts payable	(695)
Other payables	(858)

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Item	Amount
Lease liability - current	(1,163)
Other current liabilities	(290)
Lease liability - non-current	(794)
Fair value of identifiable net assets	<u><u>\$ (17,260)</u></u>

(3) Goodwill

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

Item	Amount
Acquisition consideration - cash	\$ 22,500
Less: Fair value of identifiable assets acquired and liabilities assumed	(17,260)
Goodwill	<u><u>\$ 39,760</u></u>

The fair value measured for said assets and liabilities acquired by the consolidated entities is set preliminarily. It still needs to be subject to the final valuation. The goodwill is primarily generated from Pota Technologies and Yunkang Century's profitability in the future market development. As the effect fails to satisfy the recognition conditions on identifiable intangible assets, it is not stated separately from the goodwill. no income tax effect is expected to be produced by the recognized goodwill.

The consolidated entities will continue to review said items during the measurement period. If any new information about facts and circumstances already existing on the date of acquisition as obtained within one year as of the date of acquisition may identify the adjustment on said provisional amount or additional liability allowance existing on the date of acquisition, the accounting treatment of acquisition will be modified.

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

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

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

The consolidated entities acquired additional equity from HSIN-LI, MYSON CENTURY, INC., Sen Tai, and Yuan Qiao at the cost of NT\$189,200 thousand in cash in 2024. For the changes in the related shareholdings, please refer to Note IV (III).

In 2024, the consolidated entities paid NT\$1,066,317 thousand in cash to dispose of part of the equity of U-BEST INNOVATIVE TECHNOLOGY, FEEI CHERNG, HSIN-LI, and MYSON CENTURY, INC. corporate bonds. The equity of U-BEST INNOVATIVE TECHNOLOGY and HSIN-LI are subsequently converted to corporate bonds in 2024, but it did not result in a loss of control.

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

	2024	2023
Retained earnings	<u><u>\$ (272)</u></u>	<u><u>(5,165)</u></u>
Capital surplus - recognition of changes in the ownership and equity of the subsidiary	<u><u>\$ (257,824)</u></u>	<u><u>(16,119)</u></u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(X) Subsidiaries with significant non-controlling equity

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

Name of Subsidiary	Principal business place/country where the company is registered	Proportion of ownership and voting right of the non- controlling equity	
		2024.12.31	2023.12.31
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	87.34 %	80.58 %
HSIN-LI	Taiwan	87.36 %	60.71 %
FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	70.08 %	69.61 %
MYSON CENTURY, INC.	Taiwan	73.73 %	73.11 %

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

(1) Consolidated summarized financial information of U-BEST

	2024.12.31	2023.12.31
Current assets	\$ 6,361,811	3,686,582
Non-current assets	3,554,828	2,624,233
Current liabilities	(3,251,156)	(2,217,418)
Non-current liabilities	(598,222)	(162,523)
Net assets	<u>\$ 6,067,261</u>	<u>3,930,874</u>
Carrying amount of non-controlling equity, ending	<u>\$ 4,491,970</u>	<u>2,812,021</u>
	2024	2023
Operating revenue	<u>\$ 825,783</u>	<u>516,505</u>
Income from	\$ 728,384	72,748
Other comprehensive income	44,263	17,679
Total comprehensive income	<u>\$ 772,647</u>	<u>90,427</u>
Net loss attributed to non-controlling equity	<u>\$ (131,174)</u>	<u>(9,628)</u>
Total comprehensive income attributed to non-controlling equity	<u>\$ (132,794)</u>	<u>(9,069)</u>
Cash flow from operating activities	\$ (1,725,263)	(228,457)
Cash flow from investing activities	(16,384)	(7,597)
Cash flow from financing activities	1,960,132	136,879

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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	<u>2024</u>	<u>2023</u>
Effect of changes in foreign exchange rate to cash and cash equivalents	382	(136)
Increase (decrease) in cash and cash equivalents	<u><u>\$ 218,867</u></u>	<u><u>(99,311)</u></u>
Dividends paid to non-controlling equity	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

(2) Summarized financial information of HSIN-LI:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Current assets	\$ 1,433,683	379,443
Non-current assets	2,571,479	1,843,776
Current liabilities	(970,243)	(512,256)
Non-current liabilities	(198,848)	(117,450)
Net assets	<u><u>\$ 2,836,071</u></u>	<u><u>1,593,513</u></u>
Carrying amount of non-controlling equity, ending	<u><u>\$ 1,792,477</u></u>	<u><u>851,086</u></u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u><u>\$ 373,927</u></u>	<u><u>161,724</u></u>
Income from	\$ 793,487	113,944
Other comprehensive income	(1,698)	628
Total comprehensive income	<u><u>\$ 791,789</u></u>	<u><u>114,572</u></u>
Net profit (loss) attributed to non-controlling equity	<u><u>\$ (57,350)</u></u>	<u><u>18,023</u></u>
Total comprehensive income attributed to non-controlling equity	<u><u>\$ (58,839)</u></u>	<u><u>18,228</u></u>
Cash flow from operating activities	\$ 37,368	34,595
Cash flow from investing activities	(146,061)	(101,085)
Cash flow from financing activities	204,677	8,521
Effect of changes in foreign exchange rate to cash and cash equivalents	255	(22)
Increase (decrease) in cash and cash equivalents	<u><u>\$ 96,239</u></u>	<u><u>(57,991)</u></u>
Dividends paid to non-controlling equity	<u><u>\$ 80,004</u></u>	<u><u>-</u></u>

(3) Summarized financial information of FEEI:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Current assets	\$ 2,814,716	1,468,229
Non-current assets	262,330	279,803
Current liabilities	(1,031,577)	(287,136)
Non-current liabilities	(377,575)	(303)
Net assets	<u><u>\$ 1,667,894</u></u>	<u><u>1,460,593</u></u>

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	<u>2024.12.31</u>	<u>2023.12.31</u>
Carrying amount of non-controlling equity, ending	<u>\$ 1,148,261</u>	<u>911,459</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 36,764</u>	<u>44,944</u>
Income (loss)	26,583	(40,094)
Other comprehensive income	-	411
Total comprehensive income	<u>\$ 26,583</u>	<u>(39,683)</u>
Net loss attributed to non-controlling equity	<u>\$ (16,254)</u>	<u>(34,364)</u>
Total comprehensive income attributed to non-controlling equity	<u>\$ (16,254)</u>	<u>(34,052)</u>
Cash flow from operating activities	\$ (1,452,283)	(42,727)
Cash flow from investing activities	499,960	179,220
Cash flow from financing activities	1,008,504	(118,838)
Effect of changes in foreign exchange rate to cash and cash equivalents	99	-
Increase in cash and cash equivalents	<u>\$ 56,280</u>	<u>17,655</u>
Dividends paid to non-controlling equity	<u>\$ -</u>	<u>-</u>
(4) Summarized financial information of MYSON CENTURY, INC.:		
	<u>2024.12.31</u>	<u>2023.12.31</u>
Current assets	\$ 412,282	149,615
Non-current assets	200,537	90,814
Current liabilities	(153,972)	(59,532)
Non-current liabilities	(7,905)	(2,683)
Net assets	<u>\$ 450,942</u>	<u>178,214</u>
Carrying amount of non-controlling equity, ending	<u>\$ 319,126</u>	<u>104,022</u>
	<u>2024</u>	<u>2023</u>
Operating revenue	<u>\$ 628,230</u>	<u>85,353</u>
Income from	267,511	33,215
Other comprehensive income	1,569	16
Total comprehensive income	<u>\$ 269,080</u>	<u>33,231</u>
Net profit attributed to non-controlling equity	<u>\$ 176,712</u>	<u>4,904</u>
Total comprehensive income attributed to non-controlling equity	<u>\$ 176,698</u>	<u>5,370</u>
Cash flow from operating activities	\$ 339,774	(33,634)
Cash flow from investing activities	(122,661)	94,408
Cash flow from financing activities	(36,906)	(31,942)

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

	2024	2023
Effect of changes in foreign exchange rate to cash and cash equivalents	450	67
Increase in cash and cash equivalents	<u><u>\$ 180,657</u></u>	<u><u>28,899</u></u>
Dividends paid to non-controlling equity	<u><u>\$ 19,364</u></u>	<u><u>-</u></u>

(XI) Property, plant and equipment

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

	Land	Land improvement	Building and structure	Machine and equipment	Other equipment	Construction in progress and equipment pending inspection	Total
Cost or deemed cost:							
Balance on January 1, 2024	\$ 1,258,187	13,590	356,341	269,072	194,837	10,410	2,102,437
Additions	-	-	5,997	5,459	5,463	25,824	42,743
Reclassification	-	-	-	-	14,742	(14,742)	-
Disposal	-	-	-	(43,440)	(1,799)	-	(45,239)
Acquisition through business combination	229,500	-	376,418	145,629	60,131	8,805	820,483
Balance on December 31, 2024	<u><u>\$ 1,487,687</u></u>	<u><u>13,590</u></u>	<u><u>738,756</u></u>	<u><u>376,720</u></u>	<u><u>273,374</u></u>	<u><u>30,297</u></u>	<u><u>2,920,424</u></u>
Balance on December 31, 2023	\$ 1,288,208	13,370	463,724	264,804	107,105	85,062	2,222,273
Additions	9,816	220	26,185	4,877	8,957	10,127	60,182
Reclassification	(39,837)	-	(42,407)	-	85,129	(84,779)	(81,894) (Note)
Disposal	-	-	(91,161)	(609)	(6,354)	-	(98,124)
Balance on December 31, 2023	<u><u>\$ 1,258,187</u></u>	<u><u>13,590</u></u>	<u><u>356,341</u></u>	<u><u>269,072</u></u>	<u><u>194,837</u></u>	<u><u>10,410</u></u>	<u><u>2,102,437</u></u>
Accumulated depreciation and impairment losses:							
Balance on January 1, 2024	\$ -	8,697	236,967	216,996	84,250	-	546,910
Depreciation in the current period	-	1,031	14,714	17,863	13,055	-	46,663
Disposal	-	-	-	(41,803)	(1,748)	-	(43,551)
Acquisition through business combination	-	-	161,984	103,930	35,413	-	301,327
Balance on December 31, 2024	<u><u>\$ -</u></u>	<u><u>9,728</u></u>	<u><u>413,665</u></u>	<u><u>296,986</u></u>	<u><u>130,970</u></u>	<u><u>-</u></u>	<u><u>851,349</u></u>
Balance on December 31, 2023	\$ -	7,555	271,933	200,419	79,359	-	559,266
Depreciation in the current period	-	1,142	14,141	16,954	11,237	-	43,474
Disposal	-	-	(33,098)	(377)	(6,346)	-	(39,821)
Reclassification	-	-	(16,009)	-	-	-	(16,009) (Note)
Balance on December 31, 2023	<u><u>\$ -</u></u>	<u><u>8,697</u></u>	<u><u>236,967</u></u>	<u><u>216,996</u></u>	<u><u>84,250</u></u>	<u><u>-</u></u>	<u><u>546,910</u></u>
Carrying amount:							
December 31, 2024	<u><u>\$ 1,487,687</u></u>	<u><u>3,862</u></u>	<u><u>325,091</u></u>	<u><u>79,734</u></u>	<u><u>142,404</u></u>	<u><u>30,297</u></u>	<u><u>2,069,075</u></u>
December 31, 2023	<u><u>\$ 1,258,187</u></u>	<u><u>4,893</u></u>	<u><u>119,374</u></u>	<u><u>52,076</u></u>	<u><u>110,587</u></u>	<u><u>10,410</u></u>	<u><u>1,555,527</u></u>
January 1, 2023	<u><u>\$ 1,288,208</u></u>	<u><u>5,815</u></u>	<u><u>191,791</u></u>	<u><u>64,385</u></u>	<u><u>27,746</u></u>	<u><u>85,062</u></u>	<u><u>1,663,007</u></u>

Note: NT\$12,807 thousand transferred from prepayments, NT\$350 thousand transferred from other non-current assets and reclassified to investment property cost of NT\$95,051 thousand and accumulated depreciation of NT\$16,009 thousand.

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

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

(XII) Right-of-use assets

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

	<u>Land</u>	<u>Building and structure</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2024	\$ -	15,128	7,796	22,924
Additions	-	26,425	4,866	31,291
Decrease	-	-	(1,129)	(1,129)
Acquisition through business combination	113,634	2,338	-	115,972
Variable lease payments	1,694	-	-	1,694
Balance on December 31, 2024	<u>\$ 115,328</u>	<u>43,891</u>	<u>11,533</u>	<u>170,752</u>
Balance on December 31, 2023	\$ 10,868	12,095	4,300	27,263
Additions	-	3,033	5,548	8,581
Decrease	(10,868)	-	(2,052)	(12,920)
Balance on December 31, 2023	<u>\$ -</u>	<u>15,128</u>	<u>7,796</u>	<u>22,924</u>
Accumulated depreciation of the right-of-use assets:				
Balance on January 1, 2024	\$ -	8,214	2,078	10,292
Depreciation in the current period	1,554	7,146	3,569	12,269
Decrease	-	-	(1,129)	(1,129)
Acquisition through business combination	32,004	390	-	32,394
Balance on December 31, 2024	<u>\$ 33,558</u>	<u>15,750</u>	<u>4,518</u>	<u>53,826</u>
Balance on December 31, 2023	\$ 1,425	6,311	2,033	9,769
Depreciation in the current period	228	1,903	2,097	4,228
Decrease	(1,653)	-	(2,052)	(3,705)
Balance on December 31, 2023	<u>\$ -</u>	<u>8,214</u>	<u>2,078</u>	<u>10,292</u>
Carrying amount:				
December 31, 2024	<u>\$ 81,770</u>	<u>28,141</u>	<u>7,015</u>	<u>116,926</u>
December 31, 2023	<u>\$ -</u>	<u>6,914</u>	<u>5,718</u>	<u>12,632</u>
January 1, 2023	<u>\$ 9,443</u>	<u>5,784</u>	<u>2,267</u>	<u>17,494</u>

(XIII) Investment property

	<u>Land</u>	<u>Building and structure</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2024	\$ 264,654	267,522	532,176
Additions	-	216	216
Reclassified	-	191	191
Balance on December 31, 2024	<u>\$ 264,654</u>	<u>267,929</u>	<u>532,583</u>

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

	<u>Land</u>	<u>Building and structure</u>	<u>Total</u>
Balance on December 31, 2023	\$ 204,605	135,075	339,680
Additions	14,976	54,487	69,463
Reclassified	45,073	77,960	123,033 (Note)
Balance on December 31, 2023	<u>\$ 264,654</u>	<u>267,522</u>	<u>532,176</u>
Accumulated depreciation:			
Balance on January 1, 2024	\$ -	99,871	99,871
Depreciation in the current period	-	9,271	9,271
Impairment loss	1,124	2,567	3,691
Balance on December 31, 2024	<u>\$ 1,124</u>	<u>111,709</u>	<u>112,833</u>
Balance on December 31, 2023	\$ -	77,549	77,549
Depreciation in the current period	-	6,313	6,313
Reclassified	-	16,009	16,009 (Note)
Balance on December 31, 2023	<u>\$ -</u>	<u>99,871</u>	<u>99,871</u>
Carrying amount:			
December 31, 2024	<u>\$ 263,530</u>	<u>156,220</u>	<u>419,750</u>
December 31, 2023	<u>\$ 264,654</u>	<u>167,651</u>	<u>432,305</u>
January 1, 2023	<u>\$ 204,605</u>	<u>57,526</u>	<u>262,131</u>
Fair value:			
December 31, 2024		<u>\$ 801,702</u>	
December 31, 2023		<u>\$ 470,612</u>	

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

The consolidated entities conducted the impairment test of the investment property in 2024. The recoverable amount was determined based on the fair value less disposal cost. In 2024, an impairment loss of NT\$3,691 thousand was recognized. The experts estimated the fair value by the comparative method and the cost method. The fair value measurement used significant unobservable input value and was classified as Class 3.

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

<u>Location</u>	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>Security measures</u>
Fushan Sec., Luzhu Dist., Kaohsiung City	\$ 28,210	28,210	Entrustment agreement and creation of mortgage in full-amount
Fanshu Sec., Shuilin Township, Yunlin County	8,050	8,050	Entrustment agreement and creation of mortgage in full-amount
	<u>\$ 36,260</u>	<u>36,260</u>	

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

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

The fair value of investment property on December 31, 2024 and 2023 was evaluated based on the valuation report provided by the independent appraiser. The evaluation was based on the market value and transaction prices in the vicinity in recent years.

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

(XIV) Intangible assets

The consolidated entities' intangible assets are detailed as follows:

	Cost of computer software	License	Goodwill	Trademark rights	Specialized technology	Others	Total
Cost:							
Balance on January 1, 2024	\$ 2,249	24,254	75,081	-	-	-	101,584
Additions	104	-	-	10	3,660	13,000	16,774
Disposal	(682)	-	-	-	-	-	(682)
Acquisition through business combination	1,515	-	132,182	57,600	-	3,300	194,597
Balance on December 31, 2024	\$ 3,186	24,254	207,263	57,610	3,660	16,300	312,273
Balance on December 31, 2023	\$ 7,014	24,254	76,664	-	-	-	107,932
Additions	379	-	-	-	-	-	379
Disposal	(5,144)	-	-	-	-	-	(5,144)
Acquisition through business combination	-	-	(1,583)	-	-	-	(1,583)
Balance on December 31, 2023	\$ 2,249	24,254	75,081	-	-	-	101,584
Accumulated amortization and impairment losses:							
Balance on January 1, 2024	\$ 1,314	10,585	14,510	-	-	-	26,409
Amortized in the current period	431	2,426	-	3,360	183	1,508	7,908
Disposal	(682)	-	-	-	-	-	(682)
Balance on December 31, 2024	\$ 1,063	13,011	14,510	3,360	183	1,508	33,635
Balance on December 31, 2023	\$ 5,916	8,158	11,664	-	-	-	25,738
Amortized in the current period	542	2,427	-	-	-	-	2,969
Impairment loss	-	-	2,846	-	-	-	2,846
Disposal	(5,144)	-	-	-	-	-	(5,144)
Balance on December 31, 2023	\$ 1,314	10,585	14,510	-	-	-	26,409
Carrying amount:							
December 31, 2024	\$ 2,123	11,243	192,753	54,250	3,477	14,792	278,638
December 31, 2023	\$ 935	13,669	60,571	-	-	-	75,175
January 1, 2023	\$ 1,098	16,096	65,000	-	-	-	82,194

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

1. Goodwill impairment test

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

(1) FEEI CHERNG and MYSON

The CGU refers the lowest level unit of the management which regulates the return on investment including goodwill assets. According to the results of the goodwill impairment test conducted by the consolidated entities against FEEI CHERNG and MYSON, the recoverable amounts decided by FEEI CHERNG and MYSON based on the value in use on December 31, 2024 and 2023 were NT\$378,917 thousand, NT\$363,021 thousand, NT\$532,217 thousand and NT\$103,695 thousand, all higher than their carrying amounts. Therefore, it is not necessary to recognize any impairment loss.

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

	2024.12.31	2023.12.31
FEEI CHERNG ENTERPRISE CO., LTD.		
Discount rate	13.40 %	14.35 %
MYSON CENTURY, INC.		
YoY of operating revenue	6 % ~ 18 %	20 %
Discount rate	8.92 %	11.27 %

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

(2) Sen Tai

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

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

- 2. The amortization expenses for intangible assets in 2024 and 2023 are stated as the operating expenses in the Consolidated Statement of Comprehensive Income. Please refer to Note XII.
- 3. The consolidated entities' intangible assets were not pledged as collaterals.

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

(XV) Short-term loans

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank loans	\$ 216,057	227,270
Secured bank loans	5,337,136	3,457,006
Letter of credit borrowings	1,233	-
Total	<u>\$ 5,554,426</u>	<u>3,684,276</u>
Unused short-term credit lines	<u>\$ 2,870,372</u>	<u>2,196,697</u>
Interest rate range	<u>0.5%~3.46%</u>	<u>1.85%~3.27%</u>

The maturity date of some of the consolidated entities' guaranteed bank loans fell on June 24, 2024 and December 30, 2024. Since the construction project of the subject of the guarantee is not completed yet and there is a demand for funds, applications were made to the bank for an extension to August 22, 2026 and September 30, 2025.

The partially secured bank loans of the consolidated entities were originally due on June 27, 2024. There were still funding requirements, so an application was submitted to the bank for an extension to July 19, 2025.

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

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

(XVI) Short-term bills and notes payable

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured short-term bills and notes payable	\$ 69,929	76,027
Secured short-term bills and notes payable	329,511	79,795
Total	<u>\$ 399,440</u>	<u>155,822</u>
Unused short-term credit lines	<u>\$ 313,000</u>	<u>23,900</u>
Interest rate range	<u>1.64%~2.575%</u>	<u>1.64%~1.812%</u>

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

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

(XVII) Long-term loans

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

	<u>2024.12.31</u>			
	<u>Currency</u>		<u>Expiration</u>	
	<u>type</u>	<u>Interest rate range</u>	<u>Year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.0349%~2.54%	114~118	\$ 73,465
Secured bank loans	NTD	2.349%~3.34%	114~132	68,325
Less: a current portion				<u>(66,936)</u>
Total				<u>\$ 74,854</u>
Unused short-term credit lines				<u>\$ -</u>

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

2023.12.31				
	Currency		Expiration	
	type	Interest rate range	Year	A mount
Unsecured bank loans	NTD	2.095%~2.42%	113~117	\$ 78,385
Secured bank loans	NTD	3.12%~3.1237%	113~132	75,696
Less: a current portion				(41,557)
Total				<u><u>\$ 112,524</u></u>
Unused short-term credit lines				<u><u>\$ 1,940</u></u>

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

(XVIII) Lease liabilities

The consolidated entities' lease liabilities are stated as follows:

	2024.12.31	2023.12.31
Current	\$ 20,593	4,724
Non-current	108,811	8,485
	<u><u>\$ 129,404</u></u>	<u><u>13,209</u></u>

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

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

	2024	2023
Interest expenses on lease liabilities	<u><u>\$ 812</u></u>	<u><u>358</u></u>
Variable lease payments not included in the measurement of the lease liabilities	<u><u>\$ 1,862</u></u>	<u><u>642</u></u>
Short-term lease expenses	<u><u>\$ 5,353</u></u>	<u><u>2,767</u></u>
Low-value underlying lease asset expenses (exclusive of low-value lease in the short-term leases)	<u><u>\$ 579</u></u>	<u><u>277</u></u>

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

	2024	2023
Total cash outflow from leases	<u><u>\$ 20,981</u></u>	<u><u>8,415</u></u>

1. Lease of land, house and building

The consolidated entities leased land for the construction of plants and offices with a lease term of 20 years. The consolidated entities leases buildings and structures as office space or business premises and reception center. The lease term for the office space or business premises is 2 to 8 years, and the lease term for the reception center is 3 to 5 years. In addition, part of the lease contract of the original land was terminated early on August 11, 2023.

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

In 2024 and 2023, in addition to the fixed payment, the rent payment stipulated in the newly added lease contracts of the consolidated entities also includes the variable payment. The lease of retail stores in the area of operation is a common clause. The fixed and variable rents paid by the consolidated entities in 2024 and 2023 for these contracts are as follows:

	2024			The estimated impact of each 1% increase in sales amount on the rent
	Fixed payment	Variable payment	Total	
Including the lease contract with payment changes based on the sales amount	\$ 1,575	1,862	3,437	34
2023				
	2023			The estimated impact of each 1% increase in sales amount on the rent
	Fixed payment	Variable payment	Total	
Including the lease contract with payment changes based on the sales amount	\$ 292	642	934	9

The consolidated entities expects to pay fixed and variable rents in future years roughly in line with the current period.

2. Other leases

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

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

(XIX) Provision for liabilities

	Warranty
Balance on January 1, 2024	\$ -
Liability reserve increased in the current period	5,000
Balance on December 31, 2024	<u>\$ 5,000</u>

The consolidated entities's reserve for warranty and liabilities referred to above is mainly related to the decoration works. The reserve for warranty and liabilities is estimated based on the historical warranty information that can be collected. The consolidated entities expects that most of the liabilities will be incurred in the first to third year from the year of completion. There was no such transaction for 2023.

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

(XX) Corporate bonds payable

Details of domestic convertible corporate bonds payable are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total amount for Issuance of convertible corporate bonds	\$ 2,400,000	1,600,000
Accumulated conversion amount	(1,452,800)	(461,800)
Amount of repayment due	(13,200)	-
Amount of repurchase by subsidiaries	-	(70,878)
Balance of corporate bonds payable discounted but not yet amortized	(53,693)	(24,423)
Less: a current portion	<u>(131,773)</u>	<u>(1,042,899)</u>
Balance of corporate bonds payable, ending	<u><u>\$ 748,534</u></u>	<u><u>-</u></u>
Embedded derivatives - put option and right of redemption (stated as the financial assets at fair value through profit or loss)	<u><u>\$ 5,133</u></u>	<u><u>-</u></u>
Embedded derivatives - put option and right of redemption (stated as the financial assets at fair value through profit or loss)	<u><u>\$ -</u></u>	<u><u>2,400</u></u>
Elements of equity - right of conversion (stated as capital surplus- employee stock options, changes in net worth of subsidiaries' equity under equity method, and non-controlling equity)	<u><u>\$ 75,175</u></u>	<u><u>62,168</u></u>
	<u>2024</u>	<u>2023</u>
Embedded derivatives - valuation gains on put option and right of redemption (stated as the valuation gains on financial assets/liabilities at fair value through profit or loss)	<u><u>\$ 897</u></u>	<u><u>12,343</u></u>
Interest expenses (Note)	<u><u>\$ (6,926)</u></u>	<u><u>(16,344)</u></u>

Note: The effective interest rate of the Company's 4th issue of secured corporate bond, 5th issue of unsecured corporate bond and 6th issue of secured corporate bond are 0.82%, 2.68% and 2.35%, respectively. The effective interest rates of the 6th secured corporate bond and the 7th unsecured corporate bond issued by the subsidiary, U-BEST, were 0.80% and 1.78%, respectively. The effective interest rate of the 1st unsecured corporate bond issued by the subsidiary, HSIN-LI, was 1.77%. The effective interest rate of the 3rd secured corporate bond issued by the subsidiary, FEEI CHERNG, was 2.1456%.

The consolidated entities repaid due and payable corporate bonds in 2024 totaling NT\$13,200 thousand.

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 2024 and 2023, please refer to Note VI(XXIV).

1. 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

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

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

(8) Put option:

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

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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 provided bank deposits of NT\$126,422 and NT\$205,515 thousand as of December 31, 2024 and 2023, respectively, to secure the convertible corporate bonds. Please refer to Note VIII.

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

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

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

- (7) Conversion price and adjustment thereof:

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

- 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 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,

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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.

3. The Company issued the domestic 6th secured convertible corporate bonds on December 27, 2024, primarily on the following terms and conditions:

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

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

(3) Coupon rate: 0%

(4) Method of repayment: Except those converted to the Company's common stock by the bond holders, early redemption, or the repurchase option of the convertible bonds according to Articles 10, 18 and 19 of the Regulations, respectively, or the repurchased bonds from the securities dealer's office, the Company shall repay the par value of the convertible bonds in cash within 10 business days from the next day when they mature.

(5) Issuance period: 3 years (from February 27, 2024 to December 27, 2027)

(6) Conversion period:

From the day after the expiration of three months from the date of issuance of the convertible corporate bonds (March 28, 2025) to the maturity date (December 27, 2027), except (1) During the book suspension period for common shares; (2) From the 15 business days prior to the book closure date, cash dividend or cash increase by the Company, to the record date of distribution; (3) Capital reduction criteria 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 prior to the swap of new shares starts. Request may be made to the Company for conversion of the company bonds to the Company's common shares in accordance with Articles 10, 11, 13 and 15 of the regulations.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$17.8 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

A. In the event of an increase in the number of common shares issued by or offered by U-BEST

INNOVATIVE TECHNOLOGY (including private placement), 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, or issuance of new shares for employee remuneration.

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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 (including 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.

(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 (December 27, 2026). 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. 100.50% (the real yield rate 0.25%) upon expiration of two years].

(9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (March 28, 2025) until 40 days prior to expiration of the issuance period (November 16, 2027), the Company may recall the convertible corporate bonds according to the Regulations:

A. If the closing price of the Company's common shares 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 Bank of Panhsin as the guarantor.

According to the contract for guarantee on issuance of the convertible corporate bonds between the Company and Bank of Panhsin, in the duration of the contract, the Company provided bank deposits of NT\$163,000 as of December 31, 2024, respectively, to secure the convertible corporate bonds. Please refer to Note VIII.

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

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

(2) Issue price: Issued at 105.37% of the par value, NT\$100 thousand.

(3) Coupon rate: 0%

(4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by U-BEST earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, the others would be repaid in cash in full amount.

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

(6) Conversion period:

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

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decrease until the day prior to the trading of stock swapped upon capital decrease, and D. from the commencement date of suspension of conversion for changes in the par value of stocks until the day prior to the swap of new shares.

(7) Conversion price and adjustment thereof:

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

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

The conversion price was NT\$15.6 on December 31, 2024 and 2023, respectively.

(8) Put option:

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

(9) Right of redemption:

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

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

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

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

5. The subsidiary, U-BEST, issued the domestic 7th secured convertible corporate bonds on November 5, 2021, and listed the bonds on Taipei Exchange, primarily on the following terms and conditions:

- (1) Total issued amount: NT\$200,000 thousand
- (2) Issue price: Issued at 103.76% of the par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by U-BEST earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, the others would be repaid in cash

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in full amount.

(5) Issuance period: 3 years (from November 5, 2021 to November 5, 2024)

(6) Conversion period:

The bond holders may ask U-BEST to convert the convertible corporate bonds hold by them into the Company's common shares from the day following expiration of three months after the bonds were issued (February 6, 2022) until expiration of the bonds (November 5, 2024), other than A. the period for suspension of transfer registration of common stock required by laws; B. 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by U-BEST, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights; C. from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, and D. from the commencement date of suspension of conversion for changes in the par value of stocks until the day prior to the swap of new shares.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$14 per share. Notwithstanding, if any of the following conditions is met upon the issuance of the convertible corporate bonds, the conversion price shall be adjusted based on the formula defined by the issuance terms:

A. In the event of an increase in the number of common shares issued by the Company or offered by the Company in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued or offered by U-BEST INNOVATIVE TECHNOLOGY in private placement into common shares, or issuance of new shares for employee remuneration.

B. In the event of the cash dividends on common shares distributed by U-BEST.

C. In the event of U-BEST's further issuance or private placement of various securities with the right of conversion to common shares or stock options at the conversion or stock option price less than the current price per share.

D. In the event of U-BEST's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

The conversion price was NT\$13 on December 31, 2024 and 2023, respectively.

(8) Put option:

The bond holders may exercise the put option of the bonds earlier on the record date for exercise of put option, namely, upon expiration of two years after issuance of the bonds (November 5, 2023). The bond holder may demand that U-BEST should redeem the convertible corporate bonds held by him in cash at 104.04% of the book value of the bond.

(9) Right of redemption:

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

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

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

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

(11) According to the Regulations, the shareholder rights and obligations of the new shares, which are converted since the common shares converted from the convertible corporate bonds are traded on Taipei

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Exchange after the date of delivery, are the same as those of the common shares issued initially.

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

- (1) Total issued amount: NT\$300,000 thousand
- (2) Issue price: Issued at 100% of the par value, NT\$100 thousand.
- (3) Coupon rate: 0%
- (4) Method of repayment: Except those converted to the Company's common stock by the bond holders according to Article 10 of the Regulations, those redeemed upon exercise of the put option according to Article 19 of the Regulations, those redeemed by HSIN-LI earlier pursuant to Article 18 of the Regulations, or those repurchased from OTC markets for cancellation, HSIN-LI shall repay the convertible corporate bonds at 101.5075% of the par value of the bonds (substantive annual yield 0.5%) in cash in full amount when due.
- (5) Issuance period: 3 years (from May 27, 2022 to May 27, 2025)
- (6) Conversion period:

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

- (7) Conversion price and adjustment thereof:

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

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

The conversion price was NT\$26.46 on December 31, 2024 and 2023, respectively.

- (8) Put option:

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

- (9) Right of redemption:

If any of the following conditions is met from the day following expiration of three months after the issuance (August 28, 2022) until 40 days prior to expiration of the issuance period (April 17, 2025),

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HSIN-LI may recall the convertible corporate bonds according to the Regulations:

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

B. if the balance of the outstanding bonds is less than NT\$30,000 thousand (10% of the initial total issue price).

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

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

7. The subsidiary, FEEI CHERNG issued the domestic 3rd secured convertible corporate bonds on November 29, 2024, primarily on the following terms and conditions:

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

(2) Issue price: Issued at 103% 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, or those redeemed by FEEI CHERNG earlier pursuant to Article 18 of the Regulations, or those repurchased by FEEI CHERNG from OTC markets for cancellation, the others would be repaid in cash in full amount upon maturity.

(5) Issuance period: 3 years (from November 29, 2024 to November 29, 2027)

(6) Conversion period:

The bond holders may ask HSIN-LI to convert the convertible corporate bonds hold by them into the Company's common shares at any time from the expiration of three months after the bonds were issued (March 1, 2025) until expiration of the bonds (November 29, 2027), other than A. the period for suspension of transfer registration of common stock required by laws; B. 15 business days prior to the date for suspension of transfer registration of allocated bonus shares requested by FEEI CHERNG, 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 period for allocation of rights; C. from the record date for capital decrease until the day prior to the trading of stock swapped upon capital decrease, and D. the date of cessation of conversion for shares changed in face value is until the trading day prior to the issuance of new shares for new shares, except for conversion of shares, may at any time, through the securities trading firm, request the stock agency of Taiwan Depository & Clearing Corporation to request the stock affairs agency of FEEI CHERNG to have the Bonds be converted into the Company's common shares in accordance with the Regulations Governing the Issuance of Shares.

(7) Conversion price and adjustment thereof:

The conversion price at the time of issuance shall be NT\$16.5 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 or offered by FEEI CHERNG in private placement, except the conversion of various securities with the right of conversion to common shares or stock options as issued or offered by FEEI CHERNG in private placement into common shares, or issuance of new shares for employee remuneration.

B. In the event of the cash dividends on common shares distributed by FEEI CHERNG.

C. In the event of FEEI CHERNG'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

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than the current price per share.

D. In the event of FEEI CHERNG's capital decrease resulting from any causes other than cancelation of treasury stocks and thereby resulting in the decrease in common shares.

(8) Right of redemption:

From the day following the expiration of three months from the issuance of the convertible corporate bonds (March 1, 2025) to the 40th day prior to the expiration of the issuance date (October 20, 2027), if one of the following conditions are met, FEEI CHERNG may redeem its outstanding convertible bonds with cash at the par value according to the Regulations:

A. if the closing price of FEEI CHERNG's common shares at Taipei Exchange exceeds the current conversion price by 30% and more 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).

(9) According to the Regulations, all of the convertible corporate bonds recalled (including those repurchased from OTC markets), repaid or converted by FEEI CHERNG 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 Yuanta Bank as the guarantor. According to the contract for guarantee on issuance of the convertible corporate bonds between FEEI CHERNG and Yuanta Commercial Bank, in the duration of the contract, the company shall provide its foreign government bonds, NT\$148,653 thousand, to secure the convertible corporate bonds. Please refer to Note VIII.

(XXI) Operating lease - as a lessor

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

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

	2024.12.31	2023.12.31
Less than one year	\$ 16,644	12,310
1~2 years	7,817	5,838
2~5 years	7,576	4,728
More than 5 years	142	-
Total undiscounted lease payment	\$ 32,179	22,876

For the rental revenues generated from the investment property in 2024 and 2023, please refer to Note VI(XXIX). The direct operating expenses generated from said operating lease in 2024 and 2023 were NT\$7,517 thousand and NT\$7,272 thousand.

(XXII) Employee benefits

1. Defined benefit plans

In December 2024, HSIN-LI reached an agreement to fully settle the years of service in the defined benefit plan. Therefore, on December 31, 2024, HSIN-LI had no defined benefit retirement obligation.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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The present value of the consolidated entities's defined benefit obligation and the fair value of the plan assets are adjusted as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Present value of defined benefit obligations	\$ 44,824	708
Fair value of plan assets	<u>(46,260)</u>	<u>(1,244)</u>
Net defined benefit assets (booked under other non-current assets)	<u><u>\$ (1,436)</u></u>	<u><u>(536)</u></u>

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

(1) Composition of plan assets

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

The consolidated entities' labor pension fund account at the Bank of Taiwan is with a balance of NT\$47,439 thousand and NT\$1,244 thousand on December 31, 2024 and 2023. For information of the Labor Pension Fund Asset Management, including the fund yield rate and pension asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

The details of changes in the present value of the consolidated entities' defined benefit obligation in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligations on January 1	\$ -	3,731
Current service cost	38	66
Interest expenses	506	54
Re-measurement of net defined benefit liabilities (assets)		
- Actuarial gains/losses due to empirical adjustment	6,361	(450)
- Actuarial gains/losses due to change of financial assumption	(18)	91
Benefits planned to be paid	(2,450)	(2,784)
Effect of initial consolidation of subsidiaries	<u>40,387</u>	<u>-</u>
Defined benefit obligations on December 31	<u><u>\$ 44,824</u></u>	<u><u>708</u></u>

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

(3) Changes in the fair value of plan assets

The details of changes in the fair value of the consolidated entities' defined benefit plan assets in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets on January 1	\$ -	751
Interest revenue	547	11
Re-measurement of net defined benefit liabilities (assets)		
- Actuarial gains/losses due to empirical adjustment	-	16
- Return on plan assets (excluding current interest)	4,507	-
Amount already contributed to the plan	-	3,250
Benefits planned to be paid	(2,450)	(2,784)
Effect of initial consolidation of subsidiaries	43,656	-
Fair value of plan assets on December 31	<u><u>\$ 46,260</u></u>	<u><u>1,244</u></u>

(4) Expenses recognized in profit and loss

The details of expenses recognized by the consolidated entities in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 38	66
Net interest of net defined benefit assets/liabilities	(41)	43
	<u><u>\$ (3)</u></u>	<u><u>109</u></u>
Operating cost	\$ -	109
Management expenses	(3)	-
	<u><u>\$ (3)</u></u>	<u><u>109</u></u>

(5) Actuarial assumptions

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	1.50 %	1.28 %
Future salary increase rate	1.75 %	2.90 %

The consolidated entities plan to pay NT\$102 thousand for the defined benefit plan within one year after the reporting date as of 2024.

The weighted average duration of the defined benefit plans is 8.9 years.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(6) Analysis of sensitivity

The effect of changes in the adopted principal actuarial assumptions on the present value of defined benefit obligations on December 31, 2024 and 2023 is stated as follows:

	Effect on defined benefit obligations	
	Increase by 0.5 %	Decrease by 0.5 %
December 31, 2024		
Discount rate	\$ (981)	1,010
Future salary increase rate	989	(966)
December 31, 2023		
Discount rate	\$ (44)	47
Future salary increase rate	46	(44)

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

2. Defined contribution plans

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

The consolidated entities' pension expense as of 2024 and 2023 under the defined contribution plans amounted to NT\$8,812 thousand and NT\$6,045 thousand, respectively.

(XXIII) Income tax

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

	2024	2023
Income tax expenses for the current period		
Generated in the current period	\$ 97,322	10,687
Land value increment tax	1,211	2,247
Adjustment to previous year's income tax	-	(14)
	<u>98,533</u>	<u>12,920</u>
Deferred income tax gains		
Occurrence and reversal of temporary difference	(964)	(2,015)
Recognition of taxation losses unrecognized in the previous period	<u>(42,595)</u>	<u>(6,561)</u>
	<u>(43,559)</u>	<u>(8,576)</u>
Income tax expenses	<u><u>\$ 54,974</u></u>	<u><u>4,344</u></u>

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

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

	<u>2024</u>	<u>2023</u>
Items not reclassified into income:		
Remeasurement of defined benefit plan	<u>\$ (367)</u>	<u>75</u>
Items that may be reclassified subsequently to profit or loss:		
Unrealized valuation gains or loss on investment in debt instrument at fair value through other comprehensive income	<u>\$ (57)</u>	<u>-</u>

3. The relationship between the consolidated entities' income tax expenses and net loss before tax is adjusted as follows:

	<u>2024</u>	<u>2023</u>
Net loss before tax	<u>\$ (86,989)</u>	<u>(144,535)</u>
Income tax calculated based on the income tax rate of the country the Company operates	(17,398)	(28,907)
Tax-free income from land	(1,964)	(5,968)
Land value increment tax	1,211	2,247
Effect of TWSE's Stop Taxation Policy	2,223	(6,428)
Non-deductible expenses	12,937	8,912
Tax-exempt dividend income	(2,595)	(4,737)
Valuation gains or losses on financial assets and liabilities at fair value through profit or loss	(10,358)	(15,860)
Recognition of taxation loss not recognized in previous period	(42,595)	(6,561)
Deferred income tax assets and overestimation of liabilities in the previous period	229	3,150
Current taxation loss of unrecognized deferred income tax assets	34,949	41,462
Unrecognized changes in temporary difference	16,070	3,291
Imposition on undistributed earnings	132	-
Overestimation in the previous period	-	(14)
Realized investment loss	(2,312)	-
Income basic tax	29,322	-
Others	<u>35,123</u>	<u>13,757</u>
	<u>\$ 54,974</u>	<u>4,344</u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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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:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Deductible temporary differences	\$ 270,284	189,946
Taxation loss	<u>2,607,957</u>	<u>2,704,590</u>
	<u><u>\$ 2,878,241</u></u>	<u><u>2,894,536</u></u>

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

As of December 31, 2024, the deduction period of the taxation loss of items which have not yet been recognized deferred income tax assets by the consolidated entities is as follows:

<u>Year of loss</u>	<u>Unrecognized Losses yet to be deducted</u>	<u>Last year for deduction</u>
<u>The Company</u>		
2015	\$ 85,957	2025
2016	82,574	2026
2017	22,012	2027
2019	66,154	2029
2020	135,391	2030
2021	46,458	2031
2022	187,148	2032
Declared in 2023	133,565	2033
Expected to be declared in 2024	112,254	2034
<u>FEEI CHERNG ENTERPRISE CO., LTD.</u>		
2015	234,658	2025
2017	21,694	2027
2018	594,723	2028
2020	15,440	2030
2021	41,771	2031
2022	18,188	2032
Declared in 2023	12,454	2033
Expected to be declared in 2024	3,085	2034
<u>MYSON CENTURY, INC.</u>		
2015	186,876	2025
2016	77,944	2026
2017	83,151	2027
2018	28,298	2028
2019	31,370	2029
2020	65,779	2030
2021	33,082	2031
2022	21,194	2032

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Year of loss	Unrecognized Losses yet to be deducted	Last year for deduction
<u>ZAVIO INC.</u>		
2019	3,051	2029
2020	6,024	2030
2022	540	2032
<u>Yuan Qiao</u>		
Declared in 2023	1,308	2033
<u>Sen Tai</u>		
Declared in 2023	33,311	2033
Expected to be declared in 2024	31,162	2034
<u>HSIN-LI</u>		
Declared in 2023	11,097	2033
Expected to be declared in 2024	32,307	2034
<u>Pony Leather Corporation</u>		
2020	48,898	2030
2021	9,624	2031
2022	8,936	2032
Declared in 2023	77,950	2033
Expected to be declared in 2024	2,529	2034
	<u>\$ 2,607,957</u>	

(2) Unrecognized deferred income tax liabilities: None.

(3) Recognized deferred income tax assets and liabilities

The changes in the deferred income tax assets and liabilities in 2024 and 2023 are as follows:

Deferred income tax assets:

	Deferred sales expenses	Loss carryforwards	Pension expenses	Others	Total
Balance on January 1, 2024	\$ 4,196	5,347	-	2,481	12,024
(Debit)/credit profit and loss	88	3,222	-	(2,151)	1,159
(Debit)/credit other comprehensive income	-	-	-	57	57
Generated from merger & acquisition	-	160	-	14,207	14,367
Balance on December 31, 2024	<u>\$ 4,284</u>	<u>8,729</u>	<u>-</u>	<u>14,594</u>	<u>27,607</u>
Balance on December 31, 2023	\$ 4,104	5,384	590	4,607	14,685
(Debit)/credit profit and loss	92	(37)	(515)	(2,126)	(2,586)
(Debit)/credit other comprehensive income	-	-	(75)	-	(75)
Balance on December 31, 2023	<u>\$ 4,196</u>	<u>5,347</u>	<u>-</u>	<u>2,481</u>	<u>12,024</u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Deferred income tax liabilities:

	Land value increment tax	Generated from merger & acquisition	Others	Total
Balance on January 1, 2024	\$ 31,448	33,738	1,000	66,186
(Debit)/credit profit and loss	-	(846)	1,041	195
Debit/(credit) other comprehensive income	-	-	(367)	(367)
Generated from merger & acquisition	-	-	754	754
Balance on December 31, 2024	\$ 31,448	32,892	2,428	66,768
Balance on December 31, 2023	\$ 31,448	41,760	179	73,387
(Debit)/credit profit and loss	-	(5,422)	821	(4,601)
Generated from merger & acquisition	-	(2,600)	-	(2,600)
Balance on December 31, 2023	\$ 31,448	33,738	1,000	66,186

5. The income tax returns of the Company's profit-seeking business have been authorized by the competent tax collection authority up to 2021.

(XXIV) Capital and other equity

The total authorized capital-common stocks of the Company were both NT\$5,000,000 thousand at the par value of NT\$10 per share, divided into 500,000 thousand shares respectively, as of December 31, 2024 and 2023. The shares issued refer to the common stocks totaling 301,016 thousand shares and 280,417 thousand shares, respectively, and all the capital funds for the outstanding shares have been received.

The outstanding stock of the Company (Unit: Thousand Shares) in 2024 and 2023 is adjusted as follows:

	Common stock	
	2024	2023
Balance on January 1	280,417	219,042
Conversion of corporate bonds	16,138	1,375
Exercise of employee stock options	4,461	-
Cash capital increase	-	60,000
Balance on December 31	301,016	280,417

1. Issuance of common stock

In 2024, the Company issued 4,461 thousand ordinary shares at NT\$11.6 per share due to employee stock option exercised in 2024; payment of NT\$51,748 thousand was received; payment for all issued shares has been received. As of December 30, 2024, there were still 405,000 shares that have not been registered with the Company.

16,138 thousand and 1,375 thousand new shares were issued at the par value upon the convertible corporate bond holders' exercise of the right of conversion in 2024 and 2023, respectively. The total amount was NT\$161,381 and NT\$13,748 thousand, respectively. As of December 31, 2024 and 2023, there were still 0 shares and 1,359 shares, respectively, that have not been registered with the Company.

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.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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2. Capital surplus

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Stock premium (including convertible corporate bond premium)	\$ 260,867	187,888
Changes in net worth of the subsidiary's equity recognized under equity method	300,137	42,313
Elements of equity recognized upon issuance of convertible corporate bonds - employee stock options	40,792	16,358
Treasury stock trading	14,905	2,623
Employee stock options	8,299	15,416
Others - invalid employee stock options	8,381	7,751
Others - exercise of disgorgement	<u>16,310</u>	<u>16,310</u>
	<u><u>\$ 649,691</u></u>	<u><u>288,659</u></u>

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

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

3. Retained earnings

According to the Company's Articles of Incorporation, the Company's earnings or loss off-setting may be made at the end of each fiscal year. When the earnings are distributed, tax shall be paid first to make up for the losses of the previous years, and then the employee's remuneration shall be retained, followed by % 10 Legal reserve, except when the legal reserve reaches the amount of the Company's paid-in capital; and the provision or reversal of special reserve is to be allocated according to the laws or regulations of the competent authority; the remainder, if any, may be added to the accumulated undistributed earnings as the dividends to shareholders. The board of directors shall prepare a proposal for distribution. 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

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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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'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 Company had no accumulated earnings available for distribution in 2023. Therefore, the Company resolved the loss compensation plans 2023 at the annual general meetings on May 29, 2024.

The Company's Board of Directors resolved on August 12, 2024 that no dividends should be distributed in 1H of 2024.

The related information may be accessed on the MOPS.

4. Treasury stock

The changes in the Company's stock held by the subsidiaries in 2024 and 2023 are detailed as follows:

Name of Subsidiary	2024			
	Quantity of shares, beginning	Increase in the current period	Decrease in the current period	Quantity of shares, ending
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	19,983,058	-	-	19,983,058
FEEI CHERNG ENTERPRISE CO., LTD.	6,160,903	1,176,135	7,337,038	-
HSIN-LI	4,602,548	1,376,068	5,978,616	-
MYSON CENTURY, INC.	258,291	-	258,291	-
	31,004,800	2,552,203	13,573,945	19,983,058

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

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 19,983 thousand shares and 31,005 thousand shares, at the market price of NT\$299,745 thousand and NT\$393,761 thousand, on December 31, 2024 and 2023. The Company stated the carrying amount of treasury stock as NT\$46,712 thousand and NT\$82,303 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, 2024	\$ (182)	197	15
Foreign currency translation difference (net after tax)			
Consolidated entities	4	-	4
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Consolidated entities	-	(170)	(170)
Balance on December 31, 2024	\$ (178)	27	(151)
Opening balance on January 1, 2023	\$ (182)	2,211	2,029
Unrealized profit or loss from the financial assets at fair values through other comprehensive profit or loss			
Consolidated entities	-	1,279	1,279
Disposal of investment in equity instrument at fair value through other comprehensive income			
Consolidated entities	-	(3,293)	(3,293)
Balance on December 31, 2023	\$ (182)	197	15

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(XXV) Share-based payment transactions

Employee stock options

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

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

2. The remuneration costs recognized under the fair value method based on said paid employee stock option scheme in 2024 and 2023 were NT\$761 thousand and NT\$2,205 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:

	2024		2023	
	Weighted average exercise price (NT\$)	Quantity of stock options	Weighted average exercise price (NT\$)	Quantity of stock options
Outstanding shares on January 1	\$ 11.6	8,020,000	11.5	8,924,000
Quantity exercised in the current period	11.6	(4,461,000)	-	-
Invalid quantity in the current period	-	<u>(70,000)</u>	-	<u>(904,000)</u>
Outstanding shares on December 31	11.6	<u>3,489,000</u>	11.6	<u>8,020,000</u>
Exercisable quantity on December 31	11.6	<u>3,489,000</u>	11.6	<u>6,015,000</u>

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

Grant date	August 12, 2020
Granted quantity	5,000,000 shares
Exercise price	Closing price of the common stock on the issuing date
Vested conditions	The exercisable equity rate is 50% upon expiration of two years, 75%

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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	upon expiration of three years, and 100% upon expiration of four years.
Projected price fluctuation ratio	37.81%, 40.26% and 38.90% upon expiration of two years, three years and four years, respectively.
Risk-free interest rate	0.27%, 0.30% and 0.32% upon expiration of two years, three years and four years, respectively.
Expected duration	4.5 years
Weighted average fair value of stock options	NT\$2.86, NT\$3.20 and NT\$3.17 upon expiration of two years, three years and four years, respectively.

5. The remuneration costs recognized by the subsidiary, U-BEST, under the fair value method based on said paid employee stock option scheme in 2024 and 2023 were NT\$392 thousand and NT\$1,651 thousand, respectively.

6. The information about quantity and weighted average exercise price related to the paid employee stock option scheme of the subsidiary, U-BEST, is disclosed as follows:

	2024		2023	
	Weighted average exercise price (NT\$)	Quantity of stock options	Weighted average exercise price (NT\$)	Quantity of stock options
Outstanding shares on January 1	\$ 11.8	3,485,000	11.8	4,813,000
Quantity exercised in the current period	11.8	(2,501,000)	11.8	(1,220,000)
Invalid quantity in the current period	11.8	<u>(72,500)</u>	11.8	<u>(108,000)</u>
Outstanding shares on December 31	11.8	<u>911,500</u>	11.8	<u>3,485,000</u>
Exercisable quantity on December 31	11.8	<u>911,500</u>	11.8	<u>2,308,750</u>

(XXVI) Earnings (losses) per share

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

	2024	2023
Basic loss per share:		
Net loss attributable to the Company's common stock shareholders	<u>\$ (214,390)</u>	<u>(144,751)</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>272,544</u>	<u>212,824</u>
Basic loss per share (Unit: NTD)	<u>\$ (0.79)</u>	<u>(0.68)</u>

It is not included in the calculation of diluted earnings per share, as anti-dilution effect will be produced if the potential common stocks are stated in 2024 and 2023.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(XXVII) Revenue from contracts with customers

1. Details of revenue

	<u>2024</u>	<u>2023</u>
Main territories and markets:		
Taiwan	\$ 1,413,233	836,947
Asia (exclusive of the territories of Taiwan)	49,225	8,895
Others	<u>28,776</u>	<u>95</u>
Total	<u><u>\$ 1,491,234</u></u>	<u><u>845,937</u></u>
Main product/service line:		
PU synthetic resin	\$ 437,077	332,402
Dry and wet PU synthetic leather and plastic leather	246,880	130,930
Sales of real estate	221,216	287,843
Construction and engineering revenue	41,677	36,478
Rental revenue from investment property	14,866	13,227
Revenue from selling electricity	8,026	-
System module	-	1,596
Bulk raw materials and supplies	-	1,082
Clothing accessories	77,235	-
Health food	283,503	-
Catering revenue	39,726	11,669
Split	98,264	-
Others	<u>22,764</u>	<u>30,710</u>
	<u><u>\$ 1,491,234</u></u>	<u><u>845,937</u></u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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2. Contract balance

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.1.1</u>
Notes and accounts receivable	\$ 230,739	138,740	179,864
Less: Loss provision	(437)	-	(1,424)
	<u>\$ 230,302</u>	<u>138,740</u>	<u>178,440</u>
Contract assets - Chi Yun	\$ -	-	30,383
Less: Loss provision	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>30,383</u>
Contract liability - The King's Landscapes	\$ 17,870	76,150	149,630
Contract liability - The Twin Towers	734,910	542,550	410,000
Contract liability - Chi Yun	20,080	-	-
Contract liability - Changrong Taishan	73,377	73,377	50,477
Contract liability - Ha Jiu Kyung	106,467	106,344	70,644
Contract liability - Liu Jin	23,010	26,480	16,780
Contract liability - Liu Xing	49,782	29,940	-
Contract liability - Greenery in the City	104,610	-	-
Contract liability - others	23	5,756	1,614
Contract liabilities - sales of goods	59,783	-	-
	<u>\$ 1,189,912</u>	<u>860,597</u>	<u>699,145</u>

The balances of contract liabilities on January 1, 2024 and 2023 that were recognized as revenue in 2024 and 2023 were NT\$26,603 thousand and NT\$72,839 thousand, respectively. Further, due to the customers' cancellation of reservation, or cancellation of transactions against laws, the contract liabilities decreased by NT\$47,530 thousand and NT\$18,350 thousand in 2024 and 2023.

(XXVIII) Remuneration to employees and directors

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

The Company's 2024 and 2023 accounts recorded cumulative losses, therefore no provision was made for employees' and directors' remuneration, which was in line with the resolution of the Company's board of directors. The relevant information can be obtained from the MOPS.

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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(XXIX) Non-operating revenue and expenditure

1. Interest revenue

The consolidated entities' interest revenue is stated as follows:

	<u>2024</u>	<u>2023</u>
Interest revenue - bank deposits	\$ 8,562	3,145
Interest revenue - financial assets measured at amortized cost	8,970	4,152
Interest revenue - other financial assets	1,764	1,227
Interest revenue - interest on the deposit for lease	5	5
Interest revenue - others	768	111
	<u><u>\$ 20,069</u></u>	<u><u>8,640</u></u>

2. Other revenue

The consolidated entities' other revenue is stated as follows:

	<u>2024</u>	<u>2023</u>
Dividend revenue	<u><u>\$ 12,975</u></u>	<u><u>23,683</u></u>

3. Other gains and losses

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

	<u>2024</u>	<u>2023</u>
Foreign currency exchange gains (losses)	\$ 6,817	(100)
Rental revenue	1,984	4,838
Net income from disposal of financial assets/liabilities at fair value through profit or loss	56,743	85,230
Gains (losses) from disposal of property, plant and equipment	(16)	13,299
Revenue from selling electricity	5,756	11,524
Impairment loss	(3,691)	(2,846)
Gain recognized in bargain purchase transaction	1,761	-
Others	37,449	1,632
	<u><u>\$ 106,803</u></u>	<u><u>113,577</u></u>

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

4. Financial cost

The consolidated entities' financial cost is stated as follows:

	2024	2023
Bank loans	\$ (131,556)	(104,612)
Loan of non-bank financial institutions	-	(503)
Discount and amortization of corporate bonds payable	(6,926)	(16,344)
Imputed interest on security deposit	(421)	(5)
Interest expenses on lease liabilities	(812)	(358)
Short-term bills and notes payable	(3,072)	-
Others	(64)	(86)
Less: capitalized interest	17,870	10,630
	<u>\$ (124,981)</u>	<u>(111,278)</u>

(XXX) Financial instruments

1. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

The consolidated entities have sales conducted significantly focusing on few customers. 27% and 35% of the total accounts receivable by the consolidated entities were due from three and two customers on December 31, 2024 and 2023.

(3) Credit risk over receivables

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

The other financial assets measured at amortized cost include other receivables and other financial assets. No impairment was provided or reversed in 2024 and 2023. 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, 2024							
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 5,554,426	5,901,844	1,295,672	697,434	1,941,502	1,344,938	622,298
Short-term bills and notes payable (fixed interest rate)	399,440	400,000	400,000	-	-	-	-
Corporate bonds payable (fixed interest rate)	880,307	934,000	-	-	134,000	800,000	-
Liabilities without interest	667,224	667,224	667,224	-	-	-	-
Lease liabilities	129,404	139,631	11,390	11,197	20,213	33,413	63,418
Long-term loan (including the current portion) (floating interest rate)	141,790	151,243	48,808	20,720	13,213	49,467	19,035
Deposits received	5,771	5,771	1,127	477	2,378	1,569	220
	<u>\$ 7,778,362</u>	<u>8,199,713</u>	<u>2,424,221</u>	<u>729,828</u>	<u>2,111,306</u>	<u>2,229,387</u>	<u>704,971</u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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December 31, 2023	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Bank loans (floating interest rate)	\$ 3,684,276	3,836,767	944,455	1,498,482	435,141	907,148	51,541
Short-term bills and notes payable (fixed interest rate)	155,822	156,100	156,100	-	-	-	-
Corporate bonds payable (fixed interest rate)	1,042,899	1,062,200	44,600	417,600	600,000	-	-
Liabilities without interest	781,263	781,263	781,263	-	-	-	-
Lease liabilities	13,209	13,720	2,570	2,439	4,652	4,059	-
Long-term loan (including the current portion) (floating interest rate)	154,081	163,315	22,275	22,710	80,926	17,182	20,222
Deposits received	4,314	4,314	456	342	2,019	1,276	221
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss - current & non-current	2,400	2,400	-	-	2,400	-	-
	\$ 5,838,264	6,020,079	1,951,719	1,941,573	1,125,138	929,665	71,984

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

3. Market risk

(1) Exchange rate risk exposure

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

		Unit: NT\$ Thousand					
		2024.12.31			2023.12.31		
		Foreign currency	Foreign exchange rate	NTD	Foreign currency	Foreign exchange rate	NTD
Financial assets							
<u>Monetary items</u>							
US Dollars	\$	9,194	32.785	301,406	787	30.705	24,137
RMB		1,185	4.478	5,306	-	-	-
Financial liabilities							
<u>Monetary items</u>							
US Dollars		1,198	32.785	39,276	578	30.705	17,775
RMB		1,492	4.478	6,681	-	-	-

(2) Analysis of sensitivity

The exchange rate risk of the consolidated entities is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If NTD vs USD and RMB on December 31, 2024 and 2023 appreciated or depreciated by 1%, while all other factors stayed unchanged, the net loss after tax would decrease or increase by NT\$2,086 thousand and NT\$51 thousand in 2024 and 2023. The analysis in both periods adopted the same basis.

(3) Exchange gain or loss of monetary items

The foreign currency exchange gains (losses) (including the realized and unrealized ones) of the consolidated entities were NT\$6,817 thousand and NT\$(100) thousand in 2024 and 2023, respectively.

4. Interest rate risk

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

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

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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change by the management.

If interest rate is increased or decreased by 1%, with all other variables stayed unchanged, the consolidated entities' net loss would increase or decrease by NT\$45,570 thousand and NT\$30,707 thousand in 2024 and 2023, primarily as a result of the consolidated entities' loan subject to the floating interest rate.

5. Other pricing risk

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

	2024		2023	
Securities and fund price on the reporting date	Other comprehensive income after tax	Income after tax	Other comprehensive income after tax	Income after tax
Increase by 3 %	\$ 1,871	12,546	166	13,191
Decrease by 3 %	\$ (1,871)	(12,546)	(166)	(13,191)

6. Information about fair value

(1) Type and fair value of financial instrument

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

	2024.12.31				
	Carrying amount	Fair value			
		Class 1	Class 2	Class 3	Total
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 527,902	522,769	5,133	-	527,902
Financial assets at fair value through other comprehensive income					
Stocks unlisted on TWSE/TPEX	\$ 67,646	-	-	67,646	67,646
Foreign bond investment	10,318	10,318	-	-	10,318
	\$ 77,964				

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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		2024.12.31				
		Carrying amount	Fair value			
			Class 1	Class 2	Class 3	Total
Financial assets measured at amortized cost						
Cash and Cash Equivalents	\$	1,631,952	-	-	-	-
Financial assets measured at amortized cost		442,276	-	-	-	-
(V) Notes receivable and accounts receivable (including related party)		230,302	-	-	-	-
Other receivables (including related party)		9,629	-	-	-	-
Other financial assets - current & non-current		369,461	-	-	-	-
Refundable deposits		18,501	-	-	-	-
		<u>\$ 2,702,121</u>				
Financial liabilities measured at amortized cost						
Short-term loans	\$	5,554,426	-	-	-	-
Short-term bills and notes payable		399,440	-	-	-	-
Payables		667,224	-	-	-	-
Corporate bonds payable (including the current portion)		880,307	-	984,955	-	984,955
Lease liabilities		129,404	-	-	-	-
Long-term loan (including the current portion)		141,790	-	-	-	-
Deposits received		5,771	-	-	-	-
		<u>\$ 7,778,362</u>				
		2023.12.31				
		Carrying amount	Fair value			
			Class 1	Class 2	Class 3	Total
Financial assets at fair value through profit or loss						
Financial assets mandatorily measured at fair value through profit or loss	\$	<u>569,607</u>	569,607	-	-	569,607
Financial assets at fair value through other comprehensive income						
Stocks unlisted on TWSE/TPEx	\$	<u>6,926</u>	-	-	6,926	6,926
Financial assets measured at amortized cost						
Cash and Cash Equivalents	\$	689,023	-	-	-	-
Financial assets measured at amortized cost		514,913	-	-	-	-
(V) Notes receivable and accounts receivable (including related party)		138,740	-	-	-	-
Other receivables (including related party)		27,008	-	-	-	-
Other financial assets - current & non-current		274,952	-	-	-	-
Refundable deposits		14,155	-	-	-	-
		<u>\$ 1,658,791</u>				
Financial liabilities at fair value through profit or loss						
Financial liabilities designated to be measured at fair value through profit or loss	\$	<u>2,400</u>	-	2,400	-	2,400

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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		2023.12.31			
	Carrying amount	Fair value			
		Class 1	Class 2	Class 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	\$ 3,684,276	-	-	-	-
Short-term bills and notes payable	155,822	-	-	-	-
Payables	781,263	-	-	-	-
Corporate bonds payable (including the current portion)	1,042,899	-	1,035,462	-	1,035,462
Lease liabilities	13,209	-	-	-	-
Long-term loan (including the current portion)	154,081	-	-	-	-
Deposits received	4,314	-	-	-	-
	<u>\$ 5,835,864</u>				

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

- (1.1) Class 1: Open quotation of the same assets or liabilities in an active market (without adjustment).
- (1.2) Class 2: Except the open quotation under Class 1, the import parameter of assets or liabilities may be observable directly (namely, the price) or indirectly (namely, presumed from the price).
- (1.3) Class 3: The import parameters of assets or liabilities are not based on observable market information (non-observable parameters).

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

The consolidated entities's financial instruments not measured at fair value are financial assets and liabilities measured at amortized cost. Unless the maturity date is very near or the prices to be paid in the future are similar to the carrying amount. In addition to estimating the fair value of the carrying amount on the balance sheet date, the methods and assumptions used are as follows:

If there are quotations from traders or market makers, the most recent traded price and quotations serve as the basis for assessing the fair value. If there is no market value for reference, use the evaluation method to estimate. The estimates and assumptions used in the evaluation method are the estimated fair value of the discounted cash flow.

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

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

(3.1) Non-derivative financial instruments

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

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

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

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

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

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

· Equity instrument without public quotation: The fair value is estimated using the discounted cash flow model. The main assumption is that the expected future cash flow of the investee is discounted at a rate of return that reflects the time value of money and investment risks.

· Equity instrument without public quotation: its fair value is estimated using the market comparable company method. The discount effect resulting from the lack of market liquidity of such equity securities has been adjusted.

The shares of unlisted companies held by the consolidated entities are classified as financial assets measured at fair value through other comprehensive income. The fair values on December 31, 2024 and 2023 were NT\$67,646 thousand and NT\$6,926 thousand, because the stock of the company has no open market quotation and the fair value is measured with a significant unobservable input, the stock is classified as Class 3.

(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 option of convertible corporate bond of the Company and its subsidiaries, U-BEST INNOVATIVE TECHNOLOGY, HSIN-LI, and FEEI CHERNG, was evaluated using binary tree method and Monte Carlo method.

(4) No transfer of fair value levels took place in 2024 and 2023.

(5) Details of change in Class 3

	Financial assets at fair value through other comprehensive income	
	Equity instruments without public quotations	
Opening balance on January 1, 2024	\$	6,926
Purchasing		60,720
Balance on December 31, 2024	\$	67,646
Opening balance on January 1, 2024	\$	926
Purchasing		6,000
Balance on December 31, 2024	\$	6,926

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

(6) Quantitative data used on measuring the fair value of the unobservable major input (Class 3)

The consolidated entities's fair value measurement is classified as the third level of financial assets measured at fair value through other comprehensive income - equity securities investment.

The financial assets held by the consolidated entities are equity instrument investments without active markets with multiple significant unobservable inputs. Since the significant unobservable inputs of equity instrument investments in an inactive market are independent of each other, there is no correlation.

The quantitative information of the significant unobservable inputs is as follows:

Item	Valuation technique	Unobservable major input	Relationship between the unobservable major input and the fair value
Financial assets measured at fair value through other comprehensive income - investments in equity instruments for which there is no active market	Comparable company analysis	Discount for lack of marketability (7.69 % on 2024.12.31)	The higher discount resulting from the lack of market liquidity is, the lower the fair value is.

(7) Fair value measurements in Class 3 – sensitivity analysis of reasonably possible alternative assumptions

The consolidated entities' measurements in fair value of financial instruments are reasonable, but if the consolidated entities use different valuation models or parameters, the measurements may vary. For financial instruments classified as Class 3, changes of the valuation parameters might impose the following effects to the current profit or loss or other comprehensive income:

December 31, 2024	Input	Positive or negative changes	Fair value changes reflected in other comprehensive income	
			Favorable changes	Unfavorable changes
Financial assets at fair value through other comprehensive income				
Investment in equity instruments without an active market	Discount resulting from the lack of market liquidity	1 % \$	544	(544)

The favorable and unfavorable changes of the consolidated entities represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The fair value of a financial instrument might be affected by more than 1 input value. The analysis above only reflects the effects of changes in a single input, but does not include the correlations and variances among the inputs.

(XXXI) Financial risk management

1. Overview

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

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

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

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

2. Financial risk management framework

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

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

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

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

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

(2) Investment

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

(3) Guarantees

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

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

4. Liquidity risk

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

5. Market risk

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

(1) Interest rate risk

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

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

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

(2) Interest rate risk

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

(3) Other market price risk

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

(XXXII) Capital management

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

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

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

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total liabilities	\$ 9,112,115	6,784,106
Less: Cash and Cash Equivalents	<u>(1,631,952)</u>	<u>(689,023)</u>
Net liabilities	<u>\$ 7,480,163</u>	<u>6,095,083</u>
Total equity	<u>\$ 8,088,955</u>	<u>5,793,259</u>
Debt to equity ratio	<u>92.47 %</u>	<u>105.21 %</u>

As of December 31, 2024, the capital management method of the consolidated entities remained unchanged.

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

The consolidated entities' liabilities from financing activities in 2024 and 2023 are adjusted as follows:

	<u>Short-term loans</u>	<u>Short-term bills and notes payable</u>	<u>Corporate bonds payable (including the current portion)</u>	<u>Lease liabilities</u>	<u>Long-term loan (including the current portion)</u>	<u>Total liabilities from financing activities</u>
Balance on January 1, 2024	\$ 3,684,276	155,822	1,042,899	13,209	154,081	5,050,287
Cash flow						
Cash from loan	3,014,036	1,091,671	-	-	-	4,105,707
Repayment of loan	(1,312,524)	(848,053)	-	-	(94,291)	(2,254,868)
Repayment of principal for lease	-	-	-	(12,375)	-	(12,375)
Issuance of convertible corporate bonds	-	-	812,655	-	-	812,655
Repayment of corporate bonds	-	-	(13,200)	-	-	(13,200)
Non-cash flow						
Discount and amortization	-	-	6,926	-	-	6,926
Other changes	-	-	(968,973)	32,985	-	(935,988)
Effect of initial consolidation of subsidiaries	<u>168,638</u>	<u>-</u>	<u>-</u>	<u>95,585</u>	<u>82,000</u>	<u>346,223</u>
Balance on December 31, 2024	<u>\$ 5,554,426</u>	<u>399,440</u>	<u>880,307</u>	<u>129,404</u>	<u>141,790</u>	<u>7,105,367</u>
Balance on December 31, 2023	\$ 3,597,304	154,726	1,057,642	17,776	124,292	4,951,740
Cash flow						
Cash from loan	2,528,620	614,648	-	-	99,560	3,242,828
Repayment of loan	(2,441,648)	(613,552)	-	-	(69,771)	(3,124,971)
Repayment of principal for lease	-	-	-	(4,371)	-	(4,371)
Non-cash flow						
Discount and amortization	-	-	16,344	-	-	16,344
Other changes	<u>-</u>	<u>-</u>	<u>(31,087)</u>	<u>(196)</u>	<u>-</u>	<u>(31,283)</u>
Balance on December 31, 2023	<u>\$ 3,684,276</u>	<u>155,822</u>	<u>1,042,899</u>	<u>13,209</u>	<u>154,081</u>	<u>5,050,287</u>

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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VII. Transactions with related parties

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

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

<u>Name of Related Party</u>	<u>Relationship with the consolidated entities</u>
Ms. Chang Hui-Feng	Spouse of the Company's Chairman
Mr. Chang Yu-Ming	Major management
Mr. Tseng Peng-Kuang	Major management
Metropolitan International Development Co., Ltd.	Other related party of the consolidated entities
Zhong Qing Technology Co., Ltd.	Its Chairman is same person as the Company's Chairman.
Tai Chan Construction Co., Ltd.	Its chairman is a Company's director, who is no longer a related party after the re-election of directors in May 2023
Shin Agri Tech Co., Ltd.	Other related party of the consolidated entities
Employee Welfare Committee of SUN YAD CONSTRUCTION CO., LTD	Other related party of the consolidated entities
Employee Welfare Committee of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Other related party of the consolidated entities
Employee Welfare Committee of HSIN-LI CHEMICAL INDUSTRIAL CORP.	Other related party of the consolidated entities
Mason Holdings Limited	Its Chairman is same person as the Company's Chairman.
He Rui Investment Ltd.	Other related party of the consolidated entities

(II) Significant transactions with related parties

1. Operating revenue

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

	<u>2024</u>	<u>2023</u>
Other related party	<u>\$ 17,730</u>	<u>3,022</u>

There is no similar transaction related to the sale of goods, and the price is determined by both parties through negotiation, and the payment terms are similar to that of a general customer; the consolidated entities has a period of 90 days to collect payment from the related party. No collateral was collected for the accounts receivable of related parties. After assessment, not impairment loss needed to be recognized.

2. Contract awarding

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

	<u>2023</u>
Executed contract amounts	<u>\$ 181,959</u>
Accounts collected according to the contracts during the period	<u>\$ 28,594</u>

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

The consolidated entities calculated the contract amount for the contract awarded by any related party based on the engineering budget plus reasonable overhead and profit, subject to approval of the relevant supervisor. No transaction with non-related party was made available as the comparable for the profit rate and collection terms and conditions of the contract undertaken by the consolidated entities.

3. Receivables - related party

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

Title	Type of related party	2024.12.31	2023.12.31
Accounts receivable	Other related party	\$ 21	-

4. Lease

- (1) The rent income from leasing offices to other related parties in 2024 and 2023 was NT\$11 thousand and NT\$16 thousand, respectively. As of December 31, 2024 and 2023, the proceeds from the aforementioned transactions have been received.
- (2) The office rent expense of the consolidated entities in 2024 from the related party, Chang Hui-Fen, amounted to NT\$840 thousand. As of December 31, 2024, the payment due to the aforementioned transaction has been completed. In addition, the security deposit required for this transaction amounted to NT\$240 thousand and was included in the account of refundable deposits. No such transaction took place in 2023.

5. Labor service fees

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

Title	Type of related party	2024	2023
Management expenses - labor service fees	Major management - Chang Yu-Ming	\$ 180	180

As of December 31, 2024 and 2023, the unpaid balance was TN\$15 thousand, accounting for under other payables.

6. Others

- (1) The consolidated entities executed the real estate joint construction and separate sale contract with the spouse of the Company's Chairman in 2013. In December 31, 2024 and 2023, 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\$261 thousand and NT\$9,396 thousand, preliminarily. They are booked in other receivables.
- (2) In 2024 and 2023, the expenses arising from the office supplies purchased by the consolidated entities and computer equipment maintenance were NT\$400 thousand and NT\$31 thousand, respectively, which were included in management expenses. The computer equipment and software purchased were NT\$105 thousand and NT\$844 thousand. As of December 31, 2024 and 2023, amounts payable the occurred due to the abovementioned transactions amounted to NT\$290 thousand and NT\$453 thousand, which were included in other payables.
- (3) The amount of NT\$11,542 thousand required to be paid by other related parties on behalf of the consolidated entities for operation was unpaid as of December 31, 2024 and is listed under other payables. No such transaction took place on December 31, 2023.
- (4) As of December 31, 2024 and 2023, the bank loans and the available limit was under the joint guarantee of the management personnel of the consolidated entities.
- (5) A commission of NT\$100 thousand paid by the consolidated entities in 2024 for the management of the

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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consolidated entities to assist the intermediary in selling the buildings and land of the construction project was booked in the prepayments account.

- (6) The consolidated entities's domestic 3rd secured convertible corporate bonds on December 31, 2024 was provided by the consolidated entities's major management - Chang, Yu-Ming as a joint and several guarantee for foreign corporate bonds.

(III) Key management personnel transactions

Remuneration to the key management personnel includes the following:

	2024	2023
Short-term employee benefits	\$ 102,205	45,511
Post-employment benefits	503	531
Share-based payment	113	447
	<u>\$ 102,821</u>	<u>46,489</u>

The costs of leased cars recognized by the consolidated entities as the right-of-use assets were NT\$1,921 thousand and NT\$2,248 thousand, respectively, on December 31, 2024 and 2023. The cars were primarily provided to the key management personnel.

VIII. Assets pledged as collateral or for security

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

Pledged assets	Objective pledged and guaranteed	2024.12.31	2023.12.31
Time and demand deposits (Note)	Short-term loan facility, collateral for payable corporate bonds, land lease, natural gas deposit, price trust, performance guarantee	\$ 369,461	274,952
Financial assets at fair value through profit or loss - non-current	Amount of short-term loans	221,716	-
Financial assets measured at amortized cost - current and non-current	Guarantee for credit card machine deposits and corporate bonds payable	152,653	-
Inventory - land for construction	Amount of short-term loans	2,898,362	863,380
Inventory - land under construction	Amount of short-term loans	2,625,133	2,624,672
Inventory - building under construction	Amount of short-term loans	916,396	593,602
Inventory - available-for-sale land	Limit of short-term borrowings, collateral for corporate bonds payable, credit line for short-term bills payable, and endorsement/guarantee	319,970	341,935
Inventory - available-for-sale house	Amount of short-term borrowings, collateral for corporate bonds payable, and amount of short-term bills payable	2,024,702	2,030,225
Property, plant and equipment	Limit of short-term and long-term borrowings, collateral for corporate bonds payable, and credit line for short-term bills payable	747,674	437,446
Investment property	Limit of short-term and long-term loans and short-term bills and notes payable	251,045	255,435
		<u>\$ 10,527,112</u>	<u>7,421,647</u>

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

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

IX. Major contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments:

- (I) The consolidated entities' letter of credit that has been issued for purchase of imported raw materials and supplies but not used amounts to NT\$9,968 thousand and NT\$7,298 thousand on December 31, 2024 and 2023.
- (II) The real estate sale contracts executed by the consolidated entities with the buyers for the projects launched by them totaled NT\$8,750,036 thousand and NT\$6,678,236 thousand on December 31, 2024 and 2023. Among them, NT\$1,110,026 thousand and NT\$854,841 thousand have been collected pursuant to the contract, and stated as contract liabilities - current.
- (III) The amount of the contracts for the property, plant and equipment which the consolidated entities have executed but not yet recognized was NT\$44,171 thousand and NT\$36,786 thousand on December 31, 2024 and 2023. Among them, NT\$26,659 thousand and NT\$8,835 thousand has been paid per the contracts, and stated as the property, plant and equipment.
- (IV) As of December 31, 2024 and 2023, the consideration for the land purchase contract entered into by the consolidated entities that has not yet been transferred was NT\$381,758 thousand and NT\$81,905 thousand, respectively. The Company has paid NT\$38,200 thousand and NT\$8,572 thousand, respectively, according to the contract, and the amount was included in inventories - prepayments for land.

Major contingencies:

- (I) The adjacent building collapsed during the construction project of the consolidated entities's "Gold City Tainan" in April 2024. As of December 31, 2024, this project has reached a settlement and signed a sale and purchase contract for the damaged houses; however, the Company is still in mediation with the remaining four damaged owners and has not yet officially entered the civil litigation stage. As of the reporting date, the cost of repairing the adjacent damages of the basic industrial safety incidents cannot be estimated reliably. Therefore, the consolidated entities has assessed that it is not necessary to estimate the liability reserve for this pending lawsuit. The related expenses paid by the consolidated entities in 2024 for this contiguous event amounted to NT\$3,111 thousand and recorded under the "non-operating income and expense - other gains and losses".
- (II) The King's Castle Community Management Committee claimed for NT\$92,817 thousand from the consolidated entities for the construction quality of the fire-fighting equipment in the basement parking lot of the building in dispute, and filed a lawsuit. As of the date of release of the financial report, the aforementioned case is still under review. The consolidated entities did not estimate the relevant liability reserve because it was not yet possible to assess the possible impact.
- (III) There were some significant differences between the consolidated entities and Coffee Bronze Co., Ltd. regarding the determination of the delay of completion and house delivery of the King's Landscapes Construction Project. Therefore, the consolidated entities claimed NT\$22,257 thousand as liquidated damages from the Company and filed a lawsuit. The Tainan District Court ruled against the consolidated entities in the first instance on August 9, 2024. In order to protect the rights and interests of the consolidated entities, the consolidated entities had appealed on August 29, 2024. As of the date of release of the financial report, the aforementioned case is still under review. The consolidated entities did not estimate the relevant liability reserve because it was not yet possible to assess the possible impact.
- (IV) Due to the dispute between the consolidated entities and YU LI ELECTRIC & MACHINERY ENGINEERING CO., LTD. for a new water and electricity construction contract at the Chengguang Section, Tainan, YU LI ELECTRIC & MACHINERY ENGINEERING CO., LTD. believed that the consolidated entities had failed to perform the payment and filed a lawsuit accordingly, demanding that the consolidated entities makes the construction payment of NT\$60,624 thousand. As of the date of release of the financial report, the

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aforementioned case is still under review. The consolidated entities did not estimate the relevant liability reserve because it was not yet possible to assess the possible impact.

- (V) The consolidated entities confiscated the price paid by some buyers of NT\$19,533 thousand due to breach of contract. The buyer sued the Company for a lesser penalty. As of the date of release of the financial report, the aforementioned case is still under review. The consolidated entities did not estimate the relevant liability reserve because it was not yet possible to assess the possible impact.

X. Losses due to major disasters: None.

XI. Significant subsequent events

- (I) The Board of Directors resolved to carry out a cash capital increase of NT\$650,000 thousand through the issuance of 65,000 thousand shares with a par value of NT\$10 per share on October 8, 2024, which was approved by the Financial Supervisory Commission. February 26, 2025 was adopted as the record day for the capital increase, and the legal registration procedures have not been completed.
- (II) On September 2, 2024, FEEI CHERNG's board of directors resolved to plan to issue 52,000 thousand shares as capital increase in cash at \$12 per share for a total capitalization of \$624,000, to meet the need for construction project funds. The par value of NT\$10 per share was declared effective by the Financial Supervisory Commission on October 29, 2024, resolved by the board on January 9, 2025, and February 19, 2025 is the capital increase base date.
- (III) On January 17, 2025, MYSON CENTURY, INC.'s extraordinary shareholders' meeting resolved to change the par value to NT\$0.5, and the total number of issued shares was 294,000 thousand; Completion of change registration is on January 22, 2025.

XII. Others

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

By function	2024			2023		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
By Nature						
Employee benefit expenses						
Salary expenses	90,591	267,120	357,711	48,230	150,603	198,833
Labor/national health insurance expenses	7,224	12,503	19,727	4,520	8,839	13,359
Pension expenses	3,491	5,318	8,809	2,185	3,969	6,154
Other employee benefit expenses	3,605	10,060	13,665	3,449	4,747	8,196
Depreciation expenses	44,543	23,660	68,203	31,600	22,415	54,015
Amortization expenses	4,868	3,040	7,908	-	2,969	2,969

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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XIII. Disclosures in notes

(I) Information on significant transactions

The information about significant transactions to be disclosed by the consolidated entities pursuant to the Regulations Governing the Preparation of Financial Reports in 2024 is stated as follows:

1. Loaning of fund to others:

No.	Lender	Borrower	Accounting title	Related party or not?	Current maximum amount	Balance, ending	Drawdown	Interest rate range	Nature of loans to others	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss provision	Collateral		Limit of loans to individual borrowers	Limit of total loans	Remark
													Name	Value			
0	The Company	Shangyu Construction Co., Ltd.	Other receivables	Yes	100,000	100,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	826,638 (Note 1)	1,316,220 (Note 1)	(Note 5)
0	The Company	MYSON	Other receivables	Yes	100,000	100,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	826,638 (Note 1)	1,316,220 (Note 1)	(Note 5)
0	The Company	ZAVIO INC.	Other receivables	Yes	30,000	30,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	826,638 (Note 1)	1,316,220 (Note 1)	(Note 5)
0	The Company	BOROMI OPTRONICS CORP.	Other receivables	Yes	200,000	200,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	826,638 (Note 1)	1,316,220 (Note 1)	(Note 5)
1	FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai	Other receivables	Yes	100,000	100,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	163,786 (Note 2)	327,571 (Note 2)	(Note 5)
2	MYSON	ZAVIO INC.	Other receivables	Yes	50,000	50,000	25,000	3 %	Needs for short-term financing	-	Working capital	-	-	-	111,599 (Note 3)	178,559 (Note 3)	(Note 5)
2	MYSON	Yunkang Century Co., Ltd.	Other receivables	Yes	15,000	15,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	111,599 (Note 3)	178,559 (Note 3)	(Note 5)
2	MYSON	Yuan Qiao	Other receivables	Yes	15,000	15,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	111,599 (Note 4)	178,559 (Note 4)	(Note 5)
3	BOROMI OPTRONICS CORP.	Shangyu Construction Co., Ltd.	Other receivables	Yes	10,000	10,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	80,925 (Note 4)	129,480 (Note 4)	(Note 5)
3	BOROMI OPTRONICS CORP.	ZAVIO INC.	Other receivables	Yes	10,000	10,000	-	3 %	Needs for short-term financing	-	Working capital	-	-	-	80,925 (Note 4)	129,480 (Note 4)	(Note 5)

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

(Note 2) The limit of total loans to others by FEEI CHERNG ENTERPRISE and the limit of loans to one single enterprise are capped at 20% and 10% of FEEI CHERNG ENTERPRISE's net worth.

(Note 3) The total amount of loans and the limits of each borrower of MYSON are as follows:

1. The total amount of funds lending shall not exceed 50% of MYSON's net worth. The amount of funds lending to a single enterprise shall not exceed 25% of the MYSON's net worth.
2. For companies or firms that have the need for short-term financing, the total amount of loans shall not exceed 40% of MYSON's net worth.
3. For companies or firms that have business dealings with MYSON, the total amount of loans provided shall not exceed 25% of MYSON's net worth. The amount of individual loan shall not exceed the amount of business transactions between both parties in the most recent year. The so-called "business transaction amount" refers to the higher amount of purchases or sales between the two parties.

(Note 4) The total loan limit of BOROMI OPTRONICS CORP. is 50% of its net worth. However, it is limited to 40% of its net worth when lending funds to others for short-term financing where necessary, and 25% of its net worth to a single enterprise. For entities that have business dealings with BOROMI OPTRONICS CORP., the loan amount shall not exceed the amount of the business dealings.

(Note 5) Already written off during the preparation of the consolidated financial statements.

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2. Making of endorsements/guarantees for others:

No.	Endorser/ guarantor	Endorsed/ guaranteed party		Limits on endorsements/ guarantees for a single enterprise	Current maximum endorsement/guarantee balance	Endorsement/guarantee balance - ending	Drawdown	Endorsement/guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/guarantees	Endorsement/guarantee made by the parent company for its subsidiaries	Endorsements/guarantees made by the subsidiaries for the parent company	Endorsement/ guarantee made for the operations in Mainland China	Remark
		Company Name	Relationship											
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	The Company	(Note 1)	2,209,946 (100% of the Company's net worth)	196,208	71,203	71,203	-	3.22%	4,419,892 (200% of the Company's net worth)	-	Y	-	(Note 2)

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

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

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

Unit: Thousand shares

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period	Remark
				Quantity of shares	Carrying amount	Shareholding	Fair value		
The Company	Monthly income USD-denominated structured bonds	-	Financial assets at fair value through profit or loss - non-current	1	-	- %	-	- %	-
The Company	Stock of BinShi TaiLu CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current:	1,050	10,500	7.00 %	10,500	7.00 %	-
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	299,746	6.64 %	299,746	6.64 %	(Note 1)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of ACE Accessories Co., Ltd.	-	"	500	6,000	2.80 %	6,000	2.80 %	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of Renjie Oldsichuan Catering Management Consultant Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	175	7,200	0.77 %	7,200	0.77 %	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of WAKOM SEMICONDUCTOR CORPORATION	-	"	28	-	0.81 %	-	0.81 %	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Yuanta U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through profit or loss - current	230	6,590	- %	6,590	230	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	CAPITAL ICE 25+ YEAR US TREASURY EXCHANGE TRADED FUND	-	"	110	3,293	- %	3,293	110	-
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Stocks of FORMOSA TAFFETA CO., LTD.	-	"	-	-	- %	-	0.01 %	-
HSIN-LI	Stocks of E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	2,845	76,669	0.02 %	76,669	0.02 %	(Note 2)
HSIN-LI	Stocks of TAIWAN BUSINESS BANK, LTD.	-	"	9,871	146,580	0.11 %	146,580	0.11 %	(Note 2)
HSIN-LI	Stocks of Taishin Financial Holding Co., Ltd.	-	"	9,170	159,560	0.07 %	159,560	0.07 %	(Note 2)
HSIN-LI	Stocks of Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	-	-	- %	-	0.01 %	-
HSIN-LI	Stocks of King's Town Bank Co., Ltd.	-	"	-	-	- %	-	0.01 %	-

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period	Remark
				Quantity of shares	Carrying amount	Shareholding	Fair value		
HSIN-LI	Common stock of China Development Financial Holding Corporation	-	"	-	-	- %	-	- %	-
HSIN-LI	Preferred stock of China Development Financial Holding Corporation	-	"	-	-	- %	-	0.09 %	-
HSIN-LI	Stocks of SanDi Properties Co., Ltd.	-	"	-	-	- %	-	0.14 %	-
HSIN-LI	Convertible corporate bonds-HORIZON SECURITIES CO., LTD.	-	"	-	-	- %	-	7,691	-
HSIN-LI	Stocks of SUN YAD	The Company	"	-	-	- %	-	2.13 %	-
HSIN-LI	Convertible corporate bonds-SUN YAD V	The Company	"	-	-	- %	-	24,250	-
HSIN-LI	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	-	-	- %	-	1.43 %	-
HSIN-LI	Stock of TEKCORE CO., LTD.	-	"	-	-	- %	-	0.97 %	-
HSIN-LI	FU TA MATERIAL TECHNOLOGY CO., LTD.	-	"	-	-	- %	-	0.73 %	-
HSIN-LI	Stocks of Associated Industries China, Inc.	-	"	-	-	- %	-	0.32 %	-
HSIN-LI	Yuanta U.S. Treasury 20+ Year Bond ETF	-	"	-	-	- %	-	68,240	-
HSIN-LI	Stock of LUXE BRING CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current;	166	926	8.50 %	926	8.50 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Highwealth Construction Corp.	-	Financial assets at fair value through profit or loss - current	-	-	- %	-	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of EZPLACE CO., LTD.	-	"	-	-	- %	-	0.15 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Cathay Financial Holdings Co., Ltd.	-	"	-	-	- %	-	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SUN YAD	The Company	Financial assets at fair value through profit or loss - current	-	-	- %	-	2.76 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of SanDi Properties Co., Ltd.	-	"	-	-	- %	-	0.85 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of AMTRAN TECHNOLOGY CO., LTD.	-	"	-	-	- %	-	0.04 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Common stock of China Development Financial Holding Corporation	-	"	-	-	- %	-	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Prior preferred stock of China Development Financial Holding Corporation	-	"	-	-	- %	-	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Shin Kong Financial Holding Co., Ltd.	-	"	-	-	- %	-	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Taiwan Semiconductor Manufacturing Company Limited	-	"	1	1,074	- %	1,074	- %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stock of U-BEST Innovative Technology Co., Ltd.	Subsidiary	"	-	-	- %	-	0.37 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of Associated Industries China, Inc.	-	"	172	2,064	0.31 %	2,064	0.43 %	-
FEEI CHERNG ENTERPRISE CO., LTD.	Stocks of XU YUAN PACKAGING TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss - current	-	-	- %	-	1.45 %	-

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

Holder	Type and name of securities	Relationship with the securities issuer	Ledger account	Ending				Maximum shareholding ratio or capital contribution during the period	Remark
				Quantity of shares	Carrying amount	Shareholding	Fair value		
FEEI CHERNG ENTERPRISE CO., LTD.	Convertible corporate bonds-SUN YAD V	The Company	//	-	-	-	-	250	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st secured convertible corporate bonds of BUIMA GROUP INC. TAIWAN BRANCH (CAYMAN ISLANDS)	-	//	-	-	-	-	3	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of MERCURIES & ASSOCIATES HOLDING, LTD.	-	//	-	-	-	-	8	-
FEEI CHERNG ENTERPRISE CO., LTD.	Domestic 3rd secured convertible corporate bonds of United Renewable Energy Co., Ltd.	-	//	-	-	-	-	61	-
FEEI CHERNG ENTERPRISE CO., LTD.	1st unsecured convertible corporate bonds of Medigen Vaccine Biologics Corporation	-	//	-	-	-	-	50	-
FEEI CHERNG ENTERPRISE CO., LTD.	Fubon FTSE Vietnam ETF	-	//	-	-	-	-	326	-
FEEI CHERNG ENTERPRISE CO., LTD.	CTBC Battery & Energy Storage Technology ETF	-	//	-	-	-	-	2,000	-
FEEI CHERNG ENTERPRISE CO., LTD.	Yuanta U.S. Treasury 20+ Year Bond ETF	-	//	461	13,208	-	13,208	461	-
FEEI CHERNG ENTERPRISE CO., LTD.	Cathay 20+ Year U.S. Treasury Bond Index Securities Investment Trust Fund	-	//	560	16,677	0.01 %	16,677	560	-
FEEI CHERNG ENTERPRISE CO., LTD.	CAPITAL ICE ESG 20+ YEAR BBB US CORPORATE EXCHANGE TRADED FUND Securities Investment Trust Fund	-	//	850	13,421	0.01 %	13,421	850	-
FEEI CHERNG ENTERPRISE CO., LTD.	CAPITAL ICE 25+ YEAR US TREASURY EXCHANGE TRADED FUND	-	//	190	5,689	0.01 %	5,689	190	-
FEEI CHERNG ENTERPRISE CO., LTD.	U.S. Treasury Bonds	-	Financial assets measured at amortized cost-non-current	-	148,653	-	148,653	45	-
Pony Leather Corporation	The ALTRIA GROUP,INC. USD 5.8% Corporate Bond	-	Financial assets at fair value through other comprehensive income - non-current:	-	1,083	-	1,083	-	%
Pony Leather Corporation	Apple Inc. USD bonds	-	//	-	4,523	-	4,523	-	%
Pony Leather Corporation	AT&T Inc. USD bond	-	//	-	4,712	-	4,712	-	%
MYSON	Common stock of Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	2,100	24,780	0.01 %	24,780	2,100	-
MYSON	Yuanta U.S. Treasury 20+ Year Bond ETF	-	//	700	20,055	-	20,055	700	-
MYSON	Cathay 20+ Year U.S. Treasury Bond Index Securities Investment Trust Fund	-	//	870	25,909	-	25,909	1,170	-
MYSON	Common stock of Hua Han Insurance Brokers Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current:	540	50,220	13.50 %	50,220	540	-
MYSON	Stocks of SUN YAD	The Company	//	-	-	-	-	258,291	-

(Note 1): Restated as treasury stocks.

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

(Note 2) Please refer to Note VIII for the provision of collateral.

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:

Unit: Thousand shares

Buying/ selling company	Type and name of marketable securities	Ledger account	Trading counterpart	Relationship	Beginning of period		Buying		Selling				End of period	
					Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Selling price	Carrying cost	Gain or loss on disposal	Quantity of shares	Amount (Note)
FEEI CHERNG ENTERPRISE CO., LTD.	Shares of HSIN-LI	Investment under equity method	-	-	6,880	157,246	-	-	6,880	331,155	167,932	-	-	-
HSIN-LI	Shares of Pony Leather Corporation	Investment under equity method	Natural person	Non-related party	-	-	27,800	558,780	-	-	-	-	27,800	550,749

(Note) The balance of the profit and loss recognized under the equity method and other relevant adjustments in the current period has been eliminated when preparing the consolidated financial statements.

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

Holder	Name of Property	Date of Transaction or Date of Occurrence	Transaction amount	Payment status	Trading counterpart	Relationship	Information about the previous transfer, if the trading counterpart is a related party.				Reference basis for determination of the price	Purpose and usage	Other agree- ments
							All persons	Relationship with the issuer	Date of transfer	Amount			
FEEI CHERNG ENTERPRISE CO., LTD.	Fuchien Sec., Zhongxi Dist., Tainan	2024/06/07	1,415,388	1,415,388	Crown Department Store	-	N/A	N/A	N/A	N/A	Valuation	Planning and construction	None
BOROMI OPTRONICS CORP.	Shanxin Section, Shanhua District, Tainan	2024/11/21	381,757	Payment due from contract 38,200	Natural person	Non-related party	N/A	N/A	N/A	N/A	Valuation	Planning and construction	None

6. The amount of real estate disposed of exceeds NT\$300 million or 20 % of paid-in capital: 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	MYSON	Subsidiary	Contract awarding	102,090	13.98%	Paid in installment per the contract and work progress	-	-	-	-%	(Note)
The Company	Shangyu Construction Co., Ltd.	Subsidiary	Contract awarding	435,890	59.70%	Paid in installment per the contract and work progress	-	-	-	-%	(Note)
The Company	BOROMI OPTRONICS CORP.	Subsidiary	Contract awarding	149,506	20.48%	Paid in installment per the contract and work progress	-	-	-	-%	(Note)
Shangyu Construction Co., Ltd.	The Company	Parent company	Engineering revenue	618,592 (Note 1)	93.37%	Paid in installment per the contract and work progress	-	-	-	-%	(Note)
MYSON	The Company	Parent company	Construction and sales revenue	172,418 (Note 1)	51.26%	Paid in installment per the contract and work progress	-	-	28,671	53.84%	(Note)
BOROMI OPTRONICS CORP.	The Company	Parent company	Engineering revenue	130,965 (Note 1)	100%	Paid in installment per the contract and work progress	-	-	-	-%	(Note)

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

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

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

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

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

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

No.	Name of trader	Trading counterpart	Relationship with the trader (Note 1)	Transaction			
				Title	Amount (Note 2)	Trading terms	Percentage of consolidated total operating revenue or total assets (Note 3)
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	3	Sales revenue	26,979	O/A 60 days	1.81%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Pony Leather Corporation	3	Sales revenue	16,564	O/A 98 days	1.11%
1	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	3	Other revenue	60,906	Payment received on the 15th of each month	4.08%
2	Shangyu Construction Co., Ltd.	The Company	2	Operating revenue	618,592	Collected in installment per the contract and work progress	41.48%
3	BOROMI OPTRONICS CORP.	The Company	2	Operating revenue	130,965	Collected in installment per the contract and work progress	8.78%
4	MYSON CENTURY, INC.	The Company	2	Operating revenue	172,418	Collected in installment according to the contract	11.56%
4	MYSON CENTURY, INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	3	Operating revenue	34,012	Collected in installment according to the contract	2.28%
5	Sen Tai	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	3	Sales revenue	27,858	Collected in installment according to the contract	1.87%
5	Sen Tai	FEEI CHERNG ENTERPRISE CO., LTD.	3	Sales revenue	19,509	Per the contract	1.31%

(Note 1): Indication of the relationship with trader

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

(Note 2): Disclosure is made if the amount of the item accounts for more than 10% of the consolidated total assets and the profit and loss account accounts for more than 1% of the total consolidated revenue.

(Note 3): Said transactions have already been written off during the preparation of the consolidated financial statements.

(Note 4): For assets and liabilities, the percentage of transaction amount to the consolidated total operating revenue or total assets is shown as the percentage of the balance, ending to the consolidated total assets. For income, it shall be shown as the percentage of accumulated amount in the consolidated total operating revenue.

(II) Information on investees:

The information about investees (excluding the invested business in Mainland China) of the consolidated entities in 2024 is stated as follows:

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment income recognized in the current period	Remark
				End of the current period (2024.12.31)	End of the previous period (December 31, 2023)	Quantity of shares (shares)	Ratio	Carrying amount				
The Company	Victory Enterprises Limited	Samoa	Investment	5,344 (USD 163 thousand) (Note 1)	5,344 (USD 163 thousand) (Note 1)	162,500	64.36%	69	64.36%	-	-	Subsidiary (Note 2)
The Company	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	240,847	240,847	22,506,152	12.66%	227,515	16.14%	(42,549)	(7,801)	Subsidiary (Note 2)
The Company	Shangyu Construction Co., Ltd.	Taiwan	Building industry	207,603	207,603	25,459,990	99.99%	355,429	99.99%	110,705	(52,191)	Subsidiary (Note 2)
The Company	MYSON CENTURY, INC.	Taiwan	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	80,216	80,216	2,507,367	17.06%	101,883	17.06%	267,517	36,927	Subsidiary (Note 2)

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

Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment income recognized in the current period	Remark
				End of the current period (2024.12.31)	End of the previous period (December 31, 2023)	Quantity of shares (shares)	Ratio	Carrying amount				
The Company	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	194,420	194,420	22,000,000	13.04%	216,847	13.04%	(720)	(8,147)	Subsidiary (Note 2)
Victory Enterprises Limited	Acme International Management Inc.	Samoa	Investment	-	-	-	100.00%	-	100.00%	-	-	Subsidiary (Note 2)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	334,830	341,473	28,492,121	16.88%	263,970	17.21%	(720)	(35,050)	Subsidiary (Note 2)
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and more	137,268	140,141	9,970,219	12.64%	332,934	15.08%	60,287	105,387	Subsidiary (Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and more	-	167,932	-	-%	-	10.19%	60,287	43,370	Subsidiary (Note 2)
FEEI CHERNG ENTERPRISE CO., LTD.	Sen Tai	Taiwan	Construction and engineering	144,071	44,071	12,081,951	98.63%	72,980	98.63%	(34,213)	(36,740)	Subsidiary (Note 2)
MYSON CENTURY, INC.	ZAVIO INC.	Taiwan	Trading of apparel and sales of security monitoring products	68,274	68,274	1,576,937	100.00%	106,481	100.00%	90,106	90,106	Subsidiary (Note 2)
MYSON CENTURY, INC.	Yuan Qiao	Taiwan	Restaurants	19,200	14,900	-	80.00%	18,173	82.78%	29	21	Subsidiary (Note 2)
MYSON CENTURY, INC.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and more	-	33,959	-	-%	-	2.63%	60,287	-	Subsidiary (Note 2)
MYSON CENTURY, INC.	FEEI CHERNG ENTERPRISE CO., LTD.	Taiwan	Livestock breeding, bulk raw materials trading, and housing and building development and rental	-	2,720	-	-%	-	0.14%	(720)	-	Subsidiary (Note 2)
MYSON CENTURY, INC.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	-	39,965	-	-%	-	2.15%	(42,549)	-	Subsidiary (Note 2)
MYSON CENTURY, INC.	Yunkang Century Co., Ltd.	Taiwan	Wholesale of Foods and Groceries	22,500	-	1,500,000	100.00%	44,573	100.00%	22,073	22,073	Subsidiary (Note 2)
Shangyu Construction Co., Ltd.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and more	-	101,232	-	-%	-	7.72%	60,287	8,310	Subsidiary (Note 2)
Shangyu Construction Co., Ltd.	BOROMI OPTRONICS CORP.	Taiwan	Indoor renovation/indoor decoration, and door and window installation project	211,626	211,626	20,000,001	100.00%	189,080	100.00%	747	747	Subsidiary (Note 2)
Shangyu Construction Co., Ltd.	MYSON CENTURY, INC.	Taiwan	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	49,828	-	278,000	1.89%	8,536	1.89%	267,517	2,659	Subsidiary (Note 2)
BOROMI OPTRONICS CORP.	U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Taiwan	Manufacturing and trading of polyester resin, adhesive and surface treatment agent	-	21,735	-	-%	-	1.13%	(42,549)	263	Subsidiary (Note 2)

**Notes to Consolidated Financial Statements of SUN YAD CONSTRUCTION CO., LTD.
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Name of Investor	Name of Investee	Location	Main business	Original investment amount		Held at year end			Highest shareholding in the interim or contribution status	Investee income recognized in the current period	Investment income recognized in the current period	Remark
				End of the current period (2024.12.31)	End of the previous period (December 31, 2023)	Quantity of shares (shares)	Ratio	Carrying amount				
BOROMI OPTRONICS CORP.	HSIN-LI	Taiwan	Manufacture and trading of synthetic leather, plastic leather and more	-	48,306	-	- %	-	4.02 %	60,287	4,856	Subsidiary (Note 2)
BOROMI OPTRONICS CORP.	MYSON CENTURY, INC.	Taiwan	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	3,637	-	22,000	0.15 %	675	0.15 %	267,517	191	Subsidiary (Note 2)
HSIN-LI	MYSON CENTURY, INC.	Taiwan	Sales of integrated circuit systems, trading of groceries, construction materials, indoor decoration, and advertising	32,481	44,532	1,054,000	7.17 %	30,774	9.83 %	267,517	22,558	Subsidiary (Note 2)
HSIN-LI	Pony Leather Corporation	Taiwan	Manufacture and trading of synthetic leather and plastic leather	558,780	-	27,800,000	69.67 %	550,749	69.67 %	10,959	(6,848)	Subsidiary (Note 2)

Note 1: Translated at the foreign exchange rate, USD:NTD = 1:32.785, on December 31, 2024.

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

(III) Information on investment in the mainland China

(IV) Information on major shareholders

Unit: Shares

Name of major shareholder	Shares held	Shareholding
U-BEST Innovative Technology Co., Ltd.	19,983,058	6.64 %

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.

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

XIV. Segment information

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

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

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

	SUN YAD	U-BEST	FEEI	HSIN-LI	Shangyu	BOROMI	MYSON CENTUR Y, INC.	Pony Leather Corporation	Others	Adjustment and cancellation	Total
2024											
Revenue:											
Revenue from external customers	\$ 218,755	455,047	1,714	196,730	38,697	-	408,370	171,921	-	-	1,491,234
Inter-departmental revenue	-	44,531	4,346	345	623,790	130,965	219,861	5,873	50,213	(1,079,924)	-
Interest revenue	3,288	922	9,468	1,130	1,192	1,589	1,967	1,385	348	(1,220)	20,069
Total revenue	<u>\$ 222,043</u>	<u>500,500</u>	<u>15,528</u>	<u>198,205</u>	<u>663,679</u>	<u>132,554</u>	<u>630,198</u>	<u>179,179</u>	<u>50,561</u>	<u>(1,081,144)</u>	<u>1,511,303</u>
Interest expenses	<u>\$ 86,096</u>	<u>18,660</u>	<u>10,803</u>	<u>7,746</u>	<u>1,030</u>	<u>523</u>	<u>422</u>	<u>160</u>	<u>5,698</u>	<u>(6,157)</u>	<u>124,981</u>
Depreciation and amortization	<u>\$ 6,770</u>	<u>16,466</u>	<u>4,614</u>	<u>22,033</u>	<u>642</u>	<u>1,031</u>	<u>15,251</u>	<u>-</u>	<u>8,528</u>	<u>776</u>	<u>76,111</u>
Income of department to be reported	<u>\$ (213,486)</u>	<u>58,381</u>	<u>188,247</u>	<u>65,367</u>	<u>133,856</u>	<u>13,142</u>	<u>265,186</u>	<u>(9,829)</u>	<u>(34,213)</u>	<u>(553,640)</u>	<u>(86,989)</u>
Income of department to be reported	<u>\$ 8,079,975</u>	<u>3,514,447</u>	<u>3,024,507</u>	<u>1,873,908</u>	<u>743,385</u>	<u>418,150</u>	<u>617,762</u>	<u>1,102,095</u>	<u>88,251</u>	<u>(2,261,410)</u>	<u>17,201,070</u>
	SUN YAD	U-BEST	FEEI	HSIN-LI	Shangyu	BOROMI	Myson Century, Inc.	Pony Leather Corporation	Others	Adjustment and cancellation	Total
2023											
Revenue:											
Revenue from external customers	\$ 280,059	352,757	1,653	161,724	36,478	-	13,266	-	-	-	845,937
Inter-departmental revenue	-	14,618	15,110	-	230,867	300,277	72,087	-	28,181	(661,140)	-
Interest revenue	3,888	665	2,937	976	133	180	425	-	117	(681)	8,640
Total revenue	<u>\$ 283,947</u>	<u>368,040</u>	<u>19,700</u>	<u>162,700</u>	<u>267,478</u>	<u>300,457</u>	<u>85,778</u>	<u>-</u>	<u>28,298</u>	<u>(661,821)</u>	<u>854,577</u>
Interest expenses	<u>\$ 76,493</u>	<u>15,461</u>	<u>7,639</u>	<u>10,800</u>	<u>339</u>	<u>552</u>	<u>701</u>	<u>-</u>	<u>-</u>	<u>(707)</u>	<u>111,278</u>
Depreciation and amortization	<u>\$ 3,564</u>	<u>13,044</u>	<u>5,491</u>	<u>28,583</u>	<u>-</u>	<u>1,012</u>	<u>4,245</u>	<u>-</u>	<u>-</u>	<u>1,045</u>	<u>56,984</u>
Income of department to be reported	<u>\$ (143,004)</u>	<u>(67,373)</u>	<u>(13,574)</u>	<u>127,877</u>	<u>111,578</u>	<u>121,768</u>	<u>33,215</u>	<u>-</u>	<u>(33,065)</u>	<u>(281,957)</u>	<u>(144,535)</u>
Income of department to be reported	<u>\$ 7,288,604</u>	<u>2,441,354</u>	<u>1,552,931</u>	<u>2,223,219</u>	<u>411,292</u>	<u>293,925</u>	<u>245,370</u>	<u>-</u>	<u>12,258</u>	<u>(1,891,588)</u>	<u>12,577,365</u>

The inter-departmental gains (losses) to be cancelled from the income of department to be reported in 2024 and 2023 were NT\$553,640 thousand and NT\$281,957 thousand, respectively.

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

(II) Overview of the entire enterprise:

1. Information by product

Consolidated entities' revenue from external customers:		
Name of product and labor service	2024	2023
Dry and wet PU synthetic leather and plastic leather	\$ 246,880	130,930
PU synthetic resin	437,077	332,402
Sales of real estate	221,216	287,843
Construction and engineering revenue	41,677	36,478
Rental revenue from investment property	14,866	13,227
Revenue from selling electricity	8,026	-
System module	-	1,596
Bulk raw materials and supplies	-	1,082
Clothing accessories	77,235	-
Health food	283,503	-
Catering revenue	39,726	11,669
Split	98,264	-
Others	22,764	30,710
	<u>\$ 1,491,234</u>	<u>845,937</u>

2. Information by territory

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

Revenue from external customers		
Territory	2024	2023
Taiwan	\$ 1,413,233	836,947
Asia (exclusive of territories of Taiwan)	49,225	8,895
Others	28,776	95
	<u>\$ 1,491,234</u>	<u>845,937</u>

Non-current assets:		
Territory	2024.12.31	2023.12.31
Taiwan	<u>\$ 2,899,159</u>	<u>2,076,642</u>

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

(III) Information about main customers:

The consolidated entities had no revenue from a single customer accounting for more than 10% of the operating revenue, net specified in the Consolidated Income Statement in 2024 and 2023.