Stock Code：2539

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SAKURA DEVELOPMENT CO., LTD AND SUBSIDIARIES.

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

Address: 4F., No.239, Sec. 2, Taiwan Blvd., West District, Taichung City 403, Taiwan

Telephone: 886-4-36005800

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Representation Letter

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare

Company name: Sakura Development Co., Ltd.

Chairman: Chen, Shin-Ying

March 11, 2025

Independent Auditors' Report

To the Board of Directors and Shareholders of Sakura Development Co., Ltd.

Opinions

We have audited the accompanying consolidated financial statements of Sakura Development Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Revenue recognition

For the accounting polices relating to income recognition, please refer to Note 4(17). For the details of revenue, please refer to Note 6(18).

The main revenue source of the Group is sales of real estate. The risk of material misstatement is the substance of revenue recognition. Revenue is related to operating performance of the management. To achieve expected financial performance, the management might override the internal control procedures to manipulate the timing of revenue recognition, which might lead to significant misstatement of profit and loss. Therefore, revenue recognition is one of the most important issues in performing our audit procedures and has been identified as one of the key audit matters.

Our principal audit procedures including:

- Test the internal control system of sales revenue and accounts receivables collection and to evaluate the effectiveness of preventing error and fraud.
- Perform substantive analytical procedures on revenue to evaluate the correctness of the timing of revenue recognition.
- Perform test of details, selecting samples from real estate sales contracts with customers and related real estate transfer registration documents to assess whether the Group recognizing revenue in accordance with its accounting policies and accounting standards.

Acquisition and valuation of Inventory

For accounting policies relating to acquiring and valuation of inventory, please refer to Note 4(7). For details of inventory, please refer to Note 6(3).

Inventory is a significant asset for operating for the Group, which account for 79.92% of total assets. The legality of acquisition price and procedures of inventory (construction land) might affect the interest of shareholders. Besides, the valuation of inventory shall be in accordance with IAS 2. If the Group valuates its inventory inappropriately, it might lead to significant misstatement of financial statement. Therefore, the acquisition and valuation of inventory is one of the most important issues in performing our audit procedures and has been identified as one of the key audit matters.

Our principal audit procedures including:

- Review whether the construction lands acquiring and pricing assessment procedures are in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- Review contracts of acquisition of construction lands and check whether payment schedule is in accordance with the contracts.
- Obtain the Group’s inventory valuation data. Select samples from the data and check to related real estate sales contracts. We also compare whether there’s significant difference between the net realizable value of inventory and nearby area actual transaction information published by Ministry of Interior. For construction lands and construction-in-progress, we also obtain the Group’s internal investment return analysis data to compare with current market tendency to assess whether the net realizable value is fairly presented.

Other matter –Parent Company Only Financial Reports

We have also audited the parent company only financial statements of Sakura Development Co., Ltd. as of and for the years ended December 31, 2024 and 2023 which we have issued an unqualified opinion.

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

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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 Standards on Auditing of the Republic of China will always detect a material misstatement 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 Standards on Auditing of the Republic of China, 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to

continue as a going concern. 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 the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 or business activities 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.

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, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. 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.

Chang, Yi-Chun
Cheng, Chien-Hsien
BDO Taiwan
March 11, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SAKURA DEVELOPMENT CO., LTD AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			December 31, 2024		December 31, 2023	
Code	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4. 6(1)	$1,498,932	4.75	$866,790	3.43
1150	Notes receivable, net	4. 6(2)	55,095	0.18	29,263	0.12
1170	Accounts receivable, net	4. 6(2)	271,243	0.86	30,601	0.12
1180	Accounts receivable - related parties, net	6(2). 7(2)	-	-	6,446	0.03
1220	Current income tax assets		56	-	-	-
130x	Inventories	4. 6(3). 8	25,201,930	79.92	21,673,013	85.73
1410	Prepayments	4. 6(4)	83,531	0.27	93,532	0.37
1476	Other current financial assets	4. 6(5). 8	3,602,023	11.42	1,931,022	7.64
1479	Other current assets	4. 6(6)(18)	710,395	2.25	534,794	2.12
11xx	Total current assets		31,423,205	99.65	25,165,461	99.56
	Non-current assets					
1600	Property, plant and equipment	4. 6(7). 8	46,759	0.15	49,090	0.19
1755	Right-of-use assets	4. 6(8)	1,629	0.01	29	-
1760	Investment property, net	4. 6(9)	23,420	0.07	23,420	0.09
1780	Intangible assets	4	1,243	-	588	-
1840	Deferred income tax assets	4. 6(21)	355	-	160	-
1920	Refundable deposits		18,372	0.06	21,268	0.08
1930	Long-term notes and accounts receivable	4. 6(2)	17,984	0.06	19,776	0.08
15xx	Total non-current assets		109,762	0.35	114,331	0.44
1xxx	Total assets		$31,532,967	100.00	$25,279,792	100.00

			December 31, 2024		December 31, 2023	
Code	Liabilities	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4. 6(10)	$274,000	0.87	$117,000	0.46
2110	Short-term notes payable	4. 6(11)	284,450	0.90	162,848	0.64
2120	Financial liabilities at fair value through profit or loss - current	6(12)	-	-	-	-
2130	Contract liabilities - current	4. 6(18). 7(2)	4,840,635	15.35	2,332,974	9.23
2150	Notes payable	4	6,287	0.02	45,461	0.18
2170	Accounts payable	4	1,052,854	3.34	718,701	2.84
2200	Other payables		1,100,022	3.49	832,630	3.29
2230	Current income tax liabilities	4. 6(21)	588,798	1.87	555,847	2.20
2250	Provisions - current		3,509	0.01	1,556	0.01
2280	Lease liabilities – current	4. 6(8)	996	-	30	-
2321	Bonds payable – current portion		-	-	-	-
2322	Long-term liabilities – current portion	4. 6(12)	6,540,900	20.74	5,535,300	21.90
2399	Other current liabilities	4. 6(13)	165,264	0.53	30,079	0.12
21xx	Total current liabilities		14,857,715	47.12	10,332,426	40.87
	Non-current liabilities					
2540	Long-term borrowings	4. 6(13)	2,391,750	7.59	3,150,105	12.46
2580	Lease liabilities – non-current	4. 6(8)	644	-	-	-
2645	Deposits received		-	-	2,280	0.01
25xx	Total non-current liabilities		2,392,394	7.59	3,152,385	12.47
2xxx	Total liabilities		17,250,109	54.71	13,484,811	53.34
	Equity					
3100	Capital stock					
3110	Common stock	6(13)	9,942,521	31.53	8,571,139	33.91
3200	Capital surplus	6(16)	95,086	0.30	94,820	0.38
3300	Retained earnings	6(17)				
3310	Legal reserve		1,259,118	3.99	1,067,631	4.22
3350	Unappropriated earnings		2,986,133	9.47	2,061,391	8.15
31xx	Total equity attributable to owners of the parent company		14,282,858	45.29	11,794,981	46.66
36xx	Non-controlling interests		-	-	-	-
3xxx	Total equity		14,282,858	45.29	11,794,981	46.66
	Total liabilities and equity		$31,532,967	100.00	$25,279,792	100.00

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Chen, Shin-Ying　　President: Shen, Shu-Chen　　Accounting Supervisor: Li, Zong-Zhe

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SAKURA DEVELOPMENT CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

			2024		2023	
Code	Item	Notes	Amount	%	Amount	%
4000	**Operating revenue**	4. 6(18). 7(2)	$9,018,617	100.00	$7,062,994	100.00
5000	**Operating costs**	6(14)(20)	(4,659,650)	(51.67)	(3,830,484)	(54.23)
5900	**Operating margin**		4,358,967	48.33	3,232,510	45.77
5950	**Net operating margin**		4,358,967	48.33	3,232,510	45.77
	Operating expenses	6(14)(20)				
6100	Selling expenses		(624,131)	(6.92)	(656,428)	(9.30)
6200	General and administrative expenses		(166,703)	(1.85)	(109,035)	(1.54)
6000	**Total operating expenses**		(790,834)	(8.77)	(765,463)	(10.84)
6900	**Net operating income**		3,568,133	39.56	2,467,047	34.93
	Non-operating income and expenses	6(19)				
7100	Interest income		19,521	0.22	7,757	0.11
7010	Other income		2,158	0.02	2,553	0.04
7020	Other gains and losses, net		(948)	(0.01)	(908)	(0.01)
7050	Finance costs, net		(4,662)	(0.05)	(4,726)	(0.07)
7000	**Total non-operating income and expenses**		16,069	0.18	4,676	0.07
7900	**Profit before income tax**		3,584,202	39.74	2,471,723	35.00
7950	Income tax expenses	4. 6(21)	(753,745)	(8.36)	(556,854)	(7.89)
8200	**Profit for the period**		2,830,457	31.38	1,914,869	27.11
8500	**Total comprehensive income for the period**		$2,830,457	31.38	$1,914,869	27.11
8600	**Net income (loss) for the periods attributable to:**					
8610	Owners of the parent		$2,830,457	31.38	$1,914,869	27.11
			$2,830,457	31.38	$1,914,869	27.11
8700	**Comprehensive income (losses) for the periods attributable to:**					
8710	Owners of the parent		$2,830,457	31.38	$1,914,869	27.11
			$2,830,457	31.38	$1,914,869	27.11
	Earnings per share (in dollars):	4. 6(22)				
9750	**Basic earnings per share**		$2.85		$1.93	
9850	**Diluted earnings per share**		$2.85		$1.93	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Chen, Shin-Ying   President: Shen, Shu-Chen   Accounting Supervisor: Li, Zong-Zhe

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SAKURA DEVELOPMENT CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes In Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent								
	Capital stock				Retained earnings				
	Common stock	Bond conversion entitlement certificates	Stock dividends to be distributed	Capital surplus	Legal reserve	Unappropriated earnings	Total Equity attributable to owners of the parent	Non-controlling interests	Total Equity
Balance at January 1, 2023	$7,350,407	$5,959	$-	$66,136	$917,090	$1,621,209	$9,960,801	$-	$9,960,801
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	-	150,541	(150,541)	-	-	-
Cash dividends	-	-	-	-	-	(147,127)	(147,127)	-	(147,127)
Stock dividends	1,177,019	-	-	-	-	(1,177,019)	-	-	-
Conversion of bond conversion entitlement certificates	5,959	(5,959)	-	-	-	-	-	-	-
Conversion of convertible bonds	37,754	-	-	28,506	-	-	66,260	-	66,260
Unclaimed cash dividends transferred to capital surplus	-	-	-	178	-	-	178	-	178
Net income in 2023	-	-	-	-	-	1,914,869	1,914,869	-	1,914,869
Total comprehensive income in 2023	-	-	-	-	-	1,914,869	1,914,869	-	1,914,869
Balance at December 31, 2023	$8,571,139	$-	$-	$94,820	$1,067,631	$2,061,391	$11,794,981	$-	$11,794,981
Balance at January 1, 2024	$8,571,139	$-	$-	$94,820	$1,067,631	$2,061,391	$11,794,981	$-	$11,794,981
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	-	191,487	(191,487)	-	-	-
Cash dividends	-	-	-	-	-	(342,846)	(342,846)	-	(342,846)
Stock dividends	1,371,382	-	-	-	-	(1,371,382)	-	-	-
Unclaimed cash dividends transferred to capital surplus	-	-	-	266	-	-	266	-	266
Net income in 2024	-	-	-	-	-	2,830,457	2,830,457	-	2,830,457
Total comprehensive income in 2024	-	-	-	-	-	2,830,457	2,830,457	-	2,830,457
Balance at December 31, 2024	$9,942,521	$-	$-	$95,086	$1,259,118	$2,986,133	$14,282,858	$-	$14,282,858

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Chen, Shin-Ying　　President: Shen, Shu-Chen　　Accounting Supervisor: Li, Zong-Zhe

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SAKURA DEVELOPMENT CO., LTD AND SUBSIDIARIES

Consolidates Statementd of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Item	2024	2023
Cash flow from operating activities:		
Profit (losses) before income tax for the period	$3,584,202	$2,471,723
Adjustments for:		
Depreciation expense	3,847	3,774
Amortization expense	585	889
Net (gains) losses on financial assets and liabilities at fair value through profit and loss	-	(278)
Interest expense	4,662	4,726
Interest income	(19,521)	(7,757)
Subtotal	(10,427)	1,354
Change in operating assets and liabilities:		
Change in operating assets		
Decrease (increase) in notes receivable	(25,832)	(5,580)
Decrease (increase) in accounts receivable	(240,642)	(30,601)
Decrease (increase) in accounts receivable-related parties	6,446	(6,446)
Decrease (increase) in other receivables	-	2
Decrease (increase) in inventories(construction-in-progress)	(3,247,261)	(2,095,929)
Decrease (increase) in prepayments	10,001	(40,344)
Decrease (increase) in other current financial assets	(1,671,001)	(841,933)
Decrease (increase) in other current assets	(175,601)	(311,037)
Decrease (increase) in long-term notes and accounts receivable	1,792	(19,776)
Total net change in operating assets	(5,342,098)	(3,351,644)
Change in operating liabilities		
Increase (decrease) in notes payable	(39,174)	41,393
Increase (decrease) in accounts payable	334,153	159,149
Increase (decrease) in other payables	266,788	444,356
Increase (decrease) in provisions	1,953	(11)
Increase (decrease) in contract liabilities	2,507,661	1,141,003
Increase (decrease) in other current liabilities	135,185	(17,489)
Total net change in operating liabilities	3,206,566	1,768,401
Total net change in operating assets and liabilities	(2,135,532)	(1,583,243)
Total adjustments	(2,145,959)	(1,581,889)
Cash generated from operating activities	1,438,243	889,834
Interests received	19,521	7,757
Interests paid (including interest capitalization)	(285,690)	(214,137)
Income tax return (paid)	(721,045)	(272,568)
Net cash provided by (used in) operating activities	451,029	410,886
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(1,250)	(86)
Acquisition of intangible assets	(1,240)	(384)
Decrease (increase) in refundable deposits	2,896	2,080
Net cash provided by (used in) investing activities	406	1,610
Cash flow from financing activities:		
Increase in short-term borrowings	274,000	183,000
Decrease in short-term borrowings	(117,000)	(573,300)
Increase in short-term notes payables	236,499	9,254
Decrease in short-term notes payables	(114,897)	(171,291)
Increase in long-term borrowings	3,929,500	1,657,100
Repayment of long-term borrowings	(3,682,255)	(605,995)
Repayment of bonds payable	-	(400)
Payment of lease liabilities	(280)	(357)
Increase (decrease) in deposits received	(2,280)	408
Cash dividends paid	(342,846)	(147,127)
Unclaimed cash dividends transferred to capital surplus	266	178
Net cash provided by (used in) financing activities	180,707	351,470
Net increase (decrease) in cash and cash equivalents	632,142	763,966
Cash and cash equivalents at the beginning of the year	866,790	102,824
Cash and cash equivalents at the end of the year	$1,498,932	$866,790

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Chen, Shin-Ying President: Shen, Shu-Chen Accounting Supervisor: Li, Zong-Zhe

SAKURA DEVELOPMENT CO., LTD. AND SUBSIDIARIES
NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period: 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, unless otherwise indicated)

1. History and organization

Sakura Development Co., Ltd. (hereinafter referred to as “Sakura Development”) was incorporated on 2 May, 1987 in accordance with the Company Act of The Republic of China. The Group’s primarily engages in the business of construction of public housing, selling and leasing of residential and commercial buildings, gardening and consulting of real estate investment. The Sakura Development’s common shares were listed on the Taiwan Stock Exchange (TWSE) in July 1997.

In January 2024, Sakura Development established Ying Hsiung Co., Ltd. (hereinafter referred to as “Ying Hsiung”) through a cash investment. Ying Hsiung entered into a share transfer and division agreement with Hua Jiang Construction Co., Ltd. (hereinafter referred to as “Hua Jiang”), under which Ying Hsiung agreed to pay NT$13,500 thousand as consideration to acquire Hua Jiang’s Class-A construction license and related permits. Ying Hsiung was subsequently renamed Ying Hsiung Construction Co., Ltd. (hereinafter referred to as “Ying Hsiung Construction”). Hereinafter, Sakura Development and its subsidiaries included in the consolidated financial statements are collectively referred to as “the Group”.

2. Approval date and procedures of the financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2025.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to the International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Gorup's financial condition and financial performance based on the Gorup's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC, but not yet adopted by the Gorup.

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Gorup's financial condition and financial performance based on the Gorup's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

The Gorup's assessment will continue concerning the effect of the above standards and interpretations on the Gorup's financial position and financial performance. The details of such assessment will be disclosed after it is completed.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared based on historical cost basis except for financial assets and liabilities at fair value through profit and loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the consolidated and to the non-controlling interests. Total comprehensive income is attributed to the owners of the consolidated and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2024	December 31, 2023
Sakura Development	Ying Hsiung Construction	Grade A general construction business	100%	-

C. Changes (increase/decrease) in the ownership of subsidiaries included in these consolidated financial statements:

To expand its real estate business, Sakura Development established Ying Hsiung Co., Ltd. (hereinafter referred to as "Ying Hsiung") through a cash investment in January 2024, with an investment amount of NT$23,000 thousand. Ying Hsiung entered into a share transfer and division agreement with Hua Jiang Construction Co., Ltd. (hereinafter referred to as "Hua Jiang"), under which Ying Hsiung agreed to pay NT$13,500 thousand as consideration to acquire Hua Jiang's Class-A construction license and related permits. Ying Hsiung was subsequently renamed Ying Hsiung Construction Co., Ltd. (hereinafter referred to as "Ying Hsiung Construction"). In 2024, Ying Hsiung Construction conducted a cash capital increase, fully subscribed by Sakura Development, with an amount of NT$197,000 thousand.

(4) Classification of current and non-current assets and liabilities

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
   (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (b) Assets held mainly for trading purposes;
   (c) Assets that are expected to be realized within 12 months from the end of the financial reporting period;
   (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within 12 months from the balance sheet date;
   (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

C. Due to the operating cycle of construction and selling buildings is usually longer than 1 year, the basis of classification of current and non-current assets and liabilities related to construction and selling buildings is the operating cycle (2 years, normally).

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(6) Financial instruments

A. Financial assets

All regular way purchases or sales of financial asset are recognized and derecognized on a trade date basis.

Accounts and notes receivable

Accounts and notes receivable entitle the Group the legal right to receive consideration in exchange for transferred goods or rendered services.

The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Impairment on financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information which includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

C. Derecognition of financial assets

(a) The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expired.

(b) The Group recognizes a financial asset when one of the following conditions is met:
  i. The contractual rights to receive the cash flows from the financial asset expired.
  ii. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
  iii. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

D. Financial liabilities and equity instruments

Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Convertible bonds payable

Convertible bonds issued by the Group contains conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a) The embedded call options and put options are recognized initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss". They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss".

(b) The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest method.

(c) The embedded conversion options which meet the definition of an equity instrument are initially recognized in "capital surplus—share options" at the residual amount of total issuance price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e) When bondholders exercise conversion options, the liability component of the bonds (including "bonds payable" and "financial assets or financial liabilities at fair value through profit or loss") shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and "capital surplus—share options".

E. Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

F. Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(7) Inventories

A. Land for constriction purpose is recognized in “Lands held for construction” when the legal title of the land is transferred to the Group. All consideration paid before the legal title transferred to the Group are recognized in “Prepayment for land purchase”. Land used and all construction costs incurred directly to a construction project are recognized in “Construction-in-progress”.

“Construction-in-progress” is transferred to “Buildings and land held for sale” while a construction project is completed. Consideration collected for pre-selling properties is recognized in “Advance real estate receipts”. Revenue is recognized while the legal title of properties transferred to customer.

B. Inventories, including construction-in-progress, buildings and lands held for construction and properties and land held for sale, are stated at the cost in the basis of the account. Borrowing costs related to construction project are capitalized in accordance with IAS 23. The Group allocates the cost of buildings and lands sold and unsold by the proportion of floor space or the proportion of total price of a construction project. The cost of sold and unsold land is allocated by the proportion of legal title or the proportion of total price of a construction project. Once the allocation method is applied for each construction project, it cannot be reversed.

Inventories are valued at lower of cost and net realizable value item by item. The calculation of net realizable value is based on the estimated selling price in the ordinary course of business, net of estimated selling expense.

(8) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in gain or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~25 years
Office equipment	3~6 years
Other equipment	3~6 years
Leasehold improvements	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(9) Leasing agreement – Right-of-use assets/lease liabilities

The Group as a lessee

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
   (a) Fixed payments, less any lease incentives receivable;
   (b) Variable lease payments that depend on an index or a rate;
   (c) Amounts expected to be payable by the lessee under residual value guarantees;
   (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
   (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

   The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date;
   (c) Any initial direct costs incurred by the lessee; and
   (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

<u>The Group as a lessor</u>

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(10) <u>Borrowing costs</u>

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs relating to the borrowing of funds.

(11) <u>Investment properties</u>

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 years).

(13) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

(14) Provisions

Provisions (including warranties, decommissioning, restructuring, onerous contracts, and contingent liabilities from business combinations, etc.) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(15) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in future payments

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expenses as it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price on the previous day before the board meeting resolution.

(16) Dividends

Dividends are recorded in the Sakura Development's financial statements in the period in which they are resolved by the Sakura Development's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(17) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria are applied for revenue recognition:

A. Land development and sale of real estate

The Group develops land and sells residential properties. Revenue is recognized when control over the properties has been transferred to customers. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. The consideration is due when the legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral usually does not exceed twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

B. Construction contract

The Group engages in contracting services for residential real estate and commercial buildings. Since the assets are controlled by the customers during the construction period, revenue is recognized over time based on the proportion of costs incurred to date relative to the estimated total contract costs. Contracts include both fixed and variable consideration. Customers pay fixed amounts based on the agreed payment schedule. Certain variable considerations (such as penalties based on the number of delayed days or price adjustment subsidies) are estimated using the expected value approach based on accumulated past experience. Other variable considerations (such as bonuses for early completion) are estimated using the most likely amount. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal will not occur. If revenue has been recognized but not yet billed, it is recorded as a contract asset. When the Group has an unconditional right to receive consideration, the contract asset is reclassified as a receivable.

If the performance obligations of a construction contract cannot be reasonably measured, contract revenue is recognized only to the extent of the expected recoverable costs. When the Group anticipates that the unavoidable costs of fulfilling a construction contract will exceed the expected economic benefits to be derived from the contract, a provision for the loss-making contract is recognized.

If there is a change in circumstances, the estimates of revenue, costs, and the stage of completion will be revised. Any resulting changes are recognized in profit or loss in the period in which the change is identified and the revision is made by management.

C. Incremental costs of obtaining a contract

The Sakura Development recognizes an asset (shown as 'other non-current assets') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Sakura Development expects to recover those costs. The recognized asset is amortized on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates.

In subsequent periods, the Sakura Development recognizes an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Sakura Development expects to receive less the costs that have not been recognized as expenses.

D. Rental income

Rental income is recognized as revenue over time in accordance with the terms of the lease. Depreciation and direct costs attribute to investment property is recognized in operating costs.

(18) <u>Income taxes</u>

A. Income tax expenses include current and deferred income tax. Income taxes are recognized in profit and loss, except for certain items that must be recognized in other comprehensive income or presented directly as equity item.

B. The Group calculates current income tax based on statutory tax rate applicable at countries of operation and where it generates taxable income as of the balance sheet date. The management regularly assesses income tax filing based on applicable income tax laws, and estimates income tax liabilities for the estimated amount of tax payable to the authority. Undistributed earnings are subject to additional income tax according to the Income Tax Act. This additional tax is recognized in the year after earning is made, when the earnings appropriation resolution is passed during the shareholder meeting and the amount of earnings retained can be ascertained.

C. Deferred income tax is accounted using the balance sheet method and recognized on taxable temporary differences between the taxable basis and book value of assets and liabilities shown in the balance sheet. Deferred income tax liabilities arising from initial goodwill are not recognized. Existing deferred income taxes on transacted assets or liabilities (excluding corporate M&A) are not recognized if they do not affect accounting profit or taxable income (taxable loss) at the time of transaction. Temporary differences arising from investment in subsidiaries are not recognized as income tax asset/liability if the Group is able to control the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future. Deferred income taxes are calculated using the tax rate (and tax law) applicable on the day deferred income tax assets/liabilities are expected to be realized/settled, based on prevailing laws as of the balance sheet date.

D. Deferred income tax assets are recognized to the extent that temporary differences are likely to offset future taxable income. Unrecognized and recognized deferred income tax assets are re-assessed on each balance sheet date.

E. The Group will offset current income tax assets against current income tax liability and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so. The Group will offset deferred income tax assets against deferred income tax liabilities and settle on a netted basis or realize both at the same time only if it has the intent and is legally entitled to do so, and that the deferred income tax assets/liabilities are attributable to the same tax authority and the same taxpayer, or different taxpayers with mutual intent to settle on a netted basis.

F. Unused tax credits arising from equipment or technology purchase, research and development expenditure, and equity investment that are deferred until later periods can be recognized as deferred tax assets, to the extent that the Group is very likely to earn taxable income to offset the unused credits in the future

(19) Earnings per share

A. The Group discloses the Sakura Development's basic and diluted earnings per share attributable to ordinary shareholders of the Sakura Development. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Sakura Development divided by the weighted average number of ordinary shares outstanding. Ordinary shares outstanding increased as a result of retaining earnings or capital surplus transferred to common stock shall be adjusted retrospectively for to periods. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Sakura Development, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

B. Estimated employees' compensation can be distributed in the form of new shares. In such circumstances, estimated employees' compensation has potentially dilutive effect. Therefore, the Group shall adjust the effect and report diluted earnings per share. The Group's potentially diluted earnings per share include compensation to employees.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

Some of the real estate properties are held by the Group for rental income and capital gain, whereas others are held for self-occupation. Any parts that can be sold individually are separated between investment property and property, plant and equipment.

(2) Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

A. Realizability of deferred income tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in the global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets. As of December 31, 2024, the deferred income tax assets that the Group has recognized, please refer to Note 6(21) for more details.

B. Valuation of inventory

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2024, the Group carrying amount of inventories was $25,201,930 thousand.

C. Construction contracts

The recognition of income and cost of construction contract construction profit and loss is based on the degree of completion of the contract activities. The consolidated company measures the degree of completion based on the completion of the performance obligation stated in the contract.

Since the estimated total cost and contract items are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration, engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$-	$76
Petty cash	50	40
Cash in banks	1,498,882	866,674
Total	$1,498,932	$866,790

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Please refer to note 12(2) for the disclosure of the Group's financial assets and liabilities interest risk and sensitivity analysis.

(2) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$55,095	$29,263
Allowance for uncollectible accounts	-	-
Total	$55,095	$29,263

	December 31, 2024	December 31, 2023
Accounts receivable	$271,243	$30,601
Allowance for uncollectible accounts	-	-
Subtotal	271,243	30,601
Accounts receivable - related parties	-	6,446
Total	$271,243	$37,047

	December 31, 2024	December 31, 2023
Long-term notes receivable (presented as Long-term notes and accounts receivable)	$15,690	$12,474
Allowance for uncollectible accounts	-	-
Subtotal	15,690	12,474
Long-term accounts receivable (presented as Long-term notes and accounts receivable)	2,294	7,302
Allowance for uncollectible accounts	-	-
Subtotal	2,294	7,302
Total	$17,984	$19,776

A. The ageing analysis of accounts receivable and notes receivable which were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivables (including long-term notes receivable)	Accounts receivables (including long-term accounts receivable)	Notes receivables (including long-term notes receivable)	Accounts receivables (including long-term accounts receivable)
Not past due	$70,785	$273,537	$41,737	$44,349
Up to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
Over 1 year	-	-	-	-
Total	$70,785	$273,537	$41,737	$44,349

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

The above ageing analysis was based on past due date.

B. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount is the carrying amount. Please refer to note 12(2) for credit risk information.

(3) Inventories

A. The detail of inventories as below:

	December 31, 2024	December 31, 2023
Buildings and lands held for sale	$1,047,637	$700,637
Lands held for construction	510,823	-
Construction-in-progress	23,100,407	19,495,960
Land held for building bulk transfer	159,974	34,519
Prepayment for land purchased	383,089	1,441,897
Total	$25,201,930	$21,673,013

B. Partial of inventories had been pledged as collateral for bank borrowings, please refer to note 8.

C. Supplement disclosure for significant construction projects as below:

Construction projects	Lands of Construction - in - progress	Building of Construction - in - progress
Zhong Shan Section	$600,224	$456,747
Shi Zhen Bei Section	478,267	1,142,886
Yu Xian Section 8th phase	1,309,727	1,519,464
Bei Xin Section	1,362,414	1,354,511
Tou Jia Section 1st phase	338,210	411,693
Tou Jia Section 2nd phase	303,364	337,855
Dong Guang Section	1,058,650	413,260
Zhi Yong Section 1st phase	123,348	242,304
Zhi Yong Section 2nd phase	217,909	53,616
Xin Rong He Section 2nd phase	279,671	392,997
Xin Rong He Section 3rd phase	1,325,363	433,305
Tou Zhong Xi Section 2nd phase	261,814	456,103
Tou Zhong Xi Section 3rd phase	360,599	151,973
Xin Zhan Nan Section 2nd phase	390,784	298,887
Xin Zhan Nan Section 3rd phase	516,028	10,485
Zhong She Section	380,310	107,099
Feng Xing Section	529,881	278,415
Ping Dao Section	800,517	335,115
Fu Yi Section	867,454	75,698
He Zuo Section	303,135	2,938
Bi Liu Section	1,810,284	20,387
Dong Bing Section	265,214	1,778
Xin Dong Fang Section	266,063	1,362
Zhong Yun Section	450,969	1,330
Total	$14,600,199	$8,500,208

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

D. The total interest capitalizes of the inventories mentioned above was found to be $281,656 thousand and $210,968 thousand, and the interest rate of capitalized loan for inventories were 2.15%～3.48% and 1.610%~3.482% for the years ended December 31, 2024 and 2023, respectively.

E. The cost of inventories recognized as expenses (including the loss or gain of inventory price falling or reversal) amounts to were both 0 for the years ended December 31, 2024 and 2023, respectively.

(4) Prepayments

	December 31, 2024	December 31, 2023
Prepaid rents	$1,100	$507
Other prepaid expenses	2,368	3,102
Prepaid VAT	-	3
Over paid VAT	80,063	89,920
Total	$83,531	$93,532

(5) Other current financial assets

	December 31, 2024	December 31, 2023
Other restricted assets	$3,602,023	$1,931,022

A. Other restricted assets are pre-selling real estate escrow payments which deposits in specified bank accounts in accordance with relevant laws and regulations published by the Ministry of the Interior. The pre-selling real estate escrow payments are deposited in specified bank accounts. The financial institutions provide pre-selling real estate value trust and price return guarantee. Please refer to note 8 for details.

B. The Group had signed pre-selling escrow trust specified account contracts with financial institutions. For the years ended December 31, 2024 and 2023, for paying construction costs, the Group had drawn down $605,000 thousand and $330,000 thousand, respectively. Please refer to note 9 for details.

(6) Other current assets

	December 31, 2024	December 31, 2023
Incremental cost of obtaining the contract (deferred marketing expenses)	$687,016	$520,064
Temporary payments	17,177	12,298
Payment on behalf of others	6,202	2,432
Total	$710,395	$534,794

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

The cost occurred for the acquisition of the customer's contract is the incremental cost of the contract. The incremental cost of the contract fulfills its obligation when the house hand over the customers, and the incremental cost of the contract is amortized. Please refer to note 6(18) for details.

(7) Property, plant and equipment

	Lands and land improvements	Buildings	Office equipment	Lease improvement	Other equipment	Total
Cost:						
Balance on January 1, 2024	$31,885	$30,097	$4,947	$2,646	$4,420	$73,995
Additions	-	-	198	-	1,052	1,250
Disposals	-	-	(6)	-	(108)	(114)
Balance on December 31, 2024	$31,885	$30,097	$5,139	$2,646	$5,364	$75,131
Balance on January 1, 2023	$31,885	$30,097	$4,947	$2,646	$4,387	$73,962
Additions	-	-	-	-	86	86
Disposals	-	-	-	-	(53)	(53)
Balance on December 31, 2023	$31,885	$30,097	$4,947	$2,646	$4,420	$73,995
Depreciation and impairment:						
Balance on January 1, 2024	$-	$15,037	$3,638	$2,646	$3,584	$24,905
Depreciation	-	2,485	433	-	663	3,581
Disposals	-	-	(6)	-	(108)	(114)
Balance on December 31, 2024	$-	$17,522	$4,065	$2,646	$4,139	$28,372
Balance on January 1, 2023	$-	$12,552	$3,223	$2,646	$3,110	$21,531
Depreciation	-	2,485	415	-	527	3,427
Disposals	-	-	-	-	(53)	(53)
Balance on December 31, 2023	$-	$15,037	$3,638	$2,646	$3,584	$24,905
Carrying amounts:						
Balance on December 31, 2024	$31,885	$12,575	$1,074	$-	$1,225	$46,759
Balance on December 31, 2023	$31,885	$15,060	$1,309	$-	$836	$49,090

Partial of property, plant and equipment were pledged as collateral of convertible bonds. Please refer to note 8.

(8) Lease – as a lessee

A. The Group leases various assets including office, parking space and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

B. The carrying amount of right-of-use assets and depreciation charged are as follows:

	Transportation equipment	Buildings	Total
Cost:			
Balance on January 1, 2024	$1,041	$-	$1,041
Additions	883	983	1,866
Disposals	(1,041)	-	(1,041)
Balance on December 31, 2024	$883	$983	$1,866
Balance on January 1, 2023	$1,041	$-	$1,041
Additions	-	-	-
Disposals	-	-	-
Balance on December 31, 2023	$1,041	$-	$1,041
Depreciation and impairment:			
Balance on January 1, 2024	$1,012	$-	$1,012
Depreciation	102	164	266
Disposals	(1,041)	-	(1,041)
Balance on December 31, 2024	$73	$164	$237
Balance on January 1, 2023	$665	$-	$665
Depreciation	347	-	347
Disposals	-	-	-
Balance on December 31, 2023	$1,012	$-	$1,012
Carrying amounts:			
Balance on December 31, 2024	$810	$819	$1,629
Balance on December 31, 2023	$29	$-	$29

C. Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	$996	$30
Non-current	644	-
Total	$1,640	$30

(a) The information on profit and loss accounts relating to lease contracts is as follows:

Item	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest expense on lease liabilities	$24	$4
Expense on short-term lease contracts	$1,915	$2,027
Expense on leases of low-value assets	$138	$61

(b) For the years ended December 31, 2024 and 2023, the total cash outflow for leases were $280 thousand and $357 thousand, respectively.

(c) Leases for copy machine, office and parking spaces were less than 12 months or low-value, the Group had elected not to recognize right-of-use assets and lease liabilities for these short-term leases.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

(9) Investment property

	December 31, 2024	December 31, 2023
Cost (Land):		
Zhen An Section (farming and grazing land)	$44,298	$44,298
Hui Lai Cuo Section	2,340	2,340
Yunlin Bei Tang Section (original Bei Gang Section)	1,260	1,260
Total	$47,898	$47,898
Impairment (Land):		
Zhen An Section (farming and grazing land)	$23,570	$23,570
Hui Lai Cuo Section	93	93
Yunlin Bei Tang Section (original Bei Gang Section)	815	815
Total	$24,478	$24,478
Carrying amount	$23,420	$23,420

A. The investment properties held by the Sakura Development were not measured at fair value. The fair value information was only for disclosure purposes. As of December 31, 2024, the fair value of investment properties held by the Sakura Development was $42,753 thousand. The fair values of Hui Lai Cuo Section and Zhen An Section as of December 31, 2024 were the evaluation results of independent external valuation experts. The evaluation of Hui Lai Cuo Section was appraised by sales comparison approach and land development analysis method, the evaluation of Zhen An Section was appraised by sales comparison approach and cost approach. The evaluation of Yunlin Bei Tang Section was appraised based on the most recent transaction prices of similar real estate located near the investment property. As of December 31, 2023, based on the external independent appraiser's report, the fair value of investment properties held by the Sakura Development was $41,651 thousand. The investment property located at Hui Lai Cuo Section and Yunlin Bei Tang Section was appraised by sales comparison approach and land development analysis method. For the investment property located at Zhen An Section, the fair value was appraised by sales comparison approach and cost approach.

B. Due to the restriction of regulations and laws, the legal ownership of farming and grazing land located at Zhen An Section was registered under other person's name. The legal ownership of the land will be transferred to the Sakura Development once the regulations and laws amended. To ensure the Sakura Development's right on the land, the first mortgage of the land was designated to the Sakura Development. The trustee also entered into an agreement of consent of unconditional transferring of the land to the Sakura Development.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

(10) Short-term borrowings

	December 31, 2024	December 31, 2023
Credit loans	$274,000	$117,000
Range of interest rates	2.053%	1.928%

(11) Short-term notes payable

	December 31, 2024	December 31, 2023
Notes payable	$284,600	$163,000
Discount of notes payable	(150)	(152)
Total	$284,450	$162,848
Range of interest rates	2.39%~2.44%	2.24%~2.29%

Construction-in-progress were pledged as collateral for the short-term notes payable, please refer to note 8 for more details.

(13) Corporate bonds payable

	December 31, 2024	December 31, 2023
First domestic secured convertible bonds	$-	$200,000
Discount on bonds payable-unamortized amount	-	-
Accumulated convertible amount	-	(199,600)
Accumulated redeemable amount	-	(400)
Subtotal	-	-
Less: current portion	-	-
Domestic secured convertible bonds	-	-
Second domestic unsecured convertible bonds	-	292,000
Discount on bonds payable-unamortized amount	-	-
Accumulated convertible amount	-	(292,000)
Subtotal	-	-
Less: current portion	-	-
Domestic unsecured convertible bonds	-	-
Bonds payable - current portion	$-	$-
Bonds payable – non-current portion	$-	$-

A. In September 2018, the Sakura Development issued a secured 5-year convertible bond with zero interest for $207,200 thousand with the following conditions:

(a) The conversion price was $35.94 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Sakura Development's conversion rules. The conversion price changes with formula within issuance details. The secured convertible bond does not have reset feature.

(b) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

(c) Unless the bond has been redeemed before maturity and cancelled or converted, the bond will be redeemed by the Sakura Development on the maturity date at 100.75% of the principal amount of the bond (the real yield is 0.15%).

B. In September 2018, the Sakura Development issued an unsecured 5-year convertible bond with zero interest for $293,460 thousand with the following conditions:

(a) The conversion price was $35.10 per share, when it comes to adjusting conversion price of subsidiary's common share, it should adhere to the Sakura Development's conversion rules. The conversion price changes with formula within issuance details. The unsecured convertible bond does not have reset feature.

(b) At any time within three months after the issuance date till 40 days before maturity date, the subsidiary would repurchase the bond at the face value if the close of the subsidiary's ordinary share price exceeded 130% of the bond's conversion price for successive 30 days, or the outstanding value of the bond was lower than 10% of the total issuance value.

(c) The bondholders can execute put options after three years from the issuance date, the redemption value is 1.5075% of the bonds value (the real yield is 0.50%).

(d) Unless the bond has been redeemed before maturity, repurchased and cancelled or converted, the bond will be redeemed by the Sakura Development on the maturity date of the principal amount of the bond.

C. Partial of property, plant and equipment was pledged as collateral of convertible bonds. Please refer to note 8.

(13) Long-term borrowings

A. The details of long-term borrowings as below:

Nature	Lender	Contract term	December 31, 2024	December 31, 2023
Secured	Taiwan Cooperative Bank, Jian Cheng Branch	From January 2020 to June 2025 (Note 1)	$-	$1,020,000
Secured	Taiwan Cooperative Bank, Wu Cyuan Branch	From March 2021 to December 2025 (Note 7)	231,000	231,000
Secured	Taiwan Cooperative Bank, Huei Long Branch	From May 2021 to December 2027 (Note 6)	400,000	400,000
Secured	Taiwan Cooperative Bank, Huei Long Branch	From May 2024 to December 2025	259,000	-
Secured	Taiwan Cooperative Bank, Si Tun Branch	From August 2021 to June 2026 (Note 2)	827,900	707,900
Secured	Land Bank of Taiwan, Nan Taichung Branch	From May 2021 to May 2026	251,000	251,000

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

Nature	Lender	Contract term	December 31, 2024	December 31, 2023
Secured	Land Bank of Taiwan, Nan Taichung Branch	From August 2024 to February 2029	70,000	-
Secured	CTBC Bank, Shizheng Branch	From October 2019 to December 2025 (Note 8)	910,000	910,000
Secured	CTBC Bank, Shizheng Branch	From December 2023 to December 2026	600,000	140,000
Secured	Bank of Taiwan, Changhua Branch	From May 2019 to May 2025 (Note 3)	-	581,000
Secured	Agriculture Bank of Taiwan, Taichung Branch	From September 2019 to September 2025	820,000	424,000
Secured	Agriculture Bank of Taiwan, Taichung Branch	From April 2021 to April 2026	834,000	631,750
Secured	Agriculture Bank of Taiwan, Taichung Branch	From July 2024 to July 2029	103,900	-
Secured	Agriculture Bank of Taiwan, Taichung Branch	From September 2024 to September 2029	178,380	-
Secured	Agriculture Bank of Taiwan, Xinzhu Branch	From September 2020 to September 2025	-	355,000
Secured	Agriculture Bank of Taiwan, Xinzhu Branch	From November 2020 to November 2024	-	30,000
Secured	First Commercial Bank, Taichung Branch	From October 2020 to October 2025 (Note 4)	778,000	543,000
Secured	First Commercial Bank, Taichung Branch	From December 2022 to December 2026	150,900	172,600
Secured	First Commercial Bank, Taichung Branch	From April 2024 to January 2029	169,500	-
Secured	Far Eastern International Bank	From September 2023 to November 2026	353,000	353,000
Secured	Far Eastern International Bank	From August 2024 to July 2028	99,170	-
Secured	Mega International Commercial Bank, Zhong Taichung Branch	From September 2021 to October 2024 (Note 5)	-	845,600
Secured	Mega International Commercial Bank, Zhong Taichung Branch	From January 2024 to May 2028	723,000	-
Secured	KGI Bank	From December 2022 to June 2026	-	213,655
Credit	KGI Bank	From December 2022 to June 2026	-	60,300
Secured	Sunny Bank Taichung Branch	From December 2023 to December 2027	203,900	203,900
Secured	Taishin International Bank	From August 2021 to August 2025	244,000	195,700
Secured	Shin Kong Commercial Bank, Chunggang Branch	From November 2021 to October 2026	516,000	416,000
Secured	Chang Hwa Bank, Nan Taichung Branch	From May 2024 to May 2027	210,000	-
Current portion			(6,540,900)	(5,535,300)
Total			$2,391,750	$3,150,105
Interest rate			2.48%~3.08%	2.35%~3.48%

Note 1: The maturity period of the loan was extended from the original December 2023 to June 2025.

Note 2: The maturity period of the loan was extended from the original April 2025 to June 2026.

Note 3: The maturity period of the loan was extended from the original May 2023 to May 2025.

Note 4: The maturity period of the loan was extended from the original October 2024 to October 2025.

Note 5: The maturity period of the loan was extended from the original June 2023 to October 2024.

Note 6: The maturity period of the loan was extended from the original June 2024 to December 2027.

Note 7: The maturity period of the loan was extended from the original December 2024 to December 2025.

Note 8: The maturity period of the loan was extended from the original October 2024 to December 2025.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

B. Interest was paid monthly, the principal of borrowings will be repaid at the earlier of due date or the completion date of construction-in-progress.

C. Construction-in-progress has been pledged as collateral for long-term bank borrowings, please refer to note 8 for details.

(14) Pensions

Defined contribution plan

A. The defined contribution plan of the Group's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, the Group makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

B. For the years ended December 31, 2024 and 2023, the pension expenses related to defined contribution plan amounted to $3,391 thousand and $2,800 thousand, respectively.

(15) Capital stock and capital increase

A. As of December 31, 2024 and 2023, total value of authorized ordinary shares were $12,000,000 thousand and $9,000,000 thousand, respectively with par value of $10 per share. Total authorized ordinary shares were 1,200,000 thousand shares and 900,000 thousand shares. The paid-in capital was $9,942,521 thousand and $8,571,139 thousand, respectively. Common stocks outstanding were 994,252 thousand shares and 857,113 thousand shares, respectively.

B. The details of capital increasing as below:

Base date of capital increase	Nature	Increased amount	Shares (thousands shares)	Number of competent authority's approval
January 30, 2023	Conversion of convertible bonds	$5,959	596	Jing-Shou-Shang No.11230017180
May 8, 2023	Conversion of convertible bonds	$15,210	1,521	Jing-Shou-Shang No.11230084830
August 30, 2023	Stock dividends	$1,177,019	117,702	Jing-Shou-Shang No.11230175870
September 25, 2023	Conversion of convertible bonds	$22,544	2,254	Jing-Shou-Shang No.11230190350
August 21, 2024	Stock dividends	$1,371,382	137,139	Jing-Shou-Shang No.11330161330

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

C. For the year ended December 31, 2023, the convertible bonds holders exercised the convert option, the Sakura Development issuance 3,775 thousand new shares which was increased paid-in capital amounting to $37,754 thousand. In addition, capital surplus - premium from convertible bond were increased amounting to $30,607 thousand and capital surplus - convertible bond option was written-off amounting to $2,101 thousand.

(16) Capital surplus

	December 31, 2024	December 31, 2023
Conversion premium of convertible bonds	$94,316	$94,316
Other (Unclaimed cash dividends)	757	491
Convertible bonds options (Note 6(12))	-	-
Invalid Convertible bonds options (Note 6(12))	13	13
Total	$95,086	$94,820

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

A. Legal reserve

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

B. Unappropriated retained earnings

According to Article 28-1 of the Sakura Development's Articles of Incorporation, the provision regarding surplus appropriation is described below:

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

After paying the income taxes, the Sakura Development's net earnings should first be used to offset the prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, which in accordance with the regulations of the competent authority or reversal appropriated retained earnings. And then any remaining profit, together with any undistributed retained earnings, shall be distributed as shareholders' dividends proposed by the Board of Directors to be submitted to the shareholders' meeting for approval.

C. Dividend policy

The dividend policy of the Sakura Development is determined based on Article 28-1 of the Sakura Development's Articles of Incorporation. The company operates in a capital-intensive industry and projects for material investment and financial improvement plans in the coming years, which growth period could not be identified yet. The cash dividends should not be less than 10% of the total dividends. In the event cash dividend per share is below $0.1, all dividends may be distributed in stock dividend.

D. Earnings distribution

(a) For the years ended December 31, 2023 and 2022, the details of earnings distribution and dividends per share were resolved by the Board of Directors on March 11, 2024 and March 10, 2023, respectively. The above earnings distribution were resolved by the shareholder's meeting on June 14, 2024 and June 13, 2023, respectively. The resolution allocation is the same as the proposed allocation.

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Amount	Dividends per share (NT$)	Amount	Dividends per share (NT$)
Legal reserve	$191,487		$150,541	
Cash dividend	342,846	$0.4	147,127	$0.2
Stock dividend	1,371,382	1.6	1,177,019	1.6
Total	$1,905,715	$2.0	$1,474,687	$1.8

(b) The appropriation of 2024 earnings had been proposed by the Board of Directors on March 11, 2025, is distributed as follows:

	For the year ended December 31, 2024	
	Earnings appropriation plan	Dividends per share (NT$)
Legal reserve	$283,046	
Cash dividend	497,126	$0.5
Stock dividend	1,988,504	2.0
Total	$2,768,676	$2.5

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

The appropriation of 2024 earnings were be resolved by the shareholder's meeting on June 20, 2025.

(c) For details of employee bonus and remuneration to directors and supervisors, please referred to note 6(20).

(d) For the details of earnings distribution proposal and the resolution of general meeting, please refer to the Market Observation Post System website.

(18) Operating revenue

	For the year ended December 31, 2024	For the year ended December 31, 2023
Revenue from contracts with customers		
Sales of real estate	$9,010,379	$7,061,946
Rental revenue	238	48
Other operating income	8,000	1,000
Total	$9,018,617	$7,062,994

A. Revenue from contracts with customers

	For the year ended December 31, 2024	For the year ended December 31, 2023
Primary geographical markets:		
Taiwan	$9,018,617	$7,062,994
Major products/services lines:		
Sales of real estate	$9,010,379	$7,061,946
Rental revenue	238	48
Other operating income	8,000	1,000
Total	$9,018,617	$7,062,994
Timing of revenue recognition:		
Revenue transferred at a point in time	$9,018,379	$7,062,946
Products and services transferred over time	238	48
Total	$9,018,617	$7,062,994

B. Contract balance

	December 31, 2024	December 31, 2023
Contract liabilities-current	$4,840,635	$2,332,974

(a) Significant changes of contract liabilities

The major change in the balance of contract assets and liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2024 and 2023.

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

(b) Contract liability balance at the beginning of the period and the amount of revenue recognized

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were $867,274 thousand and $837,238 thousand, respectively.

(c) Assets recognized from the revenue from contracts with customers

	December 31, 2024	December 31, 2023
Incremental costs of obtaining a contract (Recorded as other current assets)	$687,016	$520,064

The amortized amount of the incremental cost of the Company's acquisition of the contract for the years ended December 31, 2024 and 2023 were $212,220 thousand and $167,191 thousand.

(19) <u>Non-operating income and expenses</u>

A. Interest income

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest income -bank deposit	$17,853	$7,642
Interest income-others	1,668	115
Total	$19,521	$7,757

B. Other income

	For the year ended December 31, 2024	For the year ended December 31, 2023
Other income-others	$2,158	$2,553

C. Other gains and losses

	For the year ended December 31, 2024	For the year ended December 31, 2023
Gains (losses) on financial liabilities at fair value through profit or loss	$-	$278
Other losses (including compensation)	(948)	(1,186)
Total	$(948)	$(908)

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

D. Financial costs

	For the year ended December 31, 2024	For the year ended December 31, 2023
Interest expense：		
Interest of bank borrowings	$284,498	$212,574
Interest of bonds payable	-	93
Interest on lease liability	24	4
Others	1,796	3,023
Subtotal	286,318	215,694
Less: assets capitalization	(281,656)	(210,968)
Total financial costs	$4,662	$4,726

(20) Additional information of expenses by nature

Summary of employee benefits expenses, depreciation and amortization by function of expense was as follows:

Function / Nature	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	$52,859	$87,699	$140,558	$47,068	$29,322	$76,390
Labor and medical insurance premiums	4,373	3,665	8,038	3,841	2,418	6,259
Pension expenses	2,154	1,237	3,391	1,858	942	2,800
Other employee benefits expenses	1,791	6,584	8,375	1,462	5,111	6,573
Depreciation	-	3,847	3,847	-	3,774	3,774
Amortization	-	585	585	-	889	889

A. According to the Sakura Development's Articles of Incorporation, the Sakura Development shall reserve at least 0.5% and no more than 2% of annual net profit, if any, for employee compensation and director compensation respectively. However, if the company has earnings after the close of the fiscal year, it shall set aside the sum for accumulated losses. The determination of distribution ratio for employee compensation and director compensation and the distribution of stock or cash for employee compensation shall be resolved by the Board of Directors, with two-third of directors attending the meeting and the consent of the majority of attending directors. The resolution shall be reported to the Shareholder's Meeting.

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B. For the years ended December 31, 2024 and 2023, the Sakura Development estimated the amount of employee compensation are $18,514 thousand and $12,798 thousand respectively; the estimated amount of director compensation are $35,222 thousand and $23,937 thousand respectively. The foregoing amounts are an estimation based on the profit before tax before deducting compensations of the current year distributed to employees and directors, multiplied by the appropriation percentage of employee and director compensation specified in the Sakura Development's Articles of Incorporation. The said amounts are also recognized as the inventory costs and operating expenses for the years ended December 31, 2024 and 2023 respectively. However, any discretion between the actual distributed amount and estimated amount as resolved by the Board of Director Meetings shall be recognized as the annual loss of the Board of Director meeting.

C. The amounts for the year ended December 31, 2023 employee compensation and director compensation resolved by the Board of Directors are in conformity with the amounts recognized in the 2023 financial report. As of December 31, 2024, the distribution for employee compensation and director compensation from the previous year has been realized.

D. Information regarding employee and director remuneration resolved by the board of directors and reported in the shareholder meeting can be found on "Market Observation Post System".

(21) Income tax

A. Components of income tax expenses:

(a) Income tax recognized as current profit and loss

	For the year ended December 31, 2024	For the year ended December 31, 2023
Current income tax expenses:		
Income tax from current income	$750,863	$555,069
Land value increment tax	2,619	248
Surtax on undistributed earnings	458	1,536
Deferred income tax expenses:		
Written-off of deferred tax assets (prior reversed written-off)	(195)	1
Income tax expenses	$753,745	$556,854

(b) Income tax recognized as other comprehensive income：None.

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B. Amount of deferred income tax assets/liabilities from temporary difference were as follows:

	For the year ended December 31, 2024				
	January 1	Recognition into (loss) gain	Recognition into other comprehensive (loss) gain	Recognition into equity	December 31
Deferred Income Tax Assets					
Recognition of warranty provision	$156	$195	$-	$-	$351
Allowance of doubtful debts overruns the limit of tax law	4	-	-	-	4
Total	$160	$195	$-	$-	$355

	For the year ended December 31, 2023				
	January 1	Recognition into (loss) gain	Recognition into other comprehensive (loss) gain	Recognition into equity	December 31
Deferred Income Tax Assets					
Recognition of warranty provision	$157	$(1)	$-	$-	$156
Allowance of doubtful debts overruns the limit of tax law	4	-	-	-	4
Total	$161	$(1)	$-	$-	$160

C. In accordance with the current applicable tax act was as follows:

The profit-seeking enterprise income tax rate were both 20% in 2024 and 2023. The Group assessed the impact of such change in the tax rate on income tax. Besides, the tax rate applicable to the undistributed earnings was 5%.

D. As of December 31, 2024 and 2023, current tax liabilities were $588,798 thousand and $555,847 thousand, respectively, which were the estimation of corporate income tax payable to the national treasury.

E. The Sakura Development's income tax return had been assessed and approved by the tax authorities till 2022.

(22) Earnings per share

	For the year ended December 31, 2024	For the year ended December 31, 2023
Basic earnings per share		
Net income attributable to common shareholders of the Sakura Development	$2,830,457	$1,914,869
Weighted average outstanding common shares	994,252	992,117
Basic earnings per share (unit: NTD)	$2.85	$1.93

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Diluted earnings per share		
Net income attributable to common shareholders of the Sakura Development	$2,830,457	$1,914,869
Dilutive effect of potential common shares - convertible bonds	-	72
Net income attributable to common shareholders of the Sakura Development	$2,830,457	$1,914,941
Weighted average outstanding common shares	994,252	992,117
Dilutive effect of potential common shares		
Effects of employee remuneration	373	279
Effects of Conversion of convertible bonds	-	1,589
Weighted average outstanding common shares	994,625	993,985
Diluted earnings per share (unit: NTD)	$2.85	$1.93

The number of weighted average outstanding shares in 2023 was 855,274 thousand shares. For comparison purpose, the number of outstanding shares of 2023 has been adjusted retrospectively due to the stock dividends in August 2024.

7. Related party transactions

(1) Names and relations of related parties

Name of related party	Relationship with the Company
Chen-Yan Ling	Other related parties
Song-Xie Rong	Other related parties
Chiang-Tung Mao	Other related parties

(2) Items of material transactions between the Group and related parties

A. Sales of real estate

Name	Construction	Signing Date	For the year ended December 31, 2024	For the year ended December 31, 2023
Chen-Yan Ling	Sakura Museum	For the year ended December 31, 2022	$-	$15,184

The above transaction is subject to the general terms of sale (i.e. market prevailing price), and there is no significant transaction price or transaction term differences from the transaction with non-related parties.

B. Accounts receivable

Name	Construction	Signing Date	December 31, 2024	December 31, 2023
Chen-Yan Ling	Sakura Museum	For the year ended December 31, 2022	$-	$6,446

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C. Contract liabilities

Name	Construction	Signing Date	December 31, 2024	December 31, 2023
Song-Xie Rong	Sakura Blossom Delight	For the year ended December 31, 2024	$1,386	$-

D. Other current liabilities-Temporary Receipts

Name	Construction	Signing Date	December 31, 2024	December 31, 2023
Chiang-Tung Mao	Sakura in Yanagawa	For the year ended December 31, 2024	$100	$-

(3) Compensation of key management staff

Key management compensation comprised as below:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Salary and other short-term employee benefits	$60,907	$39,321

8. Pledged assets

The Group provides the following assets as collaterals for borrowings, short-term notes payables and convertible bonds.

	December 31, 2024	December 31, 2023
Construction-in-progress	$19,837,561	$18,840,031
Property, plant and equipment - land	-	31,885
Property, plant and equipment - buildings	-	15,060
Other current financial assets	3,602,023	1,931,022
Total	$23,439,584	$20,817,998

Pledged assets are presented at book value.

9. Major contingent liabilities and unrecognized contractual commitments

(1) The carrying amount of the farming and grazing land located at Zhen An Section was $20,728 thousand, the carrying amount was the original cost less impairment. Due to the restriction of law, the land was registered under another person's name. To ensure the Sakura Development's right on the land, the first mortgage of the land was designated to the Sakura Development. The both parties also entered into an agreement of consent of unconditional transferring of the land to the Sakura Development. In addition, partial of

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the lands were expropriated in 2005 and the compensation for expropriation was $1,900 thousand, which was recognized under other receivables. Due to the financial problems of the third person, the expropriation compensation was restricted by the bank. The Sakura Development has started pressing for payment and recognize allowance for the doubtful debts.

(2) The unrecovered guaranteed notes issued by the Group from the purchase of lands held for construction and bank financing is described below:

	December 31, 2024	December 31, 2023
Guarantee notes submitted	$8,980,500	$9,279,900

(3) As of December 31, 2024, the total contract price of the construction contracts signed by the Group and non-related parties was $3,854,336 thousand, and the total amount of $2,527,647 thousand was paid.

(4) The Group signed the contract for drawing from specified escrow account with financial institutions. The contract stated that if the Group fails to fulfill the contract with customer and the customer requests the financial institution for performance of guaranteed responsibility, the financial institution shall exercise the right of set-off and deduct the balance of the deposits in the specified escrow account for advanced payment, after returning the principal and interests deposited in the specified escrow account. The financial institution may claim for compensation for the insufficient fund with accrued interest from the Group. For the years ended December 31, 2024 and 2023, for paying construction costs, the Group had drawn down $605,000 thousand and $330,000 thousand, respectively. Please refer to Note 6(5) for the description on "Other current financial assets".

10. Losses from major disasters: None.

11. Subsequent events

On January 22, 2025, the Sakura Development's Board of Directors approved the signing of an additional construction contract with its subsidiary, Ying Hsiung Construction for the project located at Zhong She Section, Longjing District, Taichung City. The original contract amount was $333,423 thousand (exclusive of VAT), and the additional construction amount is $17,322 thousand (exclusive of VAT). Following the addition, the total contract amount increased to $350,745 thousand.

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12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group adjusts the company's loan amount according to the construction progress and the funds required for operation.

(2) Financial instrument

A. Types of financial instrument

Financial assets	December 31, 2024	December 31, 2023
Financial assets at amortized cost		
Cash and cash equivalents (excluding cash on hand and petty cash)	$1,498,882	$866,674
Notes receivable, net (including long-term notes receivable)	70,785	41,737
Accounts receivable, net (including related parties and long-term accounts receivable)	273,537	44,349
Other current financial assets	3,602,023	1,931,022
Refundable deposits	18,372	21,268
Total	$5,463,599	$2,905,050

Financial liabilities	December 31, 2024	December 31, 2023
Financial liabilities at amortized cost		
Short-term borrowings	$274,000	$117,000
Short-term notes payable	284,450	162,848
Notes payable	6,287	45,461
Accounts payable(including related parties)	1,052,854	718,701
Other payables	1,100,022	832,630
Long-term borrowings (including current portion of long-term borrowings)	8,932,650	8,685,405
Deposits received(including current portion of deposits received)	5,640	2,280
Total	$11,655,903	$10,564,325
Lease liabilities (including current and non-current portion)	$1,640	$30

B. Risk management policy

(a) The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Cash flow and fair value risk of interest rate

The Group's main interest rate risk arises from short-term borrowings, short-term notes payable and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by $94,911 thousand and $89,653 thousand respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

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As of December 31, 2024 and 2023, accounts receivable from top ten customers represented low percentage of the total accounts receivable of the Group. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury department in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and no material default risk. Therefore, there is no significant credit risk for these counterparties.

All notes receivable and accounts receivable adopt a simplified approach to estimate the expected credit loss, namely using the expected credit from the duration to measure the loss. For measurement purposes, such notes receivable and accounts receivable shall be grouped according to the characteristics of common credit risks by product categories and customer evaluation, in addition to incorporating the measurement in the forward-looking information. The expected credit loss for the notes receivable and accounts receivable of the Group as of December 31, 2024 and 2023 is analyzed below:

		Overdue				
December 31, 2024	Current	Within 30 days	31-60 days	61-90 days	91 days and above	Total
Expected losses rate	-%	-%	-%	-%	-%	-%
Total book value	$344,322	$-	$-	$-	$-	$344,322
Loss allowance	$-	$-	$-	$-	$-	$-

		Overdue				
December 31, 2023	Current	Within 30 days	31-60 days	61-90 days	91 days and above	Total
Expected losses rate	-%	-%	-%	-%	-%	-%
Total book value	$86,086	$-	$-	$-	$-	$86,086
Loss allowance	$-	$-	$-	$-	$-	$-

The Group belongs to the construction industry and sells products by collecting down payments on the real estates in advance. buyer pays for the remaining payment of real estate through a mortgage from the bank. Based on experience, there is no expected credit loss from notes receivable and accounts receivable.

Change of loss provisions on receivables:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Opening balance	$-	$-
Recognize impairment loss from accounts receivables	-	-
Written-off unrecoverable debts	-	-
Closing balance	$-	$-

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(c) Liquidity risk management

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
December 31, 2024					
Short-term borrowings	$274,000	$-	$-	$-	$274,000
Short-term notes payable	284,450	-	-	-	284,450
Accounts payable (including other payables)	2,159,163	-	-	-	2,159,163
Lease liabilities (including portion due within 1 year or 1 business cycle)	491	853	296	-	1,640
Long-term borrowings (including portion due within 1 year or 1 business cycle)	4,837,900	2,599,900	1,494,850	-	8,932,650
Deposit received (including portion due within 1 year or 1 business cycle)	5,640	-	-	-	5,640

	Less than 1 year	2 to 3 years	4 to 5 years	5 years and above	Total
December 31, 2023					
Short-term borrowings	$117,000	$-	$-	$-	$117,000
Short-term notes payable	162,848	-	-	-	162,848
Accounts payable (including other payables)	1,596,792	-	-	-	1,596,792
Lease liabilities (including portion due within 1 year or 1 business cycle)	30	-	-	-	30
Long-term borrowings (including portion due within 1 year or 1 business cycle)	2,416,600	6,064,905	203,900	-	8,685,405
Deposit received (including portion due within 1 year or 1 business cycle)	2,280	-	-	-	2,280

The Group has not expected earlier occurrence of the cash flow analyzed on the due date or any significant difference from the actual amount.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for the items listed below, the carrying amounts of other accounts including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, refundable deposits, long-term notes and accounts receivable, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, deposit received and lease liabilities are approximate to their fair values.

		Fair value		
	Book value	Level 1	Level 2	Level 3
December 31, 2024				
Financial liabilities:				
Long-term borrowings (including portion due within 1 year or 1 business cycle)	$8,932,650	$-	$8,932,650	$-
December 31, 2023				
Financial liabilities:				
Long-term borrowings (including portion due within 1 year or 1 business cycle)	$8,685,405	$-	$8,685,405	$-

(Expressed in Thousands of New Taiwan Dollars, unless otherwise stated in Footnotes)

(b) The methods and assumptions of fair value estimate are as follows:

Long-term borrowings (including current portion) values the fair value based on the book value shown on the balance sheets. The Group adopts floating rate for long-term borrowing which were adjusted in accordance with market conditions. Moreover, the Group does not impose special borrowing criteria on the mortgage contract, hence the borrowing rate of the Group should be similar to the market interest rate. The present discounted value of expected cash flow is estimated for the fair value, which is equivalent to the book value.

D. Financial and non-financial instruments measured at fair value：None.

E. For the years ended December 31, 2024 and 2023, there was no transfers between Level 1 and Level 2.

13. Supplementary Disclosures

(1) Information relating to significant transactions and Supplementary disclosure regarding investee companies

Serial No.	Item	Attachments
A	Financing provided	None
B	Endorsements and Guarantees Made to Others	None
C	Securities held at the end of period (excluding investments in subsidiaries, associates or any portion controlled by joint ventures)	None
D	Cumulative amount of the same marketable securities purchased or sold amounting to NT$300 million or 20% of the paid-up capital or above	None
E	Acquisition of real estate amounting to NT$300 million or 20% of paid-up capital or above	Table 1
F	Disposal of real estate amounting to NT$300 million or 20% of paid up capital or above	None
G	Sales and purchases with related parties amounting to NT$100 million or 20% of paid up capital or above	Table 2
H	Related party receivables amounting to NT$100 million or 20% of paid-up capital or above	None
I	Trading of derivatives	None
J	Business relationships and significant inter-company transactions	Table 3
K	Names, locations and information of investees	Table 4

(2) Information on investment in mainland China

Serial No.	Item	Attachments
A	Names, primary business activities, paid-up capital, terms of investment and information relating to Mainland investees	None
B	Significant transactions with Mainland investees through directly or indirectly held businesses in another country:	
	(1) Amount and percentage of purchases made and balance and percentage of corresponding payables at the end of period.	None
	(2) Amount and percentage of sales made and balance and percentage of corresponding receivables at the end of period.	None
	(3) Property transactions and the resulting gains and losses	None
	(4) Closing balances and purposes of endorsed notes, guarantees, or pledged collaterals	None
	(5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period	None
	(6) Other transactions with material impact to the current profit and loss or financial position.	None

(3) Information of major shareholders: Table 5.

14. Segment Information

(1) General information

For management purposes, the Group organizes its operating units based on the types of products and services, and classifies them into two reportable operating segments: the Development Segment and the Construction Segment.

Development Segment: Engaging construction contractors to build commercial buildings and residential properties for rental and sale purposes.

Construction Segment: Engaging in the contracting of civil and architectural construction projects.

Management monitors the operating results of each business unit separately for the purpose of making decisions regarding resource allocation and performance evaluation. The performance of each segment is evaluated based on operating profit or loss, which is measured on a basis consistent with that used in the consolidated financial statements.

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(2) Information about segment profit or loss, assets and liabilities

	For the year ended December 31, 2024			
	Development Segment	Construction Segment	Adjustment and elimination	Total
Revenue				
Revenue from external customers	$9,018,617	$-	$-	$9,018,617
Inter-segment revenue	105	148,631	(148,736)	-
Total segment revenue	$9,018,722	$148,631	$(148,736)	$9,018,617
Segment income (loss)	$2,830,457	$(13,393)	$13,393	$2,830,457
Departmental assets for reporting	$31,513,425	$351,059	$(331,517)	$31,532,967
Departmental liabilities for reporting	$17,230,567	$144,452	$(124,910)	$17,250,109

	For the year ended December 31, 2023			
	Development Segment	Construction Segment	Adjustment and elimination	Total
Revenue				
Revenue from external customers	$7,062,994	$-	$-	$7,062,994
Inter-segment revenue	-	-	-	-
Total segment revenue	$7,062,994	$-	$-	$7,062,994
Segment income (loss)	$1,914,869	$-	$-	$1,914,869
Departmental assets for reporting	$25,279,792	$-	$-	$25,279,792
Departmental liabilities for reporting	$13,484,811	$-	$-	$13,484,811

(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

Table 1 - Acquisition of properties with the amount exceeding NT$300 million or 20% of the Company's paid-in capital:

Type of Property	Transaction date	Transaction amount	Status of payment	Counterparty	Nature of Relationship	Where Counterparty is a Related Party, Details of Prior Transaction				Price Reference	Purpose of Acquisition	Other
						Former Holder of Property	Former Holder	Transfer Date	Amount			
Zhong Yun Section No.338 properties, Zhongli Dist, Taoyuan city	June 11, 2024	$446,170	Paid in accordance with contract	Hsie Tsai-Ling and other 17 person	Non related parties	-	-	-	-	Negotiated with seller and refer to appraisal report issued by external appraisers.	For construction and operating purpose.	None
Qiao'ai Section No.1353 and other 3 properties, Yuanlin city, Changhua county	November 26, 2024	$510,600	Paid in accordance with contract	Hsia Yin-Lien	Non related parties	-	-	-	-	Negotiated with seller and refer to appraisal report issued by external appraisers.	For construction and operating purpose.	None
Xin Gao Tie Section No.26 properties, Wuri Dist, Taichung city	December19, 2024	$957,723	Paid in accordance with contract	Hsia Yin-Lien	Non related parties	-	-	-	-	Negotiated with seller and refer to appraisal report issued by external appraisers.	For construction and operating purpose.	None

(Expressed in thousands of New Taiwan dollars, unless otherwise stated in Footnotes)

Table 2 - Amount of Purchase/Sale Transaction with a Related Party Exceeding NT$100 Million or 20% of the Paid-up Capital:

Purchaser/Seller	Name of counterpart	Relationship	Transaction details				Transaction conditions different from general transaction and reason(s) (Note 1)		Notes and accounts receivable / payable		Note (Note 2)
			Purchase / sale	Amount	Ratio in total purchases / sales	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio in total notes and accounts receivable / payable	
SAKURA DEVELOPMENT CO., LTD.	YING HSIUNG CONSTRUCTION CO., LTD.	Subsidiary	Purchase	$108,593	0.60%	Payment collected as per the schedule in contracts	Equivalent to the general transactions	Equivalent to the general transactions	$(16,316)	1.55%	Note 4
YING HSIUNG CONSTRUCTION CO., LTD.	SAKURA DEVELOPMENT CO., LTD.	Parent company	Sale	$148,631	100.00%	Payment collected as per the schedule in contracts	Equivalent to the general transactions	Equivalent to the general transactions	$16,316	100.00%	Note 5

Note 1: If the conditions of a transaction with a related party are different from the general transaction conditions, please specify such difference and reason(s) in the "Unit Price" and "Period of credit granting" columns.

Note 2: In case of any advance or prepayment, please specify the reason, covenant, amount and difference from general transaction in the "Note" column.

Note 3: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company as shown in the balance sheet.

Note 4: The amount of purchases shall be recorded based on the value estimated on a periodic basis.

Note 5: The construction revenue recognized using the percentage-of-completion method shall be recorded as the sales amount.

Note 6: The aforementioned transactions with consolidated entities have been eliminated in the preparation of the consolidated financial statements.

Table 3 - Business relationships and significant inter-company transactions

Number (Note 1)	Name of Trader	Counterparty	Relationship to the Trader (Note 2)	Transaction Details			
				Account	Amount	Transaction Conditions	Percentage of Total Consolidated Net Revenues or Assets (Note 3)
0	SAKURA DEVELOPMENT CO., LTD.	YING HSIUNG CONSTRUCTION CO., LTD.	1	Rental revenue	$105	Handled per general terms	0.00%
0	SAKURA DEVELOPMENT CO., LTD.	YING HSIUNG CONSTRUCTION CO., LTD.	1	Inventories	108,593	Note 4	0.34%
0	SAKURA DEVELOPMENT CO., LTD.	YING HSIUNG CONSTRUCTION CO., LTD.	1	Accounts payable	16,316	Note 4	0.05%

Note 1: The information on transactions between the parent company and subsidiaries should be specified in the "Number" column. The numbers in the "Number" column should be represented as follows:
1. 0 for the parent company;
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with counterparties and they are labeled as follows:
1. The parent company to a subsidiary;
2. Subsidiary to the parent company;
3. Subsidiary to a subsidiary

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts; and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The important transactions in this table must be determined by the company according to the principle of materiality.

Note 5: The above transactions with consolidated entities have been eliminated in the preparation of the consolidated financial statements.

Table 4 - Names, locations and information of investees (excluding investees in mainland China):

Name of investor	Name of investee (Note 1 & 2)	Address	Major business activities	Original investment amount		Ending shareholding			Current loss/gain of investee (Note 2 (2))	Loss/gain from investments recognized for the current period (Note 2 (3))	Note
				End of the current period	End of last year	Number of shares	Percentage (%)	Book value			
SAKURA DEVELOPMENT CO., LTD.	YING HSIUNG CONSTRUCTION CO., LTD.	Taiwan	Grade A general construction business	$220,000	$-	22,000	100.00%	$202,824	$(13,393)	$(17,176)	Subsidiary

Note 1: If a public company has establish its foreign holding company and submitted its consolidated statements as major financial statements as stipulated by local regulations, it can only disclose the information on such holding company regarding its foreign investee.

Note 2: In cases other than that described in Note 1, the following rules should be followed:

(1) "Name of investee", "Address", "Major business activities", "Original investment amount" and "Ending shareholding" should be filled in in sequence based on the (public) Company's reinvestment and the further reinvestment of each investee controlled directly or indirectly. The relationship (e.g. subsidiary or sub-subsidiary) between the investee and the (public) Company should also be specified in the "Note" column.

(2) The amount of each investee's current loss/gain should be filled in the "Current loss/gain of investee" column.

(3) Only the amount of losses/gains of each subsidiary recognized by the (public) Company for direct reinvestment and of each investee accounted for using equity method should be filled in the "Loss/gain from investments recognized for the current period" column, and the rest can be omitted. When filling in the "Amount of current losses/gains of each subsidiary recognized for direct reinvestment" column, confirm whether such amount includes its loss/gain from investment to be recognized for further reinvestment.

Note 3: The above transactions with consolidated entities have been eliminated in the preparation of the consolidated financial statements.

Table 5 - Information of major shareholders

Major shareholder name	Number of shares	Ownership (%)
Tseng, Shu-Chiung	216,411,681	21.76%
Lin, Chen-Hai	216,126,046	21.73%
Ho-Yang Management Consultant Co., Ltd	188,466,542	18.95%

Note 1: This table is calculated by Taiwan Depository & Clearing Corporation, using total number of ordinary shares and preferred shares held by the shareholders who have completed the company's non-physical registration and delivery (including treasury shares) is more than 5% on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the number of shares which the company has completed the non-physical registration and delivery, may be different from computational basis.

Note 2: Above information if belongs to shareholders delivering the shares to the trust, will be disclosed by the principal individual account of the trustee opened the trust account. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. Please refer to the information on the MOPS for insider equity declaration.