

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

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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.

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.

Chairman: Ching-Yuan, Wu

Date: March 13, 2025

## Independent Auditors' Report

To the Board of Directors of Sanyang Motor Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Sanyang Motor Co., Ltd. and its subsidiaries ( “the Group” ), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 with the International Financial Reporting Standards ( “ IFRSs” ), International Accounting Standards ( “ IASs” ), Interpretations developed by the International Financial Reporting Interpretations Committee ( “ IFRIC” ) and the former Standing Interpretations Committee ( “ SIC” ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, 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 of the current period. 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.

#### 1. Revenue recognition

Refer to Note 4(17) “Revenue recognition” for the accounting principles on the recognition of revenue and Note 6(26) “Revenue from contracts with customers” for details of revenues.

Description of key audit matter:

The Group's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Group are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Group were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of consolidated financial report.

Corresponding audit procedures:

- (a) Understand the Group's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales agreements.
- (c) Test internal controls of the Group over shipment and revenue recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2024 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

2. Valuation of accounts receivable

Refer to Note 4(7) "Financial instruments" for the accounting policies on the valuation of accounts receivable, Note 5(1) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(4) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Group is relatively significant, and recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of consolidated financial reports.

Corresponding audit procedures:

- (a) Obtain the Management's overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.
- (b) Analyze and test the accuracy of accounts receivable aging report.
- (c) Perform the subsequent period collection of accounts receivable test.

**Other Matter**

We did not audit the financial statements of Taiwan Tea Corporation, which accounted for using the equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Taiwan Tea Corporation, is based solely on the report of other auditors. The amount of Taiwan Tea Corporation which accounted for using the equity method were 6.01% and 6.61% of the consolidated total assets as of December 31, 2024 and 2023, respectively, and the share of profit (loss) of associates and joint ventures accounted for using the equity method were (0.77)% and (0.97)% of the consolidated profit before income tax for the years then ended, respectively.

Sanyang Motor Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, 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 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 the 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 of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are kuo-Yang Tseng and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2025

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 10,296,462	15	8,811,431	14
1170	Notes and accounts receivable, net (Notes 6(4), (25) and 8)	3,287,933	5	2,675,915	4
1180	Notes and accounts receivable from related parties, net (Notes 6(4),(25) and 7)	568	-	901	-
1200	Other current receivables (Notes 6(4) , (6) and 7)	838,274	1	747,178	1
1310	Inventories (for manufacturing business) (Note 6(5))	6,664,142	10	7,900,381	13
1320	Inventories (for construction business) (Notes 6(5) and 7)	3,015,098	4	2,849,530	5
1410	Prepayments (Note7)	985,108	1	750,110	1
1476	Other current financial assets (Notes 6(1) and 8)	7,111,292	11	6,385,540	10
1479	Other current assets, others	38,359	-	18,016	-
		<u>32,237,236</u>	<u>47</u>	<u>30,139,002</u>	<u>48</u>
<b>Non-current assets:</b>					
1510	Non-current financial assets at fair value through profit or loss(Note 6(2))	15,459	-	15,459	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(3))	1,670,600	2	1,676,556	3
1550	Investments accounted for using equity method (Notes 6(7) and 7)	4,584,545	7	4,625,282	7
1600	Property, plant and equipment (Notes 6(10), 7 and 8)	16,115,874	24	14,629,094	23
1755	Right-of-use assets (Notes 6(11) and 7)	1,005,354	2	838,948	1
1760	Investment property, net (Notes 6(12) and 8)	4,920,805	7	3,635,219	6
1780	Intangible assets (Note 6(13))	1,084,681	2	1,096,283	2
1840	Deferred income tax assets (Note 6(22))	683,527	1	667,736	1
1933	Other non-current receivables (Notes 6(4) and(6))	-	-	455,965	1
1935	Long-term lease receivables (Notes 6(4), (25) and 8)	761,624	1	649,508	1
1975	Net defined benefit asset, non-current (Note 6(21))	8,660	-	2,103	-
1980	Other non-current financial assets (Notes 6(1) and 8)	5,020,840	7	4,187,295	7
1995	Other non-current assets, others	147,944	-	159,464	-
		<u>36,019,913</u>	<u>53</u>	<u>32,638,912</u>	<u>52</u>
<b>Total assets</b>		<b>\$ <u>68,257,149</u></b>	<b><u>100</u></b>	<b><u>62,777,914</u></b>	<b><u>100</u></b>

See accompanying notes to consolidated financial statements.



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

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(15))	\$ 7,833,796	12	7,723,314	12
2111	Short-term notes and bills payable (Note 6(14))	1,624,353	2	697,897	1
2130	Current contract liabilities (Note 6(25))	461,852	1	416,500	1
2170	Accounts payable (Note 6(16))	4,880,190	7	4,449,458	7
2180	Accounts payable to related parties (Notes 6(16) and 7)	164,197	-	233,039	-
2200	Other payables (Note 7)	4,001,001	6	4,020,519	6
2230	Current tax liabilities (Note 6(22))	680,143	1	921,929	2
2251	Current provisions for employee benefits (Note 6(21))	88,346	-	116,835	-
2252	Short-term provisions for warranties (Note 6(19))	545,409	1	484,883	1
2280	Current lease liabilities (Note 6(18) and 7)	144,437	-	135,279	-
2322	Long-term borrowings, current portion (Note 6(17))	1,284,574	2	597,161	1
2365	Current refund liabilities	319,013	1	362,752	1
2399	Other current liabilities, others	226,699	-	78,112	-
		<u>22,254,010</u>	<u>33</u>	<u>20,237,678</u>	<u>32</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(17))	13,259,471	20	13,135,699	21
2552	Non-current provisions (Note 6(19))	489,584	1	362,153	1
2570	Deferred income tax liabilities (Note 6(22))	1,525,202	2	1,524,830	2
2580	Non-current lease liabilities (Note 6(18) and 7)	777,137	1	613,604	1
2640	Net defined benefit liability, non-current (Note 6(21))	267,790	-	520,078	1
2645	Guarantee deposits received (Note 7)	960,462	1	898,553	1
2670	Other non-current liabilities, others (Note 9)	138,156	-	91,417	-
		<u>17,417,802</u>	<u>25</u>	<u>17,146,334</u>	<u>27</u>
		<u>39,671,812</u>	<u>58</u>	<u>37,384,012</u>	<u>59</u>
<b>Total liabilities</b>					
<b>Equity attributable to owners of parent (Note 6(8) and (23)):</b>					
3100	Share capital	7,974,896	12	7,974,896	13
3200	Capital surplus	1,735,853	2	1,713,762	3
3300	Retained earnings	16,547,004	24	14,197,678	22
3400	Other equity	(985,533)	(1)	(1,358,309)	(2)
3500	Treasury shares	(132,816)	-	(132,816)	-
		<u>25,139,404</u>	<u>37</u>	<u>22,395,211</u>	<u>36</u>
36XX	Non-controlling interests	3,445,933	5	2,998,691	5
		<u>28,585,337</u>	<u>42</u>	<u>25,393,902</u>	<u>41</u>
<b>Total equity</b>					
<b>Total liabilities and equity</b>		<u><b>68,257,149</b></u>	<u><b>100</b></u>	<u><b>62,777,914</b></u>	<u><b>100</b></u>

See accompanying notes to consolidated financial statements.

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

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(25) and 7)</b>	\$ 65,624,544	100	64,461,239	100
5000	<b>Operating costs (Notes 6(5), (21) and 7))</b>	52,244,077	80	51,051,120	79
	<b>Gross profit from operations</b>	13,380,467	20	13,410,119	21
	<b>Operating expenses (Notes 6(4), (21), (26) and 7 ):</b>				
6100	Selling expenses	4,184,636	6	4,152,856	7
6200	Administrative expenses	1,900,197	3	1,795,636	3
6300	Research and development expenses	1,442,323	2	1,346,378	2
6450	Expected credit (gain) loss	(2,748)	-	4,473	-
		7,524,408	11	7,299,343	12
	<b>Net operating income</b>	5,856,059	9	6,110,776	9
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Notes 6(27) and 7)	596,167	1	608,728	1
7010	Other income (Notes 6(27) and 7)	95,288	-	99,130	-
7020	Other gains and losses (Notes 6(27) and 7)	421,585	-	250,965	-
7050	Finance costs (Note 6(27) and 7)	(431,279)	-	(438,193)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(7))	(62,020)	-	(90,153)	-
7229	Gains on disposal of non-current assets held for sale (Notes 6(6) and (27))	-	-	1,534,195	2
		619,741	1	1,964,672	3
7900	<b>Profit before income tax</b>	6,475,800	10	8,075,448	12
7950	<b>Less: Income tax expenses (Note 6(22))</b>	1,343,318	2	1,412,060	2
	<b>Profit for the period</b>	5,132,482	8	6,663,388	10
8300	<b>Other comprehensive income (loss) (Notes 6(7) and (23)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans	48,239	-	(119,151)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(129,903)	-	203,284	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	5,522	-	(1,410)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(8,383)	-	23,966	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	(84,525)	-	106,689	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	552,673	-	(226,597)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(3,915)	-	(762)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	548,758	-	(227,359)	-
8300	<b>Other comprehensive income</b>	464,233	-	(120,670)	-
8500	<b>Comprehensive income</b>	<b>\$ 5,596,715</b>	<b>8</b>	<b>6,542,718</b>	<b>10</b>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 4,770,397	7	6,297,521	10
8620	Non-controlling interests	362,085	1	365,867	-
		<b>\$ 5,132,482</b>	<b>8</b>	<b>6,663,388</b>	<b>10</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 5,186,460	7	6,179,980	10
8720	Non-controlling interests	410,255	1	362,738	-
		<b>\$ 5,596,715</b>	<b>8</b>	<b>6,542,718</b>	<b>10</b>
	<b>Earnings per share (Note 6(24))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 6.02</b>		<b>7.95</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 6.01</b>		<b>7.93</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR 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 parent												
	Retained earnings					Other equity							
						Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements						
Balance at January 1, 2023	\$ 7,974,896	1,713,762	2,786,265	1,334,248	5,483,097	9,603,610	(1,331,123)	5,552	(1,325,571)	(132,816)	17,833,881	2,408,607	20,242,488
Profit for the year	-	-	-	-	6,297,521	6,297,521	-	-	-	-	6,297,521	365,867	6,663,388
Other comprehensive income for the year	-	-	-	-	(94,603)	(94,603)	(190,383)	167,445	(22,938)	-	(117,541)	(3,129)	(120,670)
Comprehensive income for the year	-	-	-	-	6,202,918	6,202,918	(190,383)	167,445	(22,938)	-	6,179,980	362,738	6,542,718
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	345,802	-	(345,802)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,419)	4,419	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,435,481)	(1,435,481)	-	-	-	-	(1,435,481)	-	(1,435,481)
Changes in ownership interests in subsidiaries	-	-	-	-	(183,169)	(183,169)	-	-	-	-	(183,169)	200,108	16,939
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	27,238	27,238
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	9,800	9,800	-	(9,800)	(9,800)	-	-	-	-
Balance at December 31, 2023	7,974,896	1,713,762	3,132,067	1,329,829	9,735,782	14,197,678	(1,521,506)	163,197	(1,358,309)	(132,816)	22,395,211	2,998,691	25,393,902
Profit for the year	-	-	-	-	4,770,397	4,770,397	-	-	-	-	4,770,397	362,085	5,132,482
Other comprehensive income for the year	-	-	-	-	40,109	40,109	495,409	(119,455)	375,954	-	416,063	48,170	464,233
Comprehensive income for the year	-	-	-	-	4,810,506	4,810,506	495,409	(119,455)	375,954	-	5,186,460	410,255	5,596,715
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	602,955	-	(602,955)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,480	(28,480)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,392,469)	(2,392,469)	-	-	-	-	(2,392,469)	-	(2,392,469)
Changes in equity of associates and joint ventures accounted for using equity method	-	5,477	-	-	-	-	-	-	-	-	5,477	19	5,496
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	15,997	-	-	-	-	-	-	-	-	15,997	-	15,997
Changes in ownership interests in subsidiaries	-	617	-	-	(71,889)	(71,889)	-	-	-	-	(71,272)	77,417	6,145
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(40,449)	(40,449)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,178	3,178	-	(3,178)	(3,178)	-	-	-	-
Balance at December 31, 2024	\$ 7,974,896	1,735,853	3,735,022	1,358,309	11,453,673	16,547,004	(1,026,097)	40,564	(985,533)	(132,816)	25,139,404	3,445,933	28,585,337

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 6,475,800	8,075,448
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,449,921	1,365,161
Amortization expense	42,556	42,065
Expected credit (gain) loss	(2,748)	4,473
Interest expense	431,279	438,193
Interest revenue	(596,167)	(608,728)
Dividend revenue	(44,732)	(57,842)
Share of loss of associates and joint ventures accounted for using equity method	62,020	90,153
(Gain) Loss on disposal of property, plan and equipment	(17,983)	56,312
Gain on disposal of investment properties	-	(57,014)
Gain on disposal of non-current assets held for sale	-	(1,534,195)
Gain on disposal of investments accounted for using equity method	-	(17,708)
Impairment loss on non-financial assets	22,834	36,260
Others	(25,813)	25,705
Total adjustments to reconcile profit (loss)	1,321,167	(217,165)
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable, net	(531,660)	54,128
Accounts receivable from related parties	333	(310)
Other receivables	86,624	315,670
Inventories	737,733	(1,208,653)
Prepayments	(229,537)	57,845
Other current assets	2,329	(2,838)
Net defined benefit assets	(6,557)	(1,015)
Contract liabilities	58,943	(118,898)
Accounts payable	419,206	(10,473)
Accounts payable to related parties	(68,842)	51,803
Other payables	(171,339)	1,020,339
Provisions for warranties	187,015	187,520
Other current liabilities	103,345	165,278
Net defined benefit liabilities	(212,433)	(385,658)
Provisions for employee benefits	(28,936)	462
Other operating liabilities	-	8,315
Total adjustments	1,667,391	(83,650)
Cash inflow generated from operations	8,143,191	7,991,798
Interest received	550,139	394,946
Interest paid	(431,313)	(438,815)
Income taxes paid	(1,625,502)	(1,014,949)
<b>Net cash flows from operating activities</b>	<b>6,636,515</b>	<b>6,932,980</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(156,531)	(674,979)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8,328	73,414
Acquisition of investments accounted for using equity method	(23,200)	(243,809)
Proceeds from disposal of investments accounted for using equity method	-	157,614
Proceeds from disposal of non-current assets held for sale	-	1,200,000
Decrease in receipts in advance due to disposal of assets	-	(139,845)
Increase in receipts in advance due to disposal of assets	1,039	4,156
Acquisition of property, plant and equipment	(2,594,337)	(1,886,164)
Proceeds from disposal of property, plant and equipment	299,040	175,499
Increase in other receivables	(268,560)	(259,680)
Decrease in other receivables	268,560	259,680
Acquisition of investment properties	(855,176)	(2,763)
Proceeds from investment properties	-	70,885
Acquisition of intangible assets	(16,246)	(78,458)
Increase in long-term lease receivables	(112,116)	(112,991)
Increase in other current financial assets	(512,000)	(69,818)
Increase in other non-current financial assets	(692,548)	(2,156,108)
Decrease (increase) in other non-current assets	29,620	(27,692)
Increase in other non-current liabilities	27,857	-
Dividends received	44,652	67,544
<b>Net cash flows used in investing activities</b>	<b>(4,551,618)</b>	<b>(3,643,515)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	53,008,028	56,101,769
Decrease in short-term borrowings	(52,919,966)	(57,508,616)
Increase (decrease) in short-term notes and bills payable	898,494	(135,222)
Proceeds from long-term borrowings	32,464,710	31,672,235
Repayments of long-term borrowings	(31,663,024)	(30,979,978)
Increase in guarantee deposits received	61,909	67,451
Payments of lease liabilities	(198,486)	(141,051)
Increase in other non-current liabilities	(2,783)	-
Cash dividends paid	(2,376,472)	(1,435,481)
Changes in non-controlling interests	(34,842)	44,177
<b>Net cash flows used in financing activities</b>	<b>(762,432)</b>	<b>(2,314,716)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>162,566</b>	<b>(31,140)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,485,031</b>	<b>943,609</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,811,431</b>	<b>7,867,822</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,296,462</b>	<b>8,811,431</b>

See accompanying notes to consolidated financial statements.

# **SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

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

# **SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

### **1 Company history**

SANYANG MOTOR CO., LTD. (the “Company”) was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together. The registered office is located at No. 3, Chung Hwa Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam’s scooter market in 2000.

The consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

The major business activities of the Group are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

### **2 Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2025.

### **3 New standards, amendments and interpretations adopted**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group does not expect the following new and amended standards, which have been issued by the Internal Accounting Standards Board (IASB), but yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

#### 4 Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

##### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. (hereinafter referred to as the IFRSs endorsed by FSC).

##### (b) Basis of preparation

###### (i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant accounts:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial instruments at fair value through other comprehensive income are measured at fair value ; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

###### (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

(Continued)



**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(c) Basis of consolidation****(i) Principles of preparation of the consolidated financial statements**

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2024	December 31, 2023	
The Company	Shan Young Assets Management Co., Ltd.(Shan Young)	Real estate development and management	100.00%	100.00%	
The Company	Youth Taisun Co., Ltd.(Youth Taisun)	Manufacturing of automobiles, scooters and their parts	100.00%	100.00%	
The Company	Chu-Yang Motor Co., Ltd.(Chu-Yang)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Nanyang Industries Co., Ltd.(Nanyang)	Distribution, repair, and maintenance of automobiles and its parts	89.78%	89.78%	
The Company	Nova Design Co., Ltd.(Nova Design)	Product design	100.00%	100.00%	
The Company	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	16.27%	16.27%	
The Company	Ching Ta Investment Co., Ltd.(Ching Ta)	Investment activities	99.66%	99.66%	
The Company	Profit Source Investments Ltd.(Profit Source)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Deutschland GmbH(SDE)	Sale of scooters and its parts	100.00%	100.00%	
The Company	SY International Ltd.(SYI)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Italia S.r.l(SIT)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Sanyang Motor Colombia S.A.S(SCB)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Yi Young Co., Ltd.(Yi Young)	Waste disposal	100.00%	100.00%	
The Company	APh corporation (APh)	Investment shareholding company	71.20%	66.57%	Note 1 、 2
The Company	Chiao Song Health Co., Ltd.( Chiao Song Health)	Senior Citizen Residence	60.00%	-%	Note 3
APh	APh ePower Co., Ltd.(APh ePower)	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.	100.00%	100.00%	Note 1
Shan Young	Vista Hill Environmental Co., Ltd.(Vista Hill Environmental)	Waste disposal	70.95%	70.95%	Note 4
NOVA Design	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	42.30%	42.30%	
Nanyang	Li Yang Industry Co., Ltd.(Li Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	61.46%	61.46%	
Nanyang	Jau Ryh Business Co., Ltd.(Jau Ryh)	Distribution, repair, and maintenance of automobiles and its parts	100.00%	100.00%	
Nanyang	Nanyang Holding Co., Ltd.(NY Samoa)	Investment shareholding company	100.00%	100.00%	
Nanyang	Nanyang Insurance Agent Co., Ltd.(Nanyang Insurance Agent)	Property insurance agency business	93.31%	92.86%	Note 5
Nanyang	Shian Yang Industrial Co., Ltd.(Shian Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Chuanyang Industrial Co., Ltd. (Chuanyang)	Distribution, repair, and maintenance of automobiles and its parts	100.00%	100.00%	Note 6
Ching Ta	Three Brothers Machinery Industrial Co., Ltd.(TBM)	Manufacturing, processing and sale of scooter parts	55.00%	55.00%	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Name of Investor
			December 31, 2024	December 31, 2023	
Ching Ta	Fact Co., Ltd.	Manufacturing, processing and sale of hardware and iron	-%	100.00%	Note 7
Ching Ta	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	21.12%	21.12%	
Ching Ta	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	57.70%	57.70%	
Ching Ta	Dynamic Motor Technology Co. Ltd.(Dynamic Motor Technology)	Electronics Components Manufacturing	51.00%	-%	Note 8
Profit Source	Chong Hing International Ltd.(Chong Hing)	Investment shareholding company	100.00%	100.00%	
Chong Hing	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	61.55%	61.55%	
Sun Goal	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	30.27%	30.27%	
SYI	Cosmos System Inc.(Cosmos)	Investment shareholding company	100.00%	100.00%	
SYI	New Path Trading Ltd.(New Path)	Investment shareholding company	100.00%	100.00%	
SYI	Plassen International Ltd.(PIL)	Investment shareholding company	100.00%	100.00%	
SYI	Vietnam Manufacturing and Export Processing (Holdings) Ltd.(VMEPH)	Investment shareholding company	67.07%	67.07%	
SYI	Sun Goal Ltd.(Sun Goal)	Investment shareholding company	100.00%	100.00%	
NY Samoa	Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.(Chang Zhou Nan Yang)	Retail of automobiles and its parts	100.00%	100.00%	
NOVA Samoa	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	38.45%	38.45%	
TBM	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing, and sale of scooter parts	69.00%	69.00%	
TBM	Three Brothers Machinery Industrial (BVI) Co.,Ltd.(TBM BVI)	Investment shareholding company	100.00%	100.00%	
Cosmos	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	69.73%	69.73%	
New Path	Sanyang Global (Xiamen) Co., Ltd.(Sanyang Global)	Scooter parts and molds development and wholesale	100.00%	100.00%	
VMEPH	Chin Zong Trading Co., Ltd.(Chin Zong)	Wholesale and retail of scooters and its parts	100.00%	100.00%	
VMEPH	Vietnam Manufacturing and Export Processing Co., Ltd.(VMEP)	Manufacturing and sale of scooters and its part	100.00%	100.00%	
PIL	Xiamen Xiashing Motorcycle Co., Ltd.(Xia Shing Motor)	Manufacturing and sale of scooters and its parts	76.67%	76.67%	
Xia Shing Motor	Xiamen Xiashing Trading Co., Ltd.(Xia Shing Trading)	Retail of automobiles and its parts	100.00%	100.00%	
Xia Shing Motor	Xiamen Qungeng Industry Co., Ltd. ( Xiamen Qungeng)	Manufacturing and sale of scooter parts	51.00%	-%	Note 9
TBM BVI	Xiamen Three Brothers Machinery Industrial Co., Ltd.(XTBM)	Manufacturing, processing and sale of scooter parts	100.00%	100.00%	
VMEP	Vietnam Casting Forge Precision Ltd. (VCFP)	Manufacturing of scooter parts, etc	100.00%	100.00%	
VMEP	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing and sale of scooter parts	31.00%	31.00%	
VMEP	Dinh Duong Joint Stock Company(Dinh Duong)	Sale of scooters and real estate development, etc.	99.94%	99.94%	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Note 1: In May 2022, APH ePower conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APH., APH ePower became a 100% owned subsidiary of APH, because of the transaction, the Group obtained 40,000 thousand shares of APH instead, with a total amount of \$317,451 thousand.
- Note 2: The Company will participate in the capital increase plan of APH from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board Meeting on June 2, 2022, and has been announced at the Market Observation Post System. The accumulated percentage of shareholdings reached 53.23% on November 1, 2022. From that date, the Company obtained control over it. In June, 2024, the Group subscribed to additional shares of \$600,000 thousand. As of December 31, 2024, the Company has subscribed to additional shares at \$2,483,061 thousand at a percentage different from its existing ownership percentage, with the accumulated percentage of shareholdings reaching 71.20%.
- Note 3: Chiao Song Health was established by the Group in the fourth quarter of 2024.
- Note 4: In the fourth quarter of 2023, Shan Young increased its invested capital in Vista Hill Environmental by \$95,928 thousand, acquiring 70.95% of Vista Hill Environmental's equity (comprised of 9,593 held thousand shares) and Vista Hill Environmental becoming a subsidiary of Shan Young.
- Note 5: Nanyang increased its invested capital in Nanyang Insurance Agent by \$23,392 thousand in the third quarter of 2024, obtaining 0.45% of the investee company's equity (comprised of 2,339 held thousand shares).
- Note 6: Chuanyang was established by the Group in the fourth quarter of 2023.
- Note 7: Fact Co., Ltd. was approved for dissolution by the competent authority on August 3, 2023, and the liquidation procedure was completed on October 18, 2024.
- Note 8: Dynamic Motor Technology was established by the Group in the third quarter of 2024.
- Note 9: Xiamen Qungeng was established by the Group in the fourth quarter of 2024.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled within the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right to at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

#### 3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

#### 4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### 5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

#### 6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements**

accounts receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets) and contract assets.

The credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of bank balances has not increased significantly since initial recognition and is measured at a 12-month ECL. For other financial assets, loss allowances is measured at an amount equal to lifetime ECL.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

#### 3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

#### 4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

#### 5) Derecognition of financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (h) Inventories

##### (i) Manufacturing industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

##### (ii) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes costs incurred in bringing them to their existing location and condition. The cost of real estate development includes the construction costs incurred in developing, the land costs, the borrowing costs and the project costs. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

##### 1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

##### 2) Construction in progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

##### 3) Properties and land held for sale

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value

#### (i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

#### (j) Investment in associates

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

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

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

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

#### (k) Investment property

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

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

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

#### (l) Property, plant and equipment

##### (i) Recognition and measurement

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

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

##### (ii) Subsequent expenditure

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

1) Buildings	2~60 years
2) Machinery equipment	2~15 years
3) Utilities and vehicles	2~15 years
4) Office equipment and others	2~15 years
5) Leased assets	1~6 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

#### (iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

#### (m) Leases

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

##### (i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

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

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Amortization

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

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	1~15 years
2) Royalty	5~17 years
3) Patent right and Others	3~19.5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (o) Impairment of non-financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

#### (p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods-automobiles, scooters and their parts

The Group manufactures and sells automobiles, scooters and their parts. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the location according to the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Group's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision, please refer to Note 6(19).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Service revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators, which is calculated when sales actually occur.

4) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. 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. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred, while deferred payment terms may be agreed in rare circumstances. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

5) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses in the periods during which services are render by the employees.

(ii) Defined benefit plans

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

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (iii) Short-term employee benefits

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

#### (s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

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

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

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

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 5 Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(4).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(5) for further description of the valuation of inventories.

#### Assessment

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value.

The group periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Group evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Group strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(28).

The assumptions used in measuring fair value please refer to the following notes:

- (i) Note 6(12) Investment property
- (ii) Note 6(28) Financial instruments

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**6 Explanation of significant accounts:**

(1) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Petty cash	\$ 2,370	2,345
Bank deposits	4,995,545	4,248,693
Time deposits	4,104,482	2,604,650
Cash equivalents	<u>1,194,065</u>	<u>1,955,743</u>
Cash and cash equivalents	<u><b>\$ 10,296,462</b></u>	<u><b>8,811,431</b></u>

- (i) Time deposits with a maturity of over three months and without restrictions are classified as other current financial assets. As of December 31, 2024 and 2023, the balances of such deposits classified as other current financial assets were \$6,186,850 thousand and \$4,994,015 thousand, respectively.
- (ii) The Group's deposits in segregated trust account which are restricted for withdrawal, are classified as other non-current financial assets. As of December 31, 2024 and 2023, the balances of such deposits classified as other non-current financial assets were \$17,271 thousand and \$16,108 thousand, respectively.
- (iii) Please refer to Note 6(28) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Non-current financial assets measured at fair value through profit or loss:		
Preferred shares of overseas unlisted companies	<u><b>\$ 15,459</b></u>	<u><b>15,459</b></u>

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Equity investments at fair value through other comprehensive income:</b>		
Common shares of domestic listed companies	\$ 556,954	730,500
Common shares of domestic unlisted companies	599,461	574,354
Common shares of overseas unlisted companies	<u>514,185</u>	<u>371,702</u>
Total	<u><b>\$ 1,670,600</b></u>	<u><b>1,676,556</b></u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (i) The Group designates the equity investments stated above as financial assets at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2024 and 2023, dividend revenues of \$44,729 thousand and \$57,840 thousand respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follows:

	2024	2023
Fair value of disposal	<u>\$ 8,328</u>	<u>73,414</u>
Gain or loss on disposal transferred to retained earnings	<u>\$ 1,191</u>	<u>9,800</u>

- (iv) Please refer to Note 6(28) for credit risk and market risk.
  - (iv) As of December 31, 2024 and 2023, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals.
- (4) Notes and accounts receivable (including related parties) and other receivables

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 396,511	347,501
Installment notes receivable from operating activities	931	931
Less: Unrealized interest revenue from installment sales	<u>(57)</u>	<u>(57)</u>
Subtotal	<u>397,385</u>	<u>348,375</u>
Accounts receivable—measured at amortized cost	2,473,677	2,011,982
Installment accounts receivable—measured at amortized cost	59,106	6,527
Less: Unrealized interest revenue from installment sales	<u>(711)</u>	<u>(711)</u>
Subtotal	<u>2,532,072</u>	<u>2,017,798</u>
Lease receivables—measured at amortized cost	1,268,717	1,092,034
Less: Unrealized interest revenue	<u>(79,873)</u>	<u>(62,217)</u>
Subtotal	<u>1,188,844</u>	<u>1,029,817</u>
Other receivables	838,274	1,227,178
Less: Unrealized interest revenue	<u>-</u>	<u>(24,035)</u>
Subtotal	<u>838,274</u>	<u>1,203,143</u>
Total	4,956,575	4,599,133
Less: loss allowance	<u>(68,176)</u>	<u>(69,666)</u>
	<u>\$ 4,888,399</u>	<u>4,529,467</u>
Current	\$ 4,126,775	3,423,994
Non-current	<u>761,624</u>	<u>1,105,473</u>
Total	<u>\$ 4,888,399</u>	<u>4,529,467</u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

Expected credit losses for notes and accounts receivable were determined as follows:

<b>December 31, 2024</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowance provision</b>	<b>Credit impaired</b>
Low risk	\$ 3,767,947	0%~5%	17,699	Yes
Medium risk	350,354	12%~100%	50,477	Yes
Total	<u><b>\$ 4,118,301</b></u>		<u><b>68,176</b></u>	

  

<b>December 31, 2023</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowance provision</b>	<b>Credit impaired</b>
Low risk	\$ 3,112,767	0%~5%	30,502	Yes
Medium risk	283,223	11%~100%	39,164	Yes
Total	<u><b>\$ 3,395,990</b></u>		<u><b>69,666</b></u>	

The aging analyses of notes and accounts receivable were determined as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	\$ 3,882,287	3,058,547
Overdue 0 to 90 days	214,482	256,456
Overdue 91 to 180 days	947	59,073
Over 180 days past due	20,585	21,914
	<u><b>\$ 4,118,301</b></u>	<u><b>3,395,990</b></u>

For the credit risk of other receivables as of December 31, 2024 and 2023, please refer to Note 6(28).

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31	
	2024	2023
Balance at January 1	\$ 69,666	138,500
Impairment (reversed) losses	(2,748)	4,473
Amounts written off	(143)	(71,191)
Foreign exchange gains (losses)	1,401	(2,116)
Balance at December 31	<u>\$ 68,176</u>	<u>69,666</u>

The Group has signed the bank's acceptance for sale contracts entered into with financial institutions. These acceptance bills are guaranteed to be accepted by financial institutions with a higher credit rating when the issuer has deposited sufficient amount of the refundable deposit to the accepting banks. The Group has transferred almost all the risks and rewards under the ownership of the bank's acceptance, and hence the criteria for derecognition of financial assets are met. The information on the bank acceptances for sale not yet expired on the reporting date is as follows:

December 31, 2024				
Purchaser	Amount Derecognized	Amount Advanced Paid	Range of Interest Rate	Collateral
ABC	\$ 225,369 (CNY50,350)	225,369 (CNY50,350)	0.61%~1.18%	None

As of December 31, 2024 and 2023, notes and accounts receivable of the Group were pledged as collaterals; please refer to Note 8.

### (5) Inventories

	December 31, 2024	December 31, 2023
Manufacturing Industry:		
Raw materials and materials	\$ 2,246,872	2,405,866
Work in process	246,674	295,440
Finished goods	2,681,631	3,118,851
Inventories in transit	1,488,965	2,080,224
Subtotal	<u>6,664,142</u>	<u>7,900,381</u>
Construction industry:		
Land held for construction site	2,925,497	2,420,864
Prepaid for land purchase	89,601	428,666
Subtotal	<u>3,015,098</u>	<u>2,849,530</u>
Total	<u>\$ 9,679,240</u>	<u>10,749,911</u>
Expected to be recovered in more than 12 months	<u>\$ 2,925,497</u>	<u>2,761,489</u>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (i) Shan Young acquired the land located on Fuxing Section., Hsinchu City in the year of 2019 in succession and was involved in the Phase II Land Readjustment Project in Guaung-Pu, East District, Hsinchu City. According to the Plan of Readjustment prepared by preparatory committee in April, 2014, the land owners should bear the allocation of public facilities area in proportion to 39.26% and allocation of expenditures in proportion to 13.57%. The actual aforementioned ratio would depend on the calculation approved by the Hsinchu City Government. In addition, according to the Readjustment Rules made by the preparatory committee in July, 2014, all matters related to the readjustment area would be contracted to Zhen Ding Development Co., Ltd..
- (ii) Shan Young acquired the land located on Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2021 in succession, to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2023 and delegate the related party, Wei Yi Development and Construction Co., Ltd., to carry out all business related to the consolidation project, and delegate the related party, Huang Yu Chang, to advance all expenses for engineering work and land consolidation. The land owners should bear the allocation of public facilities area in proportion to 40% and allocation of expenditures in proportion to 13.18%. The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities.
- (iii) Shan Young temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and registration of other rights as guarantees. As of December 31, 2024 and 2023, the cost of land, in land registration progress, amounted to \$958,735 thousand and \$482,925 thousand, respectively.
- (iv) Dinh Duong a subsidiary of the Group, signed the Memorandum of Understanding with Mr. Nguyen Danh Hoang Viet, a non-related party, in the year of 2019. Both parties agreed to collaboratively invest the property located in Ciputra Hanoi International City, Hanoi, Vietnam. According to the terms of the Memorandum, the property cannot be sold at a profit unless both parties agree with it. Also, due to the counter-party is Mr. Nguyen Danh Hoang Viet, the Group has acquired related documents as guarantees. The balance of related prepayments for land purchase at December 31, 2024 and 2023 were \$89,601 thousand and \$88,041 thousand, respectively.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- (v) For the years ended December 31, 2024 and 2023, the details of the cost of sales were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cost of goods sold and others	\$ 50,580,127	49,611,092
Revenue from sale of scraps	(91,749)	(91,042)
Loss on disposal of inventory	10,328	46,124
Loss on (gain on recovery of) inventory market price decline and obsolescence	27,877	(67,380)
Gain on recovery of physical inventory	(1,407)	(3,446)
Cost of technical service	385,867	341,402
Cost of lease	569,498	523,234
Cost of design service	34,674	28,814
Others	728,862	662,322
Total	<u><u>\$ 52,244,077</u></u>	<u><u>51,051,120</u></u>

- (vi) The Group recognized gain on reversal of inventory write downs for the year ended December 31, 2023 due to disposal or sale of inventories.

- (vii) As of December 31, 2024 and 2023, the Group did not provide any inventories as collaterals.

(6) Non-current assets as held for sale

The Group sold 12 pieces of land numbered 259, located at the Ronhua Section, Xinfeng Township, Hsinchu County and the building on it. It was resolved by the Board Meeting on June 14, 2022. The contract of real estate transaction was signed on June 15, 2022. Therefore, \$97,036 thousand of the investment properties were reclassified as non-current assets held for sale. According to the contract of real estate transaction, the sales price is \$1,200,000 thousand; the Company received a letter of commitment for the said real estate transaction in 2023 and has since completed all related process of transaction and met all supplementary requirements in the same year. The gain of \$1,534,195 thousand was recognized in 2023 on this disposal. As of December 31, 2024 and 2023, an outstanding amount of \$170,000 thousand and \$455,965 thousand were recognized as other current receivables and other non-current receivables, respectively.

(7) Investments accounted for using equity method

- (i) A summary of the Group's financial information on investments accounted for using equity method is as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Associates	<u><u>\$ 4,584,545</u></u>	<u><u>4,625,282</u></u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (ii) The information of the major associate of the investments accounted for using equity method was as follows:

Associates	Relationship	Registration Country	Percentage of ownership	
			2024.12.31	2023.12.31
Taiwan Tea Corporation	Production and marketing of teas and real estate management and development, etc.	Taiwan	28.31%	28.31%

The fair value of investments in publicly traded stocks of the major associate was as follows:

	December 31, 2024	December 31, 2023
Taiwan Tea Corporation	\$ <u>4,266,326</u>	<u>4,616,546</u>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

The financial information of Taiwan Tea Corporation was as follows:

	December 31, 2024	December 31, 2023
Current assets	\$ 1,679,252	1,734,933
Non-current assets	23,996,357	24,141,943
Current liabilities	(686,731)	(472,457)
Non-current liabilities	<u>(10,696,493)</u>	<u>(10,939,028)</u>
Net assets	<u>14,292,385</u>	<u>14,465,391</u>
Net assets, attributable to non-controlling interests	\$ -	-
Net assets, attributable to investee's shareholders	<u>\$ 14,292,385</u>	<u>14,465,391</u>
	For the years ended December 31	
	2024	2023
Sales revenue	\$ <u>433,108</u>	<u>379,507</u>
Net loss from continuing operations	(177,013)	(299,703)
Other comprehensive income	<u>4,008</u>	<u>6,589</u>
Comprehensive income	<u>(173,005)</u>	<u>(293,114)</u>
Comprehensive income net loss, attributable to non-controlling interests	<u>-</u>	<u>-</u>
Comprehensive income, attributable to investee's shareholders	<u>(173,005)</u>	<u>(293,114)</u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance of investments in major associate at January 1	\$ 4,095,195	4,104,534
Additions	-	208,427
Disposals	-	(139,453)
Comprehensive income attributable to Group	(49,184)	(78,313)
Ending balance of investments in major associate at December 31	4,046,011	4,095,195
Goodwill	56,702	56,702
Total carrying amount of equity of the major associate as of December 31	<u><u>\$ 4,102,713</u></u>	<u><u>4,151,897</u></u>

- (iii) The Group's financial information on investments accounted for using equity method that are individually insignificant was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Carrying amount of individually insignificant associates' equity	<u><u>\$ 481,832</u></u>	<u><u>473,385</u></u>

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Attributable to the Group:		
Net loss from continuing operations	(11,902)	(11,244)
Other comprehensive income (loss)	673	(2,768)
Comprehensive income	<u><u>(11,229)</u></u>	<u><u>(14,012)</u></u>

- (iv) Although the Group is the largest shareholder of some associates, per comprehensive assessment, the key activities of the associates are resolved by the Board Meeting. The Group does not possess more than half of the seats in Board Meeting and hold the voting rights of more than half of its shareholders' attendance rate. Therefore, the Group is unable to dominate their principal business activities. In conclusion, there is only the existence of significant influence over rather than control over the associates stated above.
- (v) The Group acquired 63,250 thousand shares of privately placed shares of Taiwan Tea Corporation at a price of \$15.25 per share, with a total amount of \$964,563 thousand in October 2018. The Group can transfer the private placed shares in compliance with Article 43-8 of Securities and Exchange Act. But the issuer should meet the terms and conditions of issuance before conducting the public issuance procedures.
- (vi) As of December 31, 2024 and 2023, the Group did not provide any investment accounted for using equity method as collaterals.

(Continued)



# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (8) Changes in a parent's ownership interest in a subsidiary and acquisitions of non-controlling interests

#### Acquisitions of non-controlling interests

- (i) On 1 July 2024 and 2023, the Group subscribed to additional shares of Aph of \$600,000 thousand and \$1,083,061 thousand at a percentage different from its existing ownership percentage, respectively, please refer to the Note 4(3) for the changes in shareholding ratio .

The impacts of the changes in the Group's ownership of Aph upon the equity attributable to owners of parent were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Retained earnings	<b>\$ (71,889)</b>	<b>(183,169)</b>

- (ii) On 14 August 2024, the Group subscribed to additional shares of Nanyang Insurance Agent of \$23,393 thousand, at a percentage different from its existing ownership percentage, please refer to the Note 4(3) for the changes in shareholding ratio .

The impacts of the changes in the Group's ownership of Nanyang Insurance Agent upon the equity attributable to owners of parent were as follows:

	<b>For the year end December 31</b>	
	<b>2024</b>	
Capital surplus	<b>\$ 134</b>	

### (9) Material non-controlling interests of subsidiaries

<b>Subsidiaries</b>	<b>Main operation place</b>	<b>Percentage of non-controlling interests</b>	
		<b>December 31, 2024</b>	<b>December 31, 2023</b>
VMEPH and its subsidiaries	Vietnam/Hong Kong	32.93%	32.93%
Xia Shing Motor and its subsidiaries	China	23.33%	23.33%
Aph and its subsidiaries	Taiwan	28.80%	33.43%

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(i) VMEPH and its subsidiaries's collective financial information:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current assets	\$ 3,133,771	2,995,997
Non-current assets	255,336	261,038
Current liabilities	(1,846,067)	(1,621,090)
Non- current liabilities	(68,060)	(68,231)
Net assets	<u><u>\$ 1,474,980</u></u>	<u><u>1,567,714</u></u>
Non-controlling interests	<u><u>\$ 485,800</u></u>	<u><u>516,334</u></u>

	<b>For the years ended December 31 2024</b>	<b>2023</b>
Sales revenue	<u><u>\$ 2,606,172</u></u>	<u><u>3,277,534</u></u>
Net (loss) gain	\$ (120,237)	44,248
Other comprehensive income	27,500	(44,251)
Comprehensive income	<u><u>\$ (92,737)</u></u>	<u><u>(3)</u></u>
Net (loss) gain, attributable to non controlling interests	<u><u>\$ (39,594)</u></u>	<u><u>14,571</u></u>
Comprehensive income, attributable to non-controlling interests	<u><u>\$ (30,538)</u></u>	<u><u>(1)</u></u>
Net cash flows from operating activities	\$ 305,001	(106,289)
Net cash flows from investing activities	(72,308)	304,286
Net cash flows from financing activities	(297,695)	23,748
Net (decrease) increase in cash and cash equivalents	<u><u>\$ (65,002)</u></u>	<u><u>221,745</u></u>

(ii) Xia Shing Motor and its subsidiaries's collective financial information:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current assets	\$ 5,264,023	2,898,014
Non-current assets	5,416,838	4,604,395
Current liabilities	(3,718,174)	(2,126,751)
Non- current liabilities	(394,594)	(348,037)
Net assets	<u><u>\$ 6,568,093</u></u>	<u><u>5,027,621</u></u>
Non-controlling interests	<u><u>\$ 1,532,336</u></u>	<u><u>1,172,944</u></u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Sales revenue	<b>\$ 11,957,764</b>	<b>9,624,620</b>
Net gain	\$ 1,362,325	1,201,308
Other comprehensive income	178,146	(92,317)
Comprehensive income	<b>\$ 1,540,471</b>	<b>1,108,991</b>
Net gain, attributable to non controlling interests	<b>\$ 317,831</b>	<b>280,265</b>
Comprehensive income, attributable to non-controlling interests	<b>\$ 359,392</b>	<b>258,728</b>
Net cash flows from operating activities	\$ 1,311,143	1,997,780
Net cash flows from investing activities	(1,816,504)	(2,279,380)
Net cash flows from financing activities	934,620	292,011
Net increase in cash and cash equivalents	<b>\$ 429,259</b>	<b>10,411</b>

(iii) Aph and its subsidiaries's collective financial information:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current assets	\$ 770,923	1,090,751
Non-current assets	2,046,790	1,330,972
Current liabilities	(39,460)	(28,506)
Non- current liabilities	(118,718)	(126,115)
Net assets	<b>\$ 2,659,535</b>	<b>2,267,102</b>
Non-controlling interests	<b>\$ 765,946</b>	<b>757,892</b>

	<b>For the year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Sales revenue	<b>\$ 1,934</b>	<b>1,416</b>
Net loss	\$ (207,567)	(170,750)
Other comprehensive income	-	-
Comprehensive income	<b>\$ (207,567)</b>	<b>(170,750)</b>
Net loss, attributable to non controlling interests	<b>\$ (63,836)</b>	<b>(67,930)</b>
Comprehensive income, attributable to non-controlling interests	<b>\$ (63,836)</b>	<b>(67,930)</b>
Net cash flows from operating activities	\$ (177,891)	(142,585)
Net cash flows from investing activities	(765,669)	(587,561)
Net cash flows from financing activities	587,198	1,087,855
Net (decrease) increase in cash and cash equivalents	<b>\$ (356,362)</b>	<b>357,709</b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (10) Property, plant and equipment

The movement in the cost, depreciation and impairment of the property, plant and equipment of the Group were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Construction in progress	Accumulated impairment	Total
<b>Cost or deemed cost:</b>									
Balance on January 1, 2024	\$ 7,168,304	7,339,703	12,764,829	1,526,044	1,349,375	1,717,881	1,222,194	-	33,088,330
Additions	161,439	51,558	434,911	36,237	49,509	456,851	1,403,832	-	2,594,337
Disposals	-	(44,957)	(889,572)	(452,699)	(138,095)	(356,848)	(192)	-	(1,882,363)
Transfer from inventories	-	-	-	351,203	24,339	-	-	-	375,542
Transfer from (to) construction in progress	-	87,410	588,692	17,672	41,614	-	(735,388)	-	-
Reclassifications	-	-	-	-	-	-	(8,750)	-	(8,750)
Effect of changes in foreign exchange rates	-	37,952	117,763	6,543	(23,399)	-	2,820	-	141,679
Balance on December 31, 2024	<u>\$ 7,329,743</u>	<u>7,471,666</u>	<u>13,016,623</u>	<u>1,485,000</u>	<u>1,303,343</u>	<u>1,817,884</u>	<u>1,884,516</u>	<u>-</u>	<u>34,308,775</u>
Balance on January 1, 2023	\$ 7,051,556	7,357,969	14,491,054	1,645,027	1,569,389	1,559,830	499,251	-	34,174,076
Additions	1,276	33,520	233,153	34,453	46,936	443,581	1,093,245	-	1,886,164
Disposals	-	(40,939)	(2,211,884)	(367,971)	(276,207)	(285,530)	-	-	(3,182,531)
Transfer from inventories	115,472	-	-	207,811	29,162	-	-	-	352,445
Transfer from (to) construction in progress	-	21,067	280,318	14,907	23,461	-	(339,753)	-	-
Transfer from prepayments for equipment	-	-	277	-	-	-	-	-	277
Reclassifications	-	-	-	-	-	-	(27,292)	-	(27,292)
Effect of changes in foreign exchange rates	-	(31,914)	(28,089)	(8,183)	(43,366)	-	(3,257)	-	(114,809)
Balance on December 31, 2023	<u>\$ 7,168,304</u>	<u>7,339,703</u>	<u>12,764,829</u>	<u>1,526,044</u>	<u>1,349,375</u>	<u>1,717,881</u>	<u>1,222,194</u>	<u>-</u>	<u>33,088,330</u>
<b>Accumulated depreciation and impairment loss :</b>									
Balance on January 1, 2024	\$ -	4,082,406	11,146,343	1,060,147	987,902	661,510	-	520,928	18,459,236
Depreciation for the year	-	196,927	506,155	99,270	112,338	280,419	-	-	1,195,109
Impairment loss	-	-	-	-	-	-	-	22,834	22,834
Disposals	-	(44,951)	(886,484)	(258,217)	(133,620)	(260,407)	-	(17,627)	(1,601,306)
Effect of changes in foreign exchange rates	-	25,786	93,963	5,143	(18,438)	-	-	10,574	117,028
Balance on December 31, 2024	<u>\$ -</u>	<u>4,260,168</u>	<u>10,859,977</u>	<u>906,343</u>	<u>948,182</u>	<u>681,522</u>	<u>-</u>	<u>536,709</u>	<u>18,192,901</u>
Balance on January 1, 2023	\$ -	3,948,500	12,821,887	1,286,954	1,159,372	607,215	-	549,383	20,373,311
Depreciation for the year	-	195,161	478,722	67,365	121,099	258,599	-	-	1,120,946
Impairment loss	-	-	-	-	-	-	-	15,794	15,794
Disposals	-	(40,491)	(2,128,414)	(287,506)	(258,644)	(204,304)	-	(31,361)	(2,950,720)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	277	277
Effect of changes in foreign exchange rates	-	(20,764)	(25,852)	(6,666)	(33,925)	-	-	(13,165)	(100,372)
Balance on December 31, 2023	<u>\$ -</u>	<u>4,082,406</u>	<u>11,146,343</u>	<u>1,060,147</u>	<u>987,902</u>	<u>661,510</u>	<u>-</u>	<u>520,928</u>	<u>18,459,236</u>
<b>Carrying amount:</b>									
Balance on December 31, 2024	<u>\$ 7,329,743</u>	<u>3,211,498</u>	<u>2,156,646</u>	<u>578,657</u>	<u>355,161</u>	<u>1,136,362</u>	<u>1,884,516</u>	<u>(536,709)</u>	<u>16,115,874</u>
Balance on January 1, 2023	<u>\$ 7,051,556</u>	<u>3,409,469</u>	<u>1,669,167</u>	<u>358,073</u>	<u>410,017</u>	<u>952,615</u>	<u>499,251</u>	<u>(549,383)</u>	<u>13,800,765</u>
Balance on December 31, 2023	<u>\$ 7,168,304</u>	<u>3,257,297</u>	<u>1,618,486</u>	<u>465,897</u>	<u>361,473</u>	<u>1,056,371</u>	<u>1,222,194</u>	<u>(520,928)</u>	<u>14,629,094</u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (i) The Group temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and the registration of other rights as guarantees. As of December 31, 2024 and 2023, the cost of land, in land registration progress, amounted to \$194,708 thousand and \$194,698 thousand, respectively.
- (ii) VMEP conducted impairment assessment for property, plant and equipment, right-of-use assets and prepayments for equipment on the reporting date. The assessment was based on the recoverable amount of the assets, which was the greater of the value in use and the fair value less the costs to sell. The value in use was calculated based on the estimated cash flows affected by comprehensive conditions such as industrial change, market competition, and variation of future revenues, gross profit and operating costs, etc., then being discounted to its present value. The Group used discount rate of 13.00% and 9.47% for the years ended 2024 and 2023, respectively, which reflected the risks specific to the assets or CGUs, and impairment losses were accordingly recognized in the amount of \$15,451 thousand (\$15,451 thousand for property, plant and equipment) and \$14,154 thousand (\$14,024 thousand for property, plant and equipment, \$130 thousand for other non-current assets,others); please refer to Note 6(28).
- (iii) As of December 31, 2024 and 2023, the property, plant and equipment of the Group were pledged as collaterals; please refer to Note 8.
- (11) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
Balance on January 1, 2024	\$ 685,994	1,135,286	1,821,280
Additions	112,516	223,176	335,692
Reductions	(12,220)	(306,152)	(318,372)
Effect of changes in foreign exchange rates	11,883	151	12,034
Balance on December 31, 2024	<u><b>\$ 798,173</b></u>	<u><b>1,052,461</b></u>	<u><b>1,850,634</b></u>
Balance on January 1, 2023	\$ 698,946	1,027,482	1,726,428
Additions	-	163,147	163,147
Reductions	-	(56,058)	(56,058)
Effect of changes in foreign exchange rates	(12,952)	715	(12,237)
Balance on December 31, 2023	<u><b>\$ 685,994</b></u>	<u><b>1,135,286</b></u>	<u><b>1,821,280</b></u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>Accumulated depreciation and impairment loss:</b>			
Balance on January 1, 2024	\$ 358,059	624,273	982,332
Depreciation for the year	21,284	152,414	173,698
Reductions	(12,220)	(305,069)	(317,289)
Effect of changes in foreign exchange rates	<u>6,463</u>	<u>76</u>	<u>6,539</u>
Balance on December 31, 2024	<u><b>\$ 373,586</b></u>	<u><b>471,694</b></u>	<u><b>845,280</b></u>
Balance on January 1, 2023	\$ 347,141	497,447	844,588
Depreciation for the year	20,136	144,132	164,268
Reductions	-	(16,918)	(16,918)
Effect of changes in foreign exchange rates	<u>(9,218)</u>	<u>(388)</u>	<u>(9,606)</u>
Balance on December 31, 2023	<u><b>\$ 358,059</b></u>	<u><b>624,273</b></u>	<u><b>982,332</b></u>
<b>Carrying amount:</b>			
Balance on December 31, 2024	<u><b>\$ 424,587</b></u>	<u><b>580,767</b></u>	<u><b>1,005,354</b></u>
Balance on January 1, 2023	<u><b>\$ 351,805</b></u>	<u><b>530,035</b></u>	<u><b>881,840</b></u>
Balance on December 31, 2023	<u><b>\$ 327,935</b></u>	<u><b>511,013</b></u>	<u><b>838,948</b></u>

As of December 31, 2024 and 2023, the Group did not provide any right-of-use assets as collaterals.

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (12) Investment property

The movements of investment property of the Group were as follow :

	Owned property			Right-of-use assets	
	Land and improvements	Buildings	Construction in progress	Land and improvement	Total
Cost or deemed cost:					
Balance on January 1, 2024	\$ 1,361,288	2,836,134	-	157,644	4,355,066
Additions	502,675	388,437	471,030	-	1,362,142
Effect of changes in foreign exchange rates	-	2,895	-	3,418	6,313
Balance on December 31, 2024	<u>\$ 1,863,963</u>	<u>3,227,466</u>	<u>471,030</u>	<u>161,062</u>	<u>5,723,521</u>
Balance on January 1, 2023	\$ 1,375,025	2,835,231	-	161,757	4,372,013
Additions	134	2,629	-	-	2,763
Disposals	(13,871)	-	-	-	(13,871)
Effect of changes in foreign exchange rates	-	(1,726)	-	(4,113)	(5,839)
Balance on December 31, 2023	<u>\$ 1,361,288</u>	<u>2,836,134</u>	<u>-</u>	<u>157,644</u>	<u>4,355,066</u>
Accumulated depreciation and impairment loss:					
Balance on January 1, 2024	\$ -	710,699	-	9,148	719,847
Depreciation for the year	-	79,257	-	1,857	81,114
Effect of changes in foreign exchange rates	-	1,487	-	268	1,755
Balance on December 31, 2024	<u>\$ -</u>	<u>791,443</u>	<u>-</u>	<u>11,273</u>	<u>802,716</u>
Balance on January 1, 2023	\$ -	633,493	-	7,500	640,993
Depreciation for the year	-	78,052	-	1,895	79,947
Effect of changes in foreign exchange rates	-	(846)	-	(247)	(1,093)
Balance on December 31, 2023	<u>\$ -</u>	<u>710,699</u>	<u>-</u>	<u>9,148</u>	<u>719,847</u>
Carrying amount:					
Balance on December 31, 2024	<u>\$ 1,863,963</u>	<u>2,436,023</u>	<u>471,030</u>	<u>149,789</u>	<u>4,920,805</u>
Balance on January 1, 2023	<u>\$ 1,375,025</u>	<u>2,201,738</u>	<u>-</u>	<u>154,257</u>	<u>3,731,020</u>
Balance on December 31, 2023	<u>\$ 1,361,288</u>	<u>2,125,435</u>	<u>-</u>	<u>148,496</u>	<u>3,635,219</u>
Fair value:					
Balance on December 31, 2024	\$ 19,911,188				
Balance on December 31, 2023	\$ 17,349,006				

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency's website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.
- (ii) As of December 31, 2024 and 2023, the investment property of the Group were pledged as collateral; please refer to Note 8.

### (13) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2024 and 2023, were as follows:

	<u>Goodwill</u>	<u>Patents and others</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2024	\$ 667,438	467,881	1,135,319
Additions	-	16,246	16,246
Effect of changes in foreign exchange rates	-	218	218
Balance on December 31, 2024	<u><u>\$ 667,438</u></u>	<u><u>484,345</u></u>	<u><u>1,151,783</u></u>
Balance on January 1, 2023	\$ 667,438	389,508	1,056,946
Additions	-	78,458	78,458
Effect of changes in foreign exchange rates	-	(85)	(85)
Balance on December 31, 2023	<u><u>\$ 667,438</u></u>	<u><u>467,881</u></u>	<u><u>1,135,319</u></u>
<b>Accumulated amortisation and impairment loss:</b>			
Balance on January 1, 2024	\$ -	39,036	39,036
Amortisation for the year	-	28,021	28,021
Effect of changes in foreign exchange rates	-	45	45
Balance on December 31, 2024	<u><u>\$ -</u></u>	<u><u>67,102</u></u>	<u><u>67,102</u></u>
Balance on January 1, 2023	\$ -	16,716	16,716
Amortisation for the year	-	22,331	22,331
Effect of changes in foreign exchange rates	-	(11)	(11)
Balance on December 31, 2023	<u><u>\$ -</u></u>	<u><u>39,036</u></u>	<u><u>39,036</u></u>
<b>Carring Amount :</b>			
Balance on December 31, 2024	<u><u>\$ 667,438</u></u>	<u><u>417,243</u></u>	<u><u>1,084,681</u></u>
Balance on January 1, 2023	<u><u>\$ 667,438</u></u>	<u><u>372,792</u></u>	<u><u>1,040,230</u></u>
Balance on December 31, 2023	<u><u>\$ 667,438</u></u>	<u><u>428,845</u></u>	<u><u>1,096,283</u></u>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) The details of amortisation :

The amortization of intangible assets is recognized in the following accounts of the consolidated statement of comprehensive income :

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 536	-
Administrative expenses	1,046	90
Research and development expenses	26,439	22,241
Total	<b>\$ 28,021</b>	<b>22,331</b>

(ii) Patent

The Group measured the fair value of net assets obtained during acquisition and, respectively, evaluated the fair value and useful life of the significant intangible assets that meets the criteria. The Group obtained control over APh and its subsidiaries (the APh Group) on November 1, 2022. According to the results of the analysis for the APh Group's business, the patent was identified and recognized individually. Based on the development of related technology and application products, source of demand, current usage condition in the industry, law and regulations, the economic useful life was evaluated to be 19.5 years.

(iii) Impairment evaluation for Goodwill

On November 1, 2022, the Group obtained Goodwill arose from the control over the APh Group. The APh Group itself is a cash-generating unit that can generate cash inflows independently. Therefore, the recoverable amount is evaluated based on the value in use of the APh Group. The key assumptions used for calculation of the value in use are as follows:

- 1) The cash flow is covered by the financial budget from 2025 to 2034. It is the evaluation of the future trend in the related industry performed by the management, and the internal and external historical information are considered as well.
- 2) The projected operating revenue is an estimation of the changes based on the type and price of product considering the changes in the industry and market demand and supply.
- 3) The projected operating cost and expenses are estimated based on the variable factors of each cost and expense.
- 4) The discount rate used in the estimation of the recoverable amount of the cash-generating unit in 2024 and 2023 is a weighted average capital cost calculated based on different sources of funds such as ordinary share equity and loan.

The management believes that the any reasonable changes in the key assumptions used for the estimation of recoverable amount of cash-generating unit will not result in the fact that the carrying amount of cash-generating unit exceeds its recoverable amount. Based on the comparison between the recoverable amount calculated with the key assumptions above mentioned and the book value of the Group's asset for operations and goodwill on the evaluation date, there was no impairment of assets occurred in 2024 and 2023.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (14) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2024		
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Acceptance payable	ABC 、CTBC 、CIB	-	\$ <u>1,624,353</u>
	December 31, 2023		
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Acceptance payable	ABC 、CTBC	-	\$ <u>697,897</u>

For the collaterals for short-term notes and bills payable, please refer to Note 8.

### (15) Short-term borrowings

	December 31, 2024	December 31, 2023
Letters of credit	\$ 379,354	6,720
Unsecured bank loans	737,905	550,000
Secured bank loans	6,716,537	7,166,594
Total	\$ <u>7,833,796</u>	<u>7,723,314</u>
Unused short-term credit lines	\$ <u>13,315,841</u>	<u>12,839,460</u>
Range of interest rates	<u>1.70%~6.30%</u>	<u>1.60%~8.00%</u>

For the collateral for short-term borrowings, please refer to Note 8.

### (16) Accounts payable (including related parties)

Accounts payable (including related parties) were summarized as follows:

	December 31, 2024	December 31, 2023
Accounts payables to suppliers	\$ <u>5,044,387</u>	<u>4,682,497</u>

### (17) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 1,068,571	722,945
Secured bank loans	13,475,474	13,009,915
Less: current portion	(1,284,574)	(597,161)
Total	\$ <u>13,259,471</u>	<u>13,135,699</u>
Unused long-term credit lines	\$ <u>3,395,795</u>	<u>3,208,747</u>
Range of interest rates	<u>1.66%~2.57%</u>	<u>1.45%~2.38%</u>

For the collateral for long-term borrowings, please refer to Note 8.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(18) Lease liabilities

Lease liabilities of the Group were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	<u><u>\$ 144,437</u></u>	<u><u>135,279</u></u>
Non-current	<u><u>\$ 777,137</u></u>	<u><u>613,604</u></u>

- (i) For the maturity analysis, please refer to Note 6(28).
- (ii) The amount recognized in profit or loss was as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<u><u>\$ 15,720</u></u>	<u><u>15,035</u></u>
Variable lease payments not included in the measurement of lease liabilities	<u><u>\$ 214</u></u>	<u><u>301</u></u>
Expenses relating to short-term leases	<u><u>\$ 39,405</u></u>	<u><u>44,735</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u><u>\$ 19,337</u></u>	<u><u>10,977</u></u>

The amounts recognized in the statement of cash flows for the Group were as follows :

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u><u>\$ 273,162</u></u>	<u><u>212,099</u></u>

(iii) Real estate leases

The Group leases land and buildings for its office, stores and plant. The leases of office typically run for a period of 2 to 8 years, stores for 5 to 20 years and plant for 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional payments that are based on changes in sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of equipment contain extension and cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iv) Other leases

The Group leases IT equipment and machinery and employee's dormitories with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

### (19) Provisions

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 847,036	662,737
Provisions made during the year	444,291	421,198
Provisions used during the year	(213,084)	(201,902)
Provisions reversed during the year	(44,192)	(31,776)
Effect of changes in foreign exchange rates	942	(3,221)
Balance on December 31	<b>\$ 1,034,993</b>	<b>847,036</b>
Current	\$ 545,409	484,883
Non-current	489,584	362,153
Total	<b>\$ 1,034,993</b>	<b>847,036</b>

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2024 and 2023. The provision is based on estimates made from products and historical warranty data.

### (20) Operating lease

The Group leases out investment property, etc.. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(12) for information on the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Less than one year	\$ 140,831	145,787
One to two years	101,938	111,422
Two to three years	52,158	68,088
Three to four years	31,348	27,165
Four to five years	22,475	5,813
More than five years	3,797	3,980
Total undiscounted lease payments	<b>\$ 352,547</b>	<b>362,255</b>

Rental income from investment properties for the years ended December 31, 2024 and 2023, were \$169,927 thousand and \$151,857 thousand, respectively.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (21) Employee benefits

#### (i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Group were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 766,360	984,377
Fair value of plan assets	<u>(507,230)</u>	<u>(466,402)</u>
	<u><b>\$ 259,130</b></u>	<u><b>517,975</b></u>
Net defined benefit (assets)	\$ (8,660)	(2,103)
Net defined benefit liabilities	<u>267,790</u>	<u>520,078</u>
	<u><b>\$ 259,130</b></u>	<u><b>517,975</b></u>

The employee benefit liabilities for the Group were as follows:

	December 31, 2024	December 31, 2023
Compensated absence liabilities	<u><b>\$ 88,346</b></u>	<u><b>116,835</b></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

#### 1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$507,230 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Defined benefit obligations at January 1	\$ 984,377	1,571,467
Current service costs and interest cost	16,238	27,496
Remeasurements loss (gain):		
— Actuarial loss (gain)—experience adjustments	34,177	101,182
— Actuarial loss (gain)—financial assumptions	(25,289)	33,175
— Actuarial loss (gain)—demographic assumptions	-	(2,167)
Benefits paid	(243,748)	(749,175)
Others	605	2,399
Defined benefit obligations at December 31	<b>\$ 766,360</b>	<b>984,377</b>

### 3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value of plan assets at January 1	\$ 466,402	762,003
Interest income	6,037	11,124
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	57,126	13,039
Contributions paid by the employer	217,429	424,177
Benefits paid	(240,369)	(746,340)
Others	605	2,399
Fair value of plan assets at December 31	<b>\$ 507,230</b>	<b>466,402</b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current service costs	\$ 3,283	4,699
Net interest of net liabilities for defined benefit obligations	6,918	11,673
	<b>\$ 10,201</b>	<b>16,372</b>
Operating costs	\$ 4,487	8,100
Selling expenses	1,550	2,221
Administration expenses	1,843	2,708
Research and development expenses	2,321	3,343
	<b>\$ 10,201</b>	<b>16,372</b>

### 5) Remeasurement of net defined benefit liability(assets) recognized in other comprehensive income

Remeasurement of net defined benefit liability(assets) recognized in other comprehensive income for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Cumulative amount, January 1	\$ 1,267,449	1,148,298
Recognized during the year	(48,239)	119,151
Cumulative amount, December 31	<b>\$ 1,219,210</b>	<b>1,267,449</b>

### 6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Discount rate	1.625%~1.75%	1.375%
Future salary increase rate	1%~3.2%	1%~3.5%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$23,639 thousand.

The weighted-average lifetime of the defined benefit plans is 2.42~8.36 years.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased by 0.25%</b>	<b>Decreased by 0.25%</b>
December 31, 2024		
Discount rate	\$ (10,594)	10,872
Future salary increase rate	10,409	(10,181)
December 31, 2023		
Discount rate	(14,888)	15,305
Future salary increase rate	14,583	(14,254)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

#### (ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$148,092 thousand and \$134,283 thousand for the years ended December 31, 2024 and 2023, respectively.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(22) Income taxes

(i) The components of income taxes for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 1,194,606	1,214,504
Land value increment tax	-	195,108
Others	<u>173,128</u>	<u>73,868</u>
	<u>1,367,734</u>	<u>1,483,480</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(24,416)</u>	<u>(71,420)</u>
Income tax expense	<b><u>\$ 1,343,318</u></b>	<b><u>1,412,060</u></b>

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<b><u>\$ 8,383</u></b>	<b><u>(23,966)</u></b>

(iii) Reconciliation of income tax and profit before tax was as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before income tax	\$ 6,475,800	8,075,448
Income tax using the Company's domestic tax rate	1,295,160	1,615,090
Effect of tax rates in foreign jurisdiction	(352,899)	(97,725)
Non-deductible expenses	1,316	1,262
Share of loss accounted for using equity method	12,404	18,031
Effect of tax on land value increment tax	-	195,108
Tax-exempt income from disposal of land	1,876	(318,627)
Adjustments for prior years tax	(3,589)	(458)
Change in unrecognized temporary differences	(17,582)	(29,846)
Additional tax on undistributed earnings	176,717	74,361
Effect of tax on repatriated offshore funds	(1,882)	(2,860)
Others	<u>231,797</u>	<u>(42,276)</u>
Income tax expense	<b><u>\$ 1,343,318</u></b>	<b><u>1,412,060</u></b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group was able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries as of December 31, 2024 and 2023. Also, the Group considered it improbable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences associated with investments in foreign subsidiaries	<u>\$ 4,891,429</u>	<u>3,939,840</u>
Unrecognized deferred tax liabilities	<u>\$ 978,286</u>	<u>787,968</u>

2) Unrecognized deferred tax assets

Deferred tax assets had not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	\$ 54,817	60,591
The carryforward of unused tax losses	<u>526,242</u>	<u>511,197</u>
	<u>\$ 581,059</u>	<u>571,788</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for domestic entities and five years for Vietnam and China ones for tax reporting purposes. Deferred tax assets had not been recognized in respect of these items because it was not probable that future taxable income would be available against which the Group can utilize the benefits therefrom.

As of December 31, 2024, the information on the Group's unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Unused tax losses		
Domestic entities	Vietnam and China entities	Expiry date
\$ 30,950	100,480	2025
197,323	88,561	2026
198,494	13,271	2027
157,254	1,245	2028
230,086	122,752	2029
241,403	-	2030
279,624	-	2031
291,869	-	2032
338,731	-	2033
335,380	-	2034
<u>\$ 2,301,114</u>	<u>326,309</u>	

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

3) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 were as follows:

	<b>Defined benefit plans</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>			
<b>Balance at January 1, 2024</b>	\$ 261,929	405,807	667,736
Recognized in profit or loss	(29)	23,192	23,163
Recognized in other comprehensive income	(8,383)	-	(8,383)
Exchange differences on translation of foreign financial statements	-	1,011	1,011
<b>Balance at December 31, 2024</b>	<b>\$ 253,517</b>	<b>430,010</b>	<b>683,527</b>
<b>Balance at January 1, 2023</b>	\$ 238,491	339,276	577,767
Recognized in profit or loss	(528)	66,962	66,434
Recognized in other comprehensive income	23,966	-	23,966
Exchange differences on translation of foreign financial statements	-	(431)	(431)
<b>Balance at December 31, 2023</b>	<b>\$ 261,929</b>	<b>405,807</b>	<b>667,736</b>

	<b>Income from foreign investments</b>	<b>Land value increment tax</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax liabilities:</b>				
<b>Balance at January 1, 2024</b>	\$ 319,553	1,149,842	55,435	1,524,830
Recognized in profit or loss	-	-	(1,253)	(1,253)
Exchange differences on translation of foreign financial statements	-	-	1,625	1,625
<b>Balance at December 31, 2024</b>	<b>\$ 319,553</b>	<b>1,149,842</b>	<b>55,807</b>	<b>1,525,202</b>
<b>Balance at January 1, 2023</b>	\$ 319,553	1,152,120	59,063	1,530,736
Recognized in profit or loss	-	(2,278)	(2,708)	(4,986)
Exchange differences on translation of foreign financial statements	-	-	(920)	(920)
<b>Balance at December 31, 2023</b>	<b>\$ 319,553</b>	<b>1,149,842</b>	<b>55,435</b>	<b>1,524,830</b>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(v) Assessment of income tax

- 1) The Company's income tax returns for the years through 2022 were assessed by the tax authorities.
- 2) The status of assessment of the domestic subsidiaries' income tax returns by the tax authorities was as follows:

Approval year	Company
2023	Fact Co.
2022	Shan Yang, Chu Yang, Youth Taisun, Shian Young, Nanyang, Yi Young, Nova Design, Chin Zong, Vista Hill Environmental, Aph, APh ePower, Nanyang Insurance Agent, Jau Ryh, Ching Ta, TBM, Li Yang and Sunshine Auto-Lease

(vi) Global minimum top-up tax

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Since Pillar Two legislation was enacted in the Italy, Germany and Vietnam, the jurisdiction in which the entity controlled by the Group is incorporated, and came into effect from January 1, 2024, the Group has no related current tax effects as of December 31, 2024.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. Please refer to Note 4(19) for accounting policies.

The Group is currently engaged with tax specialists to assist it with applying the legislation.

(23) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, the number of authorized ordinary shares were 950,000 thousand shares, with par value of \$10 per share. The total value of the authorized ordinary shares was amounted to \$9,500,000 thousand. As of that date, 797,490 thousand shares were issued. All issued shares were paid up upon issuance.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2024	December 31, 2023
Treasury share transactions	\$ 15,997	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	176,538	176,538
Changes in ownership interests in subsidiaries	617	-
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	11,066	5,589
Stock option from convertible bonds	105,557	105,557
Others	55,334	55,334
	<u>\$ 1,735,853</u>	<u>1,713,762</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

#### (iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then calculated with the beginning balance of undistributed retained earnings as accumulated one. After the special reserve being set aside or reversed as required by the regulations, the remaining is the distributable earnings and should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and the Company is endeavoring to expand the domestic and foreign market, therefore, future finance demand, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution. The dividend is determined to be distributed in cash or stock to maintain stable dividend distribution, but the distribution ratio of stock dividends shall not be higher than 50% of the total dividends, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

The Company can distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one. While legal reserve is equal to the total capital amount, it is allowed to not be set aside. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with the rules issued by the FSC, the special reserve in the amount of \$1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards.

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder's equity and aforementioned special reserve. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative change to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the netreduction of other shareholders' equity shall qualify for additional distributions. The special reserves were (reversed) by \$32,738 thousand and \$2,233 thousand in June, 2024 and June, 2023, respectively.

The Company set aside special reserves, which could not be distributed, and were calculated by the differences of the Company's stock price below the carrying amount of the treasury stock held by the subsidiaries, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The Company set aside (reversed) by \$4,258 thousand and \$6,652 thousand in June, 2024 and June, 2023, respectively.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Earnings distribution

Earnings distribution for 2023 and 2022 was decided by the resolution adopted, at the general meeting of shareholders held on June 25, 2024 and June 28, 2023, respectively. The relevant dividend distributions to shareholders were as follows, and the detailed information could be obtained from the “Market Observation Post System”:

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share</b>	<b>Total Amount</b>	<b>Amount per share</b>	<b>Total Amount</b>
Dividends distributed to ordinary shareholders:				
Cash	<u><b>\$ 3.00000000</b></u>	<u><b>2,392,469</b></u>	<u><b>1.80000000</b></u>	<u><b>1,435,481</b></u>

The Board of Directors resolved not to distribute the earnings for the first half of year 2024 and 2023 on November 13, 2024 and November 13, 2023, respectively.

#### (iv) Treasury shares (including shares held by the subsidiaries)

- 1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed treasury shares. As of December 31, 2024 and 2023, the market price per share of the Company was \$69.10 and \$71.40, respectively.

The details of the treasury shares held by subsidiaries were as follows:

	<b>December 31, 2024</b>	
<b>Company</b>	<b>Shares held (in thousand shares)</b>	<b>Acquired Costs</b>
Ching Ta Investment Co., Ltd.	981	\$ 37,498
Nanyang Industries Co., Ltd.	4,351	95,318
	<u><b>5,332</b></u>	<u><b>132,816</b></u>

	<b>December 31, 2023</b>	
<b>Company</b>	<b>Shares held (in thousand shares)</b>	<b>Acquired Costs</b>
Ching Ta Investment Co., Ltd.	981	\$ 37,498
Nanyang Industries Co., Ltd.	4,351	95,318
	<u><b>5,332</b></u>	<u><b>132,816</b></u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(v) Other equity, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2024	\$ (1,521,506)	163,197	(1,358,309)
Exchange differences on foreign operations	499,311	-	499,311
Exchange differences on associates accounted for using equity method	(3,902)	-	(3,902)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(124,122)	(124,122)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(3,178)	(3,178)
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	4,667	4,667
Balance on December 31, 2024	<u><b>\$ (1,026,097)</b></u>	<u><b>40,564</b></u>	<u><b>(985,533)</b></u>

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2023	\$ (1,331,123)	5,552	(1,325,571)
Exchange differences on foreign operations	(189,623)	-	(189,623)
Exchange differences on associates accounted for using equity method	(760)	-	(760)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	168,848	168,848
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(9,800)	(9,800)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(1,403)	(1,403)
Balance on December 31, 2023	<u><b>\$ (1,521,506)</b></u>	<u><b>163,197</b></u>	<u><b>(1,358,309)</b></u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(vi) Non-controlling interests

	<b>Attributed to Non-controlling Interests</b>
Balance on January 1, 2024	\$ 2,998,691
Net income attributable to non-controlling interests	362,085
Exchange differences on translation of foreign financial statements, net of tax	53,349
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(5,766)
Actuarial gains (losses) from defined benefits plans	587
Changes in equity of associates and joint ventures accounted for using the equity method	19
Changes in ownership interests in subsidiaries	77,417
Changes in non-controlling interests	<u>(40,449)</u>
Balance on December 31, 2024	<u><b>\$ 3,445,933</b></u>
Balance on January 1, 2023	\$ 2,408,607
Net income attributable to non-controlling interests	365,867
Exchange differences on translation of foreign financial statements, net of tax	(36,976)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	34,429
Actuarial gain (losses) from defined benefits plans	(582)
Changes in ownership interests in subsidiaries	200,108
Changes in non-controlling interests	<u>27,238</u>
Balance on December 31, 2023	<u><b>\$ 2,998,691</b></u>

(24) Earnings per share

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Basic earnings per share</b>		
Net income attributable to common shareholders of the Company	<u><b>\$ 4,770,397</b></u>	<u><b>6,297,521</b></u>
Issued number of ordinary shares on January 1	797,490	797,490
Effects of treasury shares	<u>(4,885)</u>	<u>(4,885)</u>
Weighted average number of ordinary shares on December 31	<u>792,605</u>	<u>792,605</u>
	<u><b>\$ 6.02</b></u>	<u><b>7.95</b></u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Diluted earnings per share</b>		
Net income attributable to common shareholders of the Company (after the adjustment of potential dilutive ordinary shares)	\$ <u>4,770,397</u>	<u>6,297,521</u>
Weighted average number of ordinary shares	792,605	792,605
Effect of potential dilutive ordinary shares		
Employee share bonus	<u>1,012</u>	<u>1,206</u>
Weighted average number of ordinary shares (after the adjustment of potential dilutive ordinary shares)	<u>793,617</u>	<u>793,811</u>
	\$ <u><b>6.01</b></u>	<u><b>7.93</b></u>

(25) Revenue from contracts with customers

(i) Details of revenue

	<b>For the year ended December 31, 2024</b>			
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 48,749,456	-	145,940	48,895,396
China	-	3,668,020	7,835	3,675,855
Asia	2,334,246	3,433,145	-	5,767,391
Europe	2,647,791	2,544,444	-	5,192,235
Others	<u>853,914</u>	<u>1,239,753</u>	<u>-</u>	<u>2,093,667</u>
	<u><b>\$ 54,585,407</b></u>	<u><b>10,885,362</b></u>	<u><b>153,775</b></u>	<u><b>65,624,544</b></u>
Major products/services lines				
Merchandise sales	\$ 52,366,623	10,816,622	-	63,183,245
Technical services	665,363	2,389	-	667,752
Leasing services	458,762	776	128,476	588,014
Design services	-	-	25,299	25,299
Others	<u>1,094,659</u>	<u>65,575</u>	<u>-</u>	<u>1,160,234</u>
	<u><b>\$ 54,585,407</b></u>	<u><b>10,885,362</b></u>	<u><b>153,775</b></u>	<u><b>65,624,544</b></u>

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<b>For the year ended December 31, 2023</b>				
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 48,749,937	-	149,582	48,899,519
China	-	3,064,507	3,286	3,067,793
Asia	1,421,705	4,671,139	-	6,092,844
Europe	2,443,312	2,611,832	-	5,055,144
Others	856,746	489,193	-	1,345,939
	<b>\$ 53,471,700</b>	<b>10,836,671</b>	<b>152,868</b>	<b>64,461,239</b>
Major products/services lines				
Merchandise sales	\$ 51,461,619	10,770,882	-	62,232,501
Technical services	592,322	2,556	-	594,878
Leasing services	433,576	841	120,215	554,632
Design services	-	-	21,860	21,860
Others	984,183	62,392	10,793	1,057,368
	<b>\$ 53,471,700</b>	<b>10,836,671</b>	<b>152,868</b>	<b>64,461,239</b>

(ii) Contract balances

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes receivable	\$ 397,385	348,375	317,791
Accounts receivable	2,473,677	2,011,982	2,207,043
Installment accounts receivables	58,395	5,816	5,985
Lease receivables	1,188,844	1,029,817	882,230
Less: Loss allowance	(68,176)	(69,666)	(138,500)
Total	<b>\$ 4,050,125</b>	<b>3,326,324</b>	<b>3,274,549</b>
Contract liabilities	<b>\$ 461,852</b>	<b>416,500</b>	<b>540,482</b>

Please refer to Note 6(4) for the details of notes and accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame of 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.

(26) Employee remuneration and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$56,580 thousand and \$73,460 thousand, and directors' and supervisors' remuneration amounting to \$56,580 thousand and \$73,460 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expensed under operating expenses during 2024 and 2023. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, were identical to those of the actual distributions for 2024 and 2023.

(27) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 570,081	495,107
Others	26,086	113,621
Total interest income	<b>\$ 596,167</b>	<b>608,728</b>

(ii) Other income

The details of other income were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 50,556	41,288
Dividend revenue	44,732	57,842
Total other income	<b>\$ 95,288</b>	<b>99,130</b>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 152,940	167,418
Gains on disposals of investments accounted for using equity method	-	17,708
Incomes form high-tech and innovative enterprise subsidies	38,713	-
Others	229,932	65,839
Other gains and losses, net	<b>\$ 421,585</b>	<b>250,965</b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iv) Finance costs

The details of finance costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense	\$ <b>431,279</b>	<b>438,193</b>

(v) Gains on disposal of non-current assets held for sale

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Gains on disposal of land and buildings	\$ -	<b>1,534,195</b>

(28) Financial instruments

(i) Credit risk

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

(ii) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to Note 6(4).

Other financial assets at amortized cost includes other receivables and time deposits, etc, which are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 24,002,194	24,686,731	9,485,986	1,538,790	3,133,389	10,528,566	-
Lease liabilities	921,574	1,057,636	80,157	80,833	155,600	319,155	421,891
	<b>\$ 24,923,768</b>	<b>25,744,367</b>	<b>9,566,143</b>	<b>1,619,623</b>	<b>3,288,989</b>	<b>10,847,721</b>	<b>421,891</b>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 22,154,071	23,487,815	9,214,692	735,060	5,218,057	8,320,006	-
Lease liabilities	748,883	869,578	76,141	72,456	117,032	255,657	348,292
	<b>\$ 22,902,954</b>	<b>24,357,393</b>	<b>9,290,833</b>	<b>807,516</b>	<b>5,335,089</b>	<b>8,575,663</b>	<b>348,292</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

	December 31, 2024				December 31, 2023		
	Foreign Currency	Exchange Rate	NTD		Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	33,881	32.7900	1,110,970	19,982	30.7250	613,936
EUR:NTD		30,777	34.1300	1,050,418	15,696	34.0200	533,988
USD:CNY		74,325	7.3257	2,437,117	51,936	7.0991	1,595,734
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD		39,435	32.7900	1,293,070	25,180	30.7250	773,664
USD:CNY		1,241	7.3257	40,694	1,979	7.0991	60,800

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and CNY as of December 31, 2024 and 2023 would have decreased the net profit after tax for the years ended December 31, 2024 and 2023 by \$26,118 thousand and \$15,274 thousand, respectively. The analysis assumes that all other variables factors remain constant.

3) Foreign exchange gains (losses) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, foreign exchange gain (including the realized and the unrealized portions) is amounted to \$152,940 thousand and \$167,418 thousand, respectively.

(v) Interest rate analysis

The financial assets and liabilities's exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate changes.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

If the interest rate increased/decreased by 1%, the Group's net income would have decrease/increase by \$8,263 thousand and \$30,086 thousand for the years ended December 31, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group's variable-rate borrowings and time deposits.

(vi) Other market price risk

If the price of the securities which the Group hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant.

	For the years ended December 31			
	2024		2023	
	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Prices of securities at the reporting date				
Increase 5%	\$ <u>66,824</u>	<u>618</u>	<u>67,062</u>	<u>618</u>
Decrease 5%	\$ <u>(66,824)</u>	<u>(618)</u>	<u>(67,062)</u>	<u>(618)</u>

(vii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets, short-term borrowings, short-term bills and notes payable, accounts payable, other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, and for the investments of equity instrument that the quoted prices in active markets are unavailable and the fair value can not be measured reliably, disclosure of fair value information is not required.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

		December 31, 2024				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
Preferred shares of overseas unlisted companies	\$	15,459	-	-	15,459	15,459
<b>Financial assets at fair value through other comprehensive income</b>						
Common shares of domestic listed companies	\$	556,954	556,954	-	-	556,954
Common shares of domestic unlisted companies		599,461	-	-	599,461	599,461
Common shares of overseas unlisted companies		514,185	-	-	514,185	514,185
Subtotal		1,670,600	556,954	-	1,113,646	1,670,600
Total	\$	1,686,059	556,954	-	1,129,105	1,686,059
		December 31, 2023				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
Preferred shares of overseas unlisted companies	\$	15,459	-	-	15,459	15,459
<b>Financial assets at fair value through other comprehensive income</b>						
Common shares of domestic listed companies	\$	730,500	730,500	-	-	730,500
Common shares of domestic unlisted companies		574,354	-	-	574,354	574,354
Common shares of overseas unlisted companies		371,702	-	-	371,702	371,702
Subtotal		1,676,556	730,500	-	946,056	1,676,556
Total	\$	1,692,015	730,500	-	961,515	1,692,015

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Valuation techniques for financial instruments measured at fair value

##### a) Non-derivative financial instruments

Evaluation of financial instruments traded in active markets is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

If the financial instruments held by the Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets traded in active markets by the standards and nature. The fair value is measured at the market quoted price.
- The listed private stocks are traded in active markets, whether they are public depends on the standards and nature. The fair value is measured at the market quoted price, and the control premium and restrictions on transfer by regulations and market illiquidity discount should be considered simultaneously.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.
- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Group needs to obtain the fair value of the Group's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

##### b) Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques models generally accepted by market participants.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### c) Fair value hierarchy

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

#### 4) Transfers between levels

The Group's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2024 and 2023.

#### 5) Reconciliation of Level 3 fair values

	At fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2024	\$ 15,459	946,056	961,515
Total gains and losses recognized in other comprehensive income	-	88,049	88,049
Purchases	-	66,787	66,787
Effect of changes in foreign exchange rate	-	12,754	12,754
Ending Balance, December 31, 2024	<u>\$ 15,459</u>	<u>1,113,646</u>	<u>1,129,105</u>
Opening balance, January 1, 2023	\$ 15,459	701,311	716,770
Total gains and losses recognized in other comprehensive income	-	249,219	249,219
Purchases	-	2,350	2,350
Effect of changes in foreign exchange rate	-	(6,824)	(6,824)
Ending Balance, December 31, 2023	<u>\$ 15,459</u>	<u>946,056</u>	<u>961,515</u>

#### 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Group's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Quantified information on significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Interrelationship between Significant Unobservable Inputs and Fair Value Measurement</b>
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> <li>• Net Asset Value</li> <li>• Market illiquidity discount rate (10% as of December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> <li>• Net Asset Value</li> <li>• Market illiquidity discount rate (10% as of December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	<ul style="list-style-type: none"> <li>• The multiplier of price-to-book ratio (2.29~3.18 and 1.95~3.38 as of December 31, 2024 and 2023, respectively)</li> <li>• Market illiquidity discount rate (30%~42.7% and 30%~40% as of December 31, 2024 and 2023, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Year-on-year ratio (4.25% and 4.83% as of December 31, 2024 and 2023, respectively)</li> <li>• Weighted average capital cost (8.36% and 9.18% as of December 31, 2024 and 2023, respectively)</li> <li>• Market illiquidity discount rate (15.60% and 15.70% as of December 31, 2024 and 2023, respectively)</li> <li>• Non-controlling interests discount (24.90% as of December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>• The estimated fair value would increase if the year-on-year percentage increased.</li> <li>• The estimated fair value would increase if the weighted average capital cost decreased.</li> <li>• The estimated fair value would increase if the Market illiquidity discount rate was lower.</li> <li>• The estimated fair value would increase if the Non-controlling interests discount was lower.</li> </ul>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

		Fluctuation	Profit or loss		Other comprehensive income	
	Inputs	in inputs	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2024						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	7,494	(7,494)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	56,560	(56,560)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,804	(1,804)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	28,737	(28,737)
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	5,595	(5,595)
Equity investments without an active market	Market illiquidity discount	5%	-	-	50,941	(50,941)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,735	(1,735)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	24,778	(24,778)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (29) Financial risk management

##### (i) Overview

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

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

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

##### (ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

##### (iii) Credit risk

Credit risk means the potential loss for the Group if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

##### 1) Accounts receivable and other receivables

The Group has a dispersed pattern of its list of sales customers, and the management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of follow-up monitoring. Also, the Group continues to evaluating the financial ability of its customers, obtain the necessary collateral and carrying out aggregate or individual evaluation for the accounts receivable based on different properties of credit risk and impairment indication.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Investments

The Group deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group manages the exposure to credit risk related to each financial institution and believes that cash do not have a significant credit risk concentration.

#### 3) Guarantees

The Group's policy is to provide financial guarantees to subsidiaries which be held more than 50% of the voting rights. As of December 31, 2024 and 2023, there were no guarantees provided.

#### (iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow components in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. As of December 31, 2024 and 2023, the Group's short-term and long-term unused credit line amounted to \$18,211,636 thousand and \$17,798,207 thousand, respectively, which was enough for the fulfillment of all contractual obligations

#### (v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders' meeting and being monitored by internal auditing department.

#### 1) Currency risk

The Group is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Group's entities. Therefore, the Group uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Group to reduce but not to remove the impact on the fluctuation in exchange rates.

The Group regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

2) Interest rate risk

The Group's interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Group adopts a appropriate interest rate portfolio to manage its interest rate risk.

3) Other market price risk

The Group is exposed to the market price fluctuation risk since it enter into commodity contracts only when there are expected future demands.

(30) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, 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 dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2024, the Group's capital management strategy is consistent with the prior year as of December 31, 2023, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Group's debt-to-equity ratio on reporting date is as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 39,671,812	37,384,012
Less: cash and cash equivalents	<u>(10,296,462)</u>	<u>(8,811,431)</u>
Net debt	29,375,350	28,572,581
Total equity	<u>28,585,337</u>	<u>25,393,902</u>
Total capital	<b><u>\$ 57,960,687</u></b>	<b><u>53,966,483</u></b>
Debt-to-equity ratio	<b><u>51%</u></b>	<b><u>53%</u></b>

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (7) Related-party transactions

##### (a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Zoeng Chang Industry Co., Ltd.	An associate
Yangzhou Tairun Hotel, Ltd.	An associate
Taiwan Tea Corporation	An associate
He Xu International Co.,Ltd	An associate
King Zone Corporation	Other related parties
Hitachi Astemo Taichung Co., Ltd.	Other related parties
Zhen Ding Development Co., Ltd.	Other related parties
Sanyang Educational Foundation	Other related parties
Jiu Xing Biotech Co., Ltd.	Other related parties
Wei Yi Development and Construction Co., Ltd.	Other related parties
Huang Yu Chang	Other related parties
Rui Yuan Technology Co., Ltd.	Other related parties
Xiamen CCRE Industry Park Development Co., Ltd.	Other related parties
San Xin Development Consultant Co., Ltd.	Other related parties

##### (b) Significant transactions with related parties

###### (i) Merchandise sold, technical and consulting services provided to related parties:

Significant sales, technical and consulting services provided to related parties and unpaid balances were as follows:

	Sales		Receivables from related parties	
	For the years ended December 31		December 31,	December 31,
	2024	2023	2024	2023
Associates	\$ 7,566	9,952	469	769
Other related parties	3,610	2,786	99	132
	<u>\$ 11,176</u>	<u>12,738</u>	<u>568</u>	<u>901</u>

There was no significant difference between the selling prices and transaction terms for related parties and those for the ordinary courses. The credit terms ordinarily ranged from 15 to 45 days. While the pricing standards of technical service provided for related parties were not comparable, since there were no similar transactions with non-related parties. Receivables from related parties were uncollateralized, and no expected allowance were required after the assessment by the management.

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Purchases

The amounts of purchases by the Group from related parties and accounts payable were as follows:

	Purchases		Payables to Related Parties	
	For the years ended December 31		December 31,	December 31,
	2024	2023	2024	2023
Associates	\$ 304,439	323,328	40,378	51,870
Other related parties	975,473	1,011,452	123,819	181,169
	<u>\$ 1,279,912</u>	<u>1,334,780</u>	<u>164,197</u>	<u>233,039</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were not different from the payment terms given by other vendors.

### (iii) Property transactions

- 1) Machinery equipment acquired and sundry purchases from related parties were as follows:

	Objects	For the years ended December 31	
		2024	2023
Associates	Machinery and molds	\$ 3,522	290
Other related parties	Machinery, molds and Construction in progress	2,021	175
		<u>\$ 5,543</u>	<u>465</u>

- 2) In September 2024, the group participated in the subscription of 228 thousand shares of Jiu Xing Biotech Co., Ltd. at subscription price of \$10 per share with a total amount of \$2,280 thousand.
- 3) In October 2024, the group participated in the subscription of 1,500 thousand shares of He Xu International Co.,Ltd. at subscription price of \$10 per share with a total amount of \$15,000 thousand.
- 4) The Group and Taiwan Tea Corporation signed a contract for a land purchase in Miaoli County in December 2024, with a total amount of \$210,000 thousand. As of December 31, 2024, the terms of performing the contract have not been fulfilled, so no payment was made.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(iv) Leases

(1) Leasing to related parties

	<b>Rental income</b>	
	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Associates	\$ 894	911
Other related parties	29	12
	<b>\$ 923</b>	<b>923</b>

	<b>Guarantee deposits received</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Associates	\$ 210	210

The Group signs leasing contracts with reference to the market conditions in nearby areas, and charges according to the method agreed upon in the contract between the two parties.

(2) Leasing from related parties

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Right-of-use assets</u>		
Other related parties	\$ 89,367	-
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<u>Lease liabilities</u>		
Other related parties	\$ 89,695	-
	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Interest expense</u>		
Other related parties	\$ 328	-

The Group signs leasing contracts with reference to the market conditions in nearby areas, and charges according to the method agreed upon in the contract between the two parties.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(v) Other

1) Service received

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Consulting and other expenses</u>		
Associates	\$ 28,803	54,059
Other related parties	8,071	8,280
	<u><b>\$ 36,874</b></u>	<u><b>62,339</b></u>

	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Consulting, commission and other revenues</u>		
Associates	\$ 800	820
Other related parties	260	275
	<u><b>\$ 1,060</b></u>	<u><b>1,095</b></u>

2) Other receivables and Prepayments

Other receivables

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Associates	\$ 2,621	2,488
Other related parties	836	240
	<u><b>\$ 3,457</b></u>	<u><b>2,728</b></u>

Prepayments

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other related parties	<u><b>\$ 32,738</b></u>	<u><b>-</b></u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 3) Loans to related parties

	December 31, 2024	December 31, 2023
Associates-Yangzhou Tairun Hotel, Ltd.	<u>\$ 268,560</u>	<u>259,680</u>

The interest charged by the Group to related parties was not lower than the average interest rate of the Group's deposits in bank. The interest income of the group for the years ended December 31, 2024 and 2023 was \$6,429 thousand and \$6,316 thousand, respectively. The group has obtained a pledge of the real estate of Yangzhou Tairun Hotel, Ltd. with a value of RMB160,000 thousand as collateral in 2024 and 2023 and no allowance for loss was required after the assessment.

### 4) Accrued expenses

	December 31, 2024	December 31, 2023
Associates	\$ 386	8,383
Other related parties-Sanyang Educational Foundation (Note)	100,000	148,683
Other related parties	-	1,401
	<u>\$ 100,386</u>	<u>158,467</u>

Note: In accordance with the Board resolution as of December 18, 2024, the Group had decided to donate \$100,000 thousand to the Sanyang Educational Foundation for the purpose of education promotion and social welfare contribution, and the donation was recognized as "Administrative Expenses" in 2024.

### 5) Others

- A. Shan Young was involved in the Phase II Land Readjustment Project, in Guang-Pu, East District, Hsinchu City. Please refer to Note 6(5) for transactions with related parties in accordance with the Readjusting Rules. The area of public facilities allocated and the burden ratio of relevant expenditures were determined according to the calculation approved by the Hsinchu City Government, which was same as other landowners.
- B. The related transaction about Shan Young to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township, please refer to the Note 6(5). The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities, which was same as other landowners.

### (c) Key management personnel compensation

	For the years ended December 31
	2024                      2023
Short-term employee benefits	<u>\$ 150,592</u> <u>143,332</u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 8) Pledged assets

The book values of pledged assets provided by the Group were as follows:

Assets	Items being guaranteed	December 31, 2024	December 31, 2023
Notes and accounts receivable and Long term lease receivables	bank borrowings	\$ 296,501	306,910
Current other financial assets	bank borrowing, Warranty deposit and the deposits for acceptance payable, etc.	5,756,949	5,378,181
Non-current other financial assets	Customs duty guarantee , gas company deposit and deposits of work-study programs, etc.	15,363	14,768
Property, plant and equipment	bank borrowings	9,441,624	9,108,072
Investment property	"	2,889,052	2,916,120
Total		<u>\$ 18,399,489</u>	<u>17,724,051</u>

### (9) Significant commitments and contingencies

#### (a) Significant unrecognized contractual commitments

##### (i) The balance of issued but unused letters of credit:

	December 31, 2024	December 31, 2023
USD	<u>USD 60,780</u>	<u>57,477</u>
JPY	<u>JPY 45,560</u>	<u>-</u>

##### (ii) The unpaid balance of signed contracts of construction in progress and equipments, etc.:

	December 31, 2024	December 31, 2023
Unpaid balance	<u>\$ 998,335</u>	<u>1,571,888</u>

##### (iii) The Group entered into a contract to purchase land, Please refer to the Note 7(b)iii.

(iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June 19, 2018. The joint construction will take place on the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. The ratio of joint construction is 58% for landowner (the Company) and 42% for constructor (Yao Da Construction Co., Ltd.) and currently, the construction is in progress. The Company has completed the pre-sale of real estate development trust in April 2021. The construction is in progress and for pre-sale. The sales prices of the contract signed by the Company and client were as follows:

	December 31, 2024	December 31, 2023
Sales contract price (pre-tax)	<u>\$ 103,830</u>	<u>103,830</u>
Amounts collected (pre-tax)	<u>\$ 20,773</u>	<u>19,734</u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the years ended December 31					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		\$ 2,658,826	3,151,619	5,810,445	2,617,557	3,815,709	6,433,266
Labor and health insurance		205,486	278,751	484,237	196,371	257,997	454,368
Pension		51,284	107,757	159,041	50,114	113,680	163,794
Others		165,093	182,734	347,827	154,744	171,222	325,966
Depreciation		859,861	590,060	1,449,921	807,469	557,692	1,365,161
Amortization		10,680	31,876	42,556	9,477	32,588	42,065

Note: The retirement fund of \$748 thousands and \$13,139 thousand were settled, respectively as of 2024 and 2023, which were not paid by the labor pension reserve account of the group in the Bank of Taiwan and was recognized as operating expense.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (13) Other disclosures:

#### (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

#### (i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	134,280 (CNY 30,000)	89,520 (CNY 20,000)	89,520 (CNY 20,000)	2.50%	Short-term financing	-	Business operation	-	Property	179,040 (CNY 40,000)	303,217 (CNY 67,743)	303,217 (CNY 67,743)
2	Sanyang Global	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	134,280 (CNY 30,000)	67,140 (CNY 15,000)	67,140 (CNY 15,000)	2.50%	Short-term financing	-	Business operation	-	Property	134,280 (CNY 30,000)	257,696 (CNY 57,573)	257,696 (CNY 57,573)
4	Nova Shanghai	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	111,900 (CNY 25,000)	111,900 (CNY 25,000)	111,900 (CNY 25,000)	2.50%	Short-term financing	-	Business operation	-	Property	402,840 (CNY 90,000)	124,417 (CNY 27,797)	124,417 (CNY 27,797)
4	VMEPH	VMEP	Other receivables	Y	32,790 (USD 1,000)	-	-	Note 2	Short-term financing	-	Business operation	-	-	-	589,939 (USD 17,991)	589,939 (USD 17,991)

Note 1: The numbering method is as follows:

- (1) “0” represents the parent company.
- (2) Subsidiaries are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short term financing shall not exceed 40% of the equity of SCK and Sanyang Global.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short term financing shall not exceed 40% of the equity of Nova Shanghai and VMEPH. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: Intra company transactions have been eliminated in the consolidated financial statements.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guarantee		Limit on total endorsements/guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China
		Name	Relationship (Note 8))										
0	Sanyang Motor	VMEP	2	25,139,404	1,311,600 (USD 40,000)	1,311,600 (USD 40,000)	-	-	5.22%	25,139,404	Y	N	N
1	Shan Young	Sanyang Motor	3	13,836,989	8,400,000	8,400,000	6,178,498	9,500,000	105.25%	13,836,989	N	Y	N
2	SYI	Shan Young	4	10,013,365	800,000	800,000	800,000	865,656 (USD 26,400)	7.99%	10,013,365	N	N	N
2	SYI	Ching Ta	4	2,513,940	500,000	500,000	-	-	4.99%	2,513,940	N	N	N
2	SYI	Sanyang Motor	3	10,013,365	850,000	450,000	-	-	4.49%	10,013,365	N	Y	N
3	Chong Hing	Shan Young	4	4,057,192	3,300,000	3,300,000	2,366,356	2,519,210 (CNY 427,300) (USD 18,500)	81.34%	4,057,192	N	N	N
4	TBM BVI	TBM	3	148,036	30,000	30,000	-	35,413 (USD 1,080)	20.21%	148,036	N	Y	N

Note 1: The numbering method is as follows:

- (1) "0" represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

Note 2: According to policy for endorsements/ guarantees of the Company, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the equity of the Company. When the reason for endorsements/guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity; the total endorsements/guarantees of the Group provided to a single party and ceiling on the total endorsements/guarantees provided shall not exceed 150% of the Company's equity for the recent year.

Note 3: According to policy for endorsements/ guarantees of Shang Young, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of business transactions or the total amount of contracts signed with the endorser/ guarantor for the recent year, whichever is higher.

Note 4: According to policy for endorsements/ guarantees of SYI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of the equity of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 5: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 7: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 8: According to policy for endorsements/ guarantees of TBM BVI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company's equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

Note 9: The relationship is classified into the following seven types:

- (1) Transactions between the companies.
- (2) The Company directly or indirectly holds more than 50% voting right.
- (3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- (4) The Company directly or indirectly holds more than 90% voting right.
- (5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- (7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

(Continued)



# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Maximum Percentage of ownership	Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value		
Sanyang Motor	Equity-Hitachi Astemo Taichung Co., Ltd.	Other related parties	Note1	5,339	126,745	19.94%	126,745	19.94%	
Sanyang Motor	Equity-Lico Technology Corporation	-	Note2	8,861	-	7.13%	-	7.13%	
Sanyang Motor	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	1,500	82,005	25.00%	82,005	25.00%	
Sanyang Motor	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,091	84,555	0.72%	84,555	0.72%	
Sanyang Motor	Equity-Apex Biotechnology Corporation	Other related parties	Note1	7,356	221,416	7.36%	221,416	7.36%	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,209	85,781	0.73%	85,781	0.73%	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	360	19,681	6.00%	19,681	6.00%	
Youth Taisun	Equity-Xu Mao Investment Co., Ltd.	-	Note1	75	3,368	0.50%	3,368	0.50%	
Nanyang	Equity-Sanyang Motor	Parent company	Note1	4,351	300,651	0.55%	300,651	0.55%	
Nanyang	Equity-Chaur Chin Industries Co., Ltd.	-	Note1	1	83	0.28%	83	0.28%	
Nanyang	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,974	83,330	0.71%	83,330	0.71%	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	300	16,401	5.00%	16,401	5.00%	
Ching Ta	Equity-Sanyang Motor	Parent company	Note1	981	67,822	0.12%	67,822	0.12%	
Ching Ta	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	107	5,863	1.79%	5,863	1.79%	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	-	Note1	3,781	169,816	25.21%	169,816	25.21%	
Ching Ta	Equity-King Zone Co., Ltd.	Other related parties	Note1	800	5,200	10.00%	5,200	10.00%	
Ching Ta	Equity-Tac / Taiwan Aerospace Corp.	-	Note2	17	-	0.01%	-	0.01%	
Ching Ta	Preferred equity-Setex Technologies Inc.	-	Note2	78	15,459	2.28%	15,459	2.43%	
Ching Ta	Equity-LSC Ecosystem Corporation	-	Note1	9,167	4,308	7.24%	4,308	7.24%	
Ching Ta	Equity-Gold Yu Co., Ltd.	-	Note1	3,000	56,430	5.56%	56,430	5.56%	
Ching Ta	Equity-Full Speed Express Co., Ltd.	-	Note1	3	-	0.04%	-	0.04%	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,835	81,872	0.70%	81,872	0.70%	
Ching Ta	Equity-Chyuan Mei Co., Ltd.	Other related parties	Note1	38	380	19.00%	380	19.00%	
Ching Ta	Equity-Jiu Xing Biotech Co., Ltd.	Other related parties	Note1	323	3,230	19.00%	3,230	19.00%	
Ching Ta	Equity-Seknova Biotechnology Co., Ltd.	-	Note1	5,700	19,950	19.65%	19,950	19.65%	
Chu-Yang	Equity-Ding Tai Motor Co., Ltd.	-	Note1	100	2,377	2.60%	2,377	2.60%	
Chu-Yang	Equity-Ding Sheng Motor Co., Ltd.	-	Note1	200	3,514	6.91%	3,514	6.91%	
Chu-Yang	Equity-Hong Yu Motor Co., Ltd.	-	Note1	415	12,103	13.34%	12,103	13.34%	
Chu-Yang	Equity-Sang Shun Wang Motor Co., Ltd.	-	Note1	100	1,523	3.41%	1,523	3.41%	
TBM	Equity-Vietnam Hong Zheng Science & Technology Co., Ltd.	-	Note1	-	16,800	19.00%	16,800	19.00%	
TBM	Equity-Vietnam Hung Li Science & Technology Co., Ltd.	-	Note1	-	1,115	1.32%	1,115	1.32%	
TBM	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	600	32,802	10.00%	32,802	10.00%	
TBM	Equity-Xu Mao Investment Co., Ltd.	-	Note1	750	33,682	5.00%	33,682	5.00%	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	Note1	1,519	451,510	6.76%	451,510	6.76%	
Sanyang Global	Equity-Hoi Po Thermal Technology Ltd.	-	Note1	-	44,760	13.86%	44,760	13.86%	

Note1 : Financial assets at fair value through other comprehensive income.

Note2 : Financial assets at fair value through profit or loss.

Note3 : The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD32.7900 ; CNY1=NTD4.4760

Average exchange rate for the reporting period: USD1=NTD32.1105 ; CNY1=NTD4.4557

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Category and name of security	Account name	Counter-party	Relationship with the company	Beginning Balance		Purchases			Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Valuation	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note1)
Sanyang Motor	Equity-APh	Investments accounted for using equity method	Cash capital increase	Subsidiary	165,537	2,176,648	40,000	600,000	-	-	-	-	-	205,537	2,561,027

Note1 : The ending balance include investment income or loss fot using equity method and related adjustment items.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other termss
							Owner	Relationship with the Company	Date of transfer	Amount			
Xia Shing Motor	the real estate	2024.03.08 (Note1)	28,468 (CNY6,360) (Note1)	1,423 (CNY318)	Xiamen CCRE Industry Park Development Co., Ltd.	Other related parties	-	-	-	-	-	Business Purpose	-
			91,669 (CNY20,480) (Note1)	3,111 (CNY695)	Xiamen Hwayang Architectural & Engineering Design Co., Ltd. and the other 7 companies.	Non related party	-	-	-	-			
Sanyang Motor	the real estate	2024.06.21	1,130,872	960,872 (Note2)	Chuan Shing Engineering Corporation	Non related party	-	-	-	-	Appraisal report	Business Purpose	-
Shan Young	the real estate	2024.06.21	231,715	231,715	Chuan Shing Engineering Corporation	Non related party	-	-	-	-	Appraisal report	Business Purpose	-

Note1 : The acquisition of properties by Xia Shing Motor through a rented-land for commissioned building was approved by the Board of Directors on March 8, 2024. The estimated total investment is CNY1.106 billion. The actual transaction information shall be based on the contract.

Note 2: The partial proceeds paid to the counterparty is credited with other receivables - non-current from the counterparty.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Sanyang Motor	Nanyang	Note 2	Sales	(16,809,991)	(34)%	8 billion in credit and payment received right after shipment	-	-	3,267	- %	
Sanyang Motor	Chu-Yang	Note 2	Sales	(496,517)	(1)%	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	-	-	819	- %	
Sanyang Motor	SIT	Note 2	Sales	(1,421,511)	(3)%	Payment received 240 days after shipment	-	-	660,257	29 %	
Sanyang Motor	SDE	Note 2	Sales	(155,663)	- %	Payment received 120 days after shipment	-	-	65,571	3 %	
Sanyang Motor	Xia Shing Motor	Note 2	Sales	(312,252)	(1)%	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	-	-	31,875	1 %	
Sanyang Motor	Jau Ryh	Note 2	Sales	(387,557)	(1)%	Payment received 3 days after shipment	-	-	2,332	- %	
Sanyang Motor	Xia Shing Motor	Note 2	Purchases	4,324,406	13 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(332,659)	(11)%	
Sanyang Motor	TBM	Note 2	Purchases	657,667	2 %	Payment paid 45 days after acceptance	Note 5	Note 5	(55,100)	(2)%	
Sanyang Motor	Youth Taisun	Note 2	Purchases	376,855	1 %	Payment paid 45 days after acceptance	-	-	(54,188)	(2)%	
Sanyang Motor	VMEP	Note 2	Purchases	139,886	- %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(59,619)	(2)%	
Sanyang Motor	Hitachi Astemo Taichung Co., Ltd.	Note 4	Purchases	902,243	3 %	Payment paid 45 days after acceptance	Note 5	Note 5	(114,532)	(4)%	
Sanyang Motor	Zoeng Chang Industry Co., Ltd.	Note 2	Purchases	304,439	1 %	Payment paid 45 days after acceptance	-	-	(40,377)	(1)%	
Nanyang	Sunshine Auto-Lease	Note 2	Sales	(479,468)	(2)%	Payment received right after shipment	-	-	38,740	22 %	
Nanyang	Jau Ryh	Note 2	Sales	(377,319)	(2)%	Payment received 3-7days after shipment	-	-	12,741	7 %	
Nanyang	Sanyang Motor	Note 1	Purchases	16,809,991	92 %	8 billion in credit and payment paid right after shipment	Note 5	Note 5	(3,267)	(1)%	
Nanyang	Shian Yang	Note 2	Purchases	201,485	1 %	Payment paid 50 days on a monthly settlement base	Note 5	Note 5	(28,641)	(12)%	
Chu-Yang	Sanyang Motor	Note 1	Purchases	496,517	99 %	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	Note 5	Note 5	(819)	(100)%	
SIT	Sanyang Motor	Note 1	Purchases	1,421,511	98 %	Payment paid 240 days after shipment	Note 5	Note 5	(660,257)	(88)%	
SDE	Sanyang Motor	Note 1	Purchases	155,663	98 %	Payment paid 120 days after shipment	Note 5	Note 5	(65,571)	(100)%	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Name of purchaser/seller	Counter-party	Ending balance	Percentage of total notes/accounts receivable (payable)	
Xia Shing Trading	Sanyang Global	Note 3	Sales	(252,922)	(7)%	Payment received 120 days on a monthly settlement base	Note 5	Note 5	83,242	91 %	
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	3,018,359	94 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(13,924)	(21)%	
Xia Shing Motor	Sanyang Motor	Note 1	Sales	(4,324,406)	(37)%	The payment for goods before the 15th of the previous month is received in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month.	Note 5	Note 5	332,659	35 %	
Xia Shing Motor	Xia Shing Trading	Note 2	Sales	(3,018,359)	(26)%	Payment received 120 days on a monthly settlement base	Note 5	Note 5	13,924	1 %	
Xia Shing Motor	Chin Zong	Note 3	Sales	(548,200)	(5)%	Payment received 120 days on a monthly settlement base	Note 5	Note 5	229,814	24 %	
Xia Shing Motor	Sanyang Motor	Note 1	Purchases	312,252	3 %	Payment paid 45 days after shipment of service parts, and payment paid 30 days after shipment of other parts or goods	Note 5	Note 5	(31,875)	(2)%	
Xia Shing Motor	XTBM	Note 3	Purchases	292,660	3 %	Payment paid 30 days on a monthly settlement base	Note 5	Note 5	(13,152)	(1)%	
Xia Shing Motor	SCK	Note 3	Purchases	462,590	5 %	Payment paid 30 days on a monthly settlement base	-	-	(23,788)	(2)%	
TBM	Sanyang Motor	Note 1	Sales	(657,667)	(90)%	Payment received 45 days after acceptance	Note 5	Note 5	55,100	88 %	
Youth Taisun	Sanyang Motor	Note 1	Sales	(376,855)	(95)%	Payment received 45 days after acceptance	-	-	54,188	92 %	
Sunshine Auto-Lease	Nanyang	Note 1	Purchases	479,468	45 %	Payment paid right after shipment	Note 5	Note 5	(38,740)	(46)%	
Jau Ryh	Sanyang Motor	Note 1	Purchases	387,557	48 %	Payment paid 3 days after shipment	Note 5	Note 5	(2,332)	(14)%	
Jau Ryh	Nanyang	Note 1	Purchases	377,319	47 %	Payment paid 3-7days after shipment	Note 5	Note 5	(12,741)	(78)%	
VMEP	Sanyang Motor	Note 1	Sales	(139,886)	(8)%	The payment for goods before the 15th of the previous month is received in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month.	Note 5	Note 5	59,619	48 %	
VMEP	Sanyang Global	Note 3	Purchases	300,023	21 %	Payment paid 60 days after shipment in December, 120 days in other months.	Note 5	Note 5	(123,046)	(45) %	
Nova Design	Sanyang Motor	Note 1	Sales	(135,600)	(89) %	Payment received 30 days after acceptance	-	-	26,080	100 %	
Sanyang Global	VMEP	Note 3	Sales	(300,023)	(86)%	Payment received 60 days after shipment in December, 120 days in other months.	Note 5	Note 5	123,046	98 %	
Sanyang Global	Xia Shing Trading	Note 3	Purchases	252,922	75 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(83,242)	(88)%	
XTBM	Xia Shing Motor	Note 3	Sales	(292,660)	(87)%	Payment received 30 days on a monthly settlement base	Note 5	Note 5	13,152	86 %	
Shian Yang	Nanyang	Note 1	Sales	(201,485)	(44)%	Payment received 50 days on a monthly settlement base	Note 5	Note 5	28,641	34 %	
SCK	Xia Shing Motor	Note 3	Sales	(462,590)	(61)%	Payment received 30 days on a monthly settlement base	-	-	23,788	23 %	
Chin Zong	Xia Shing Motor	Note 3	Purchases	548,200	85 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(229,814)	(95)%	

Note 1: Investor company accounts for the Company using the equity method.

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: Substantive related party.

Note 5: No ordinary transaction can be compared to.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss allowance
					Amount	Action taken		
Sanyang Motor	SIT	Subsidiaries	660,257 (EUR 19,345)	4.39	-		60,516 (EUR 1,773)	-
Xia Shing Motor	Sanyang Motor	The parent company of the Group	332,659 (USD 10,145)	19.45	-		332,659 (USD 10,145)	-
Xia Shing Motor	Chin Zong	Affiliate	229,814 (USD 7,009)	6.08	-		-	-
Sanyang Global	VMEP	Affiliate	123,046 (USD 3,753)	6.33	64,957 (USD 1,981)	Informed	52,038 (USD 1,587)	-
Nova Shanghai	Yangzhou Tairun Hotel, Ltd	An associate	111,900 (CNY 25,000)	N/A	-		-	-

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Name of company	Counter-party	Relationship	Intercompany transaction			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Sanyang Motor	Xia Shing Motor	1	Accounts payable to related parties	332,659	Note 3	0.49%
0	Sanyang Motor	SIT	1	Accounts receivable from related parties	660,257	"	0.97%
0	Sanyang Motor	Nanyang	1	Sales revenue	16,809,991	"	25.62%
0	Sanyang Motor	Chu-Yang	1	Sales revenue	496,517	"	0.76%
0	Sanyang Motor	SIT	1	Sales revenue	1,421,511	"	2.17%
0	Sanyang Motor	SDE	1	Sales revenue	155,663	"	0.24%
0	Sanyang Motor	Xia Shing Motor	1	Sales revenue	312,252	"	0.48%
0	Sanyang Motor	Jau Ryh	1	Sales revenue	387,557	"	0.59%
0	Sanyang Motor	Xia Shing Motor	1	Cost of goods sold	4,324,406	"	6.59%
0	Sanyang Motor	TBM	1	Cost of goods sold	657,667	"	1.00%
0	Sanyang Motor	Youth Taisun	1	Cost of goods sold	376,855	"	0.57%
0	Sanyang Motor	VMEP	1	Cost of goods sold	139,886	"	0.21%
1	Nanyang	Sunshine Auto-Lease	1	Sales revenue	479,468	"	0.73%
1	Nanyang	Jau Ryh	1	Sales revenue	377,319	"	0.57%
1	Nanyang	Shian Yang	1	Cost of goods sold	201,485	"	0.31%
2	Xia Shing Motor	Chin Zong	3	Accounts receivable from related parties	229,814	"	0.34%
2	Xia Shing Motor	Xia Shing Trading	1	Sales revenue	3,018,359	"	4.60%
2	Xia Shing Motor	Chin Zong	3	Sales revenue	548,200	"	0.84%
2	Xia Shing Motor	XTBM	3	Cost of goods sold	292,660	"	0.45%
2	Xia Shing Motor	SCK	3	Cost of goods sold	462,590	"	0.70%
3	VMEP	Sanyang Global	3	Accounts payable to related parties	123,046	"	0.18%
3	VMEP	Sanyang Global	3	Cost of goods sold	300,023	"	0.46%
4	Nova Design	Sanyang Motor	2	Sales revenue	135,600	"	0.21%
5	Sanyang Global	Xia Shing Trading	3	Cost of goods sold	252,922	"	0.39%

Note 1: The numbering method is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The Relationship is classified into the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Except for terms for transactions uncomparable to ordinary transactions are in accordance with the agreement between both parties, the others are similar to ordinary terms.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 5: Contra-transactions are not disclosed.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2024	December 31, 2023	Shares (in thousands)	Percentage of ownership	Carrying value				
Sanyang Motor	Shan Young	Taiwan	Real estate development and management	4,843,889	4,843,889	771,433	100.00%	7,981,125	100.00%	(143,225)	(143,225)	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	233,418	100.00%	9,833	9,833	"
"	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	60,715	100.00%	15,433	15,433	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	837,572	179,283	89.78%	3,821,616	89.78%	1,192,437	1,057,517	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	211,315	100.00%	6,088	6,088	"
"	Sunshine Auto - Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	8,655	16.27%	104,666	16.27%	37,753	6,143	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	122,401	99.66%	1,402,574	99.66%	31,944	28,891	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	4,057,213	100.00%	137,208	137,208	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	98,780	100.00%	3,733	3,733	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	10,012,858	100.00%	1,146,609	1,146,609	"
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	271,911	100.00%	36,798	36,798	"
"	APh	Taiwan	Investment shareholding company	2,800,512	2,200,512	205,537	71.20%	2,561,027	71.20%	(188,465)	(143,732)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	(24,395)	100.00%	(12,393)	(12,393)	"
"	Yi Young	Taiwan	Waste disposal	280,000	280,000	28,000	100.00%	280,944	100.00%	17,281	17,281	"
"	Chiao Song Health	Taiwan	Senior Citizen Residence	6,000	-	600	60.00%	5,991	100.00%	(16)	(8)	"
Shan Young	Taiwan Tea Corporation	Taiwan	Production and marketing of teas and real estate management and development, etc.	3,982,033	3,982,033	223,640	28.31%	4,102,713	28.31%	(175,090)	Disclosure not required	Note 2
"	Vista Hill Environmental	Taiwan	Waste disposal	95,928	95,928	9,593	70.95%	96,075	70.95%	227	"	Note 1
APh	APh ePower	Taiwan	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.	2,753,900	2,153,900	287,700	100.00%	2,314,048	100.00%	(188,555)	"	"
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	32,704	61.46%	372,161	61.46%	37,753	"	"
"	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	31,317	31,317	3,000	100.00%	37,408	100.00%	4,730	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	58,271	34,879	3,655	93.31%	72,790	93.31%	17,594	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	102,044	100.00%	601	"	"
"	Jau Ryh	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	34,328	34,328	2,993	100.00%	79,508	100.00%	38,472	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	135,936	100.00%	69,121	"	"
"	Chuanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	25,000	25,000	2,500	100.00%	24,981	100.00%	-	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	65,634	42.30%	3,565	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	9,999	55.00%	162,839	55.00%	56,556	"	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	11,238	21.12%	135,866	21.12%	37,753	"	"
"	Fact Co., Ltd.	Taiwan	Manufacturing, processing and sale of hardware and iron	-	43,840	-	-	-	100%	-	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	89,529	57.70%	3,565	"	"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	334,220	40.00%	28,294	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	35,496	29.29%	(27,014)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	20.63%	67,026	20.63%	(14,925)	"	"
"	He Xu International Co., Ltd.	Taiwan	Recreational activities venue	45,000	30,000	4,500	30.00%	37,631	30.00%	(12,651)	"	"
"	Chanshuo CO., LTD.	Taiwan	Other Entertainment and Recreational Services	8,200	-	820	35.65%	7,459	35.65%	(2,332)	"	"

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2024	December 31, 2023	Shares (in thousands)	Percentage of ownership	Carrying value				
Ching Ta	Dynamic Motor Technology	Taiwan	Electronics Components Manufacturing	6,120	-	612	51.00%	4,110	51.00%	(3,940)	Disclosure not required	Note 1
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	848,540 (USD 25,878 )	848,540 (USD 25,878 )	-	100.00%	4,057,213 (USD123,733 )	100.00%	137,207 (USD4,273 )	"	"
SYI	Cosmos	British Virgin Islands	Investment shareholding company	433,667 (USD 13,226 )	433,667 (USD 13,226 )	-	100.00%	528,589 (USD16,120 )	100.00%	27,231 (USD848 )	"	"
"	VMEPH	Cayman Islands	Investment shareholding company	3,245,685 (USD 98,984 )	3,245,685 (USD 98,984 )	608,818	67.07%	989,180 (USD30,167 )	67.07%	(120,237) (USD(3,744))	"	"
"	New Path	Samoa	Investment shareholding company	301,890 (USD 9,207 )	301,890 (USD 9,207 )	-	100.00%	650,537 (USD19,839 )	100.00%	9,537 (USD 297 )	"	"
SYI	PIL	British Virgin Islands	Investment shareholding company	453,682 (USD13,836 )	453,682 (USD13,836 )	-	100.00%	5,035,907 (USD153,581 )	100.00%	1,044,447 (USD32,527 )	"	"
"	Sun Goal	Samoa	Investment shareholding company	286,283 (USD8,731 )	286,283 (USD8,731 )	-	100.00%	229,461 (USD6,998 )	100.00%	11,821 (USD368 )	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	148,476	100.00%	22,212	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	37,190	69.00%	(7,683)	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	45,000	85,000	4,500	100.00%	112,686	100.00%	33,904	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,440,943 (USD165,933 )	5,440,943 (USD165,933 )	-	100.00%	1,346,552 (USD41,066 )	100.00%	(101,840) (USD(3,172))	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc	147,555 (USD4,500 )	147,555 (USD4,500 )	-	100.00%	152,050 (USD4,637 )	100.00%	3,242 (USD101 )	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	15,247 (USD465 )	15,247 (USD465 )	-	31.00%	16,690 (USD509 )	31.00%	(7,683) (USD(238))	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	236,514 (USD7,213 )	236,514 (USD7,213 )	-	99.94%	217,907 (USD6,646 )	99.94%	46 (USD1 )	"	"

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Maximum percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Xia Shing Motor	Manufacturing and sale of scooters and its parts	754,170 (USD23,000)	(ii) Note 1 (2)1	453,682 (USD13,836)	-	-	453,682 (USD13,836)	1,362,325 (USD42,426)	76.67%	76.67%	1,044,495 (USD32,528)	5,035,757 (USD153,576)	-
Xia Shing Trading	Retail of automobiles and its parts	13,428 (CNY3,000)	(ii) Note 1 (3)1	-	-	-	-	28,233 (CNY6,336)	76.67%	76.67%	Note 2	70,666 (CNY15,788)	-
Xiamen Qungeng	Manufacturing and sale of scooter parts	Note3	(ii) Note 1 (3)1	-	-	-	-	-	39.10%	39.10%	Note 2	-	-
SCK	Manufacturing and sale of scooter parts	1,083,382 (USD33,040)	(ii) Note 1 (2)1	761,581 (USD23,226)	-	-	761,581 (USD 23,226)	39,052 (USD1,216)	100.00%	100.00%	39,052 (USD 1,216)	758,047 (USD23,118)	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	Note 1	(ii) Note 1 (2)1	1,170,669 (USD35,702)	-	-	1,170,669 (USD 35,702)	-	-	-	-	-	574,645 (USD17,525)
Sanyang Global	Scooter parts and molds development and wholesale	295,110 (USD9,000)	(ii) Note 1 (2)1	295,110 (USD9,000)	-	-	295,110 (USD 9,000)	9,195 (USD286)	100.00%	100.00%	9,195 (USD286)	644,243 (USD19,648)	-
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	49,415 (USD1,507)	(ii) Note 1(1)	14,821 (USD452)	-	-	14,821 (USD 452)	-	30.00%	30.00%	-	-	-
NOVA Shanghai	Industrial product Industrial design	426,346 (USD13,002)	(ii) Note 1 (2)2	377,446 (USD11,511)	-	-	377,446 (USD11,511)	8,143 (USD254)	100.00%	100.00%	8,143 (USD254)	311,045 (USD9,486)	-
XTBM	Manufacturing, processing and sale of scooter parts	144,321 (USD4,401)	(ii) Note 1 (2)3	144,321 (USD4,401)	-	-	144,321 (USD 4,401)	20,593 (USD641)	54.81%	54.81%	11,288 (USD352)	60,789 (USD1,854)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note 1	(ii) Note 1 (2)3	22,887 (USD698)	-	-	22,887 (USD 698)	-	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	Note 1	(ii) Note 1 (2)4	203,331 (USD6,201)	-	-	203,331 (USD 6,201)	-	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	132,800 (USD4,050)	(ii) Note 1 (2)4	132,800 (USD4,050)	-	-	132,800 (USD 4,050)	601 (USD19)	89.78%	89.78%	540 (USD17)	91,615 (USD2,794)	-
Yangzhou Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	163,950 (USD5,000)	(ii) Note 1 (2)5	163,950 (USD5,000)	-	-	163,950 (USD 5,000)	(682) (USD (21))	29.19%	29.19%	(199) (USD(6))	51,432 (USD1,569)	-
Yangzhou Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	163,950 (USD5,000)	(ii) Note 1 (2)5	-	-	-	-	(25,719) (USD(801))	29.19%	29.19%	(7,507) (USD(234))	(18,103) (USD(552))	-
Yangzhou Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,238 (CNY500)	(ii) Note 1 (2)6	-	-	-	-	-	29.19%	29.19%	-	2,230 (CNY498)	-

Note 1: The following is a list of investments in Mainland China that have been liquidated, divested, or annulled, but the registered investment amounts have not yet been filed to the Investment Commission, MOEA:

- (1) The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.
- (2) The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.
- (3) The Company was approved by Investment Commission, MOEA (Permit No. 09900323700) for the investment of US\$7,400 thousand in Su Zhou Hui Ying on August 17, 2010. The Company was approved by Investment Commission, MOEA (Permit No. 10100039390) for the investment of US\$2,200 thousand in Su Zhou Hui Ying on February 10, 2012. The liquidation of Su Zhou Hui Ying has been completed on May 10, 2021 and Investment Commission, MOEA (Permit No. 11000177800) approved the withdrawal of the investment of US\$3,399 thousand on August 3, 2021.

Note 2: (1) The Company does not need to apply to the Investment Commission, MOEA to invests in the company in Mainland China via investee companies in Mainland China.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(2) The profit for the current period have been recognized through Xia Shing Motor.

Note 3: Xiamen Qungeng was established in the fourth quarter of 2024, and completed the cash capital increase of CNY 30,000 thousand in January 2025.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,807,742 (USD85,628)	3,831,839 (USD116,860)	17,151,202

Note 1: The method of investment is calssified into the following three types:

- (1) Through company in the third region to transfer money to invest in the investee in Mainland China.
- (2) Through setting up company in the third region to invest in the investee in Mainland China.
  - 1.The Company set up company in the third region to invest in the investee in Mainland China.
  - 2.NOVA Design set up company in the third region to invest in the investee in Mainland China.
  - 3.TBM set up company in the third region to invest in the investee in Mainland China.
  - 4.Nanyang set up company in the third region to invest in the investee in Mainland China.
  - 5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.
  - 6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.
- (3) Through existing investing company in the Mainland China to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company' s financial reports audited by international accounting firm which collaborated with the Company' s audit team or certified public accountants of R.O.C..

Note 3: In accordance with Principles for the review of investment or technical cooperation in the Mainland China issued by Investment Commission, MOEA, the limit on investment in Mainland China is the higher of 60% of the Company' s or the Group' s equity.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD32.7900 ; CNY1=NTD4.4760

Average exchange rate for the reporting period: USD1=NTD32.1105 ; CNY1=NTD4.4557

(iii) Significant transactions:

For the direct or indirect significant transactions between the Group and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2024, please refer to "Information on significant transaction" .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Da Yang Investment Ltd.		54,905,000	6.88%
Chuan Yuan Investment Ltd.		47,375,000	5.94%
Bai Ke Investment Ltd.		45,730,000	5.73%

Note: The aforementioned information of major shareholders is extracted from the statistics maintained by Taiwan Depository and Clearing Corporation, which reveal the shareholders whose shareholding ratios are over 5%. The calculation is based on the non-physical securities (including ordinary shares, private shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every quarter.

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**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

**(a) General information**

The Group has two main reportable segments: domestic segment overseas segment, whose major businesses are manufacturing and selling automobile, scooter and their parts, and providing related technical service and consulting service.

All operating results are submitted for review to the operational decision maker of the Group, and therefore the resources could be distributed properly among segments based on respective performance.

The segment revenues are from external customers, excluding non-operating revenues and investment income or losses.

The segment profits or losses are the remaining amount after segment revenues minus costs and expenses, which are related to revenues generation. If the costs and expenses are not directly attributable, they should be allocated among segments proportionately to respective operating revenues.

**(b) Information on reportable segments and their measurement and reconciliations**

The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2024	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
<b>Revenues:</b>					
Revenues from external customers	\$ 54,585,407	10,885,362	153,775	-	65,624,544
Intersegment revenues	<u>2,010,705</u>	<u>5,028,009</u>	<u>185,363</u>	<u>(7,224,077)</u>	<u>-</u>
Total revenues	<u><b>\$ 56,596,112</b></u>	<u><b>15,913,371</b></u>	<u><b>339,138</b></u>	<u><b>(7,224,077)</b></u>	<u><b>65,624,544</b></u>
Interest expenses	\$ 285,480	70,073	75,726	-	431,279
Depreciation and amortization	1,179,896	181,018	131,563	-	1,492,477
<b>Reportable segment profit or loss</b>	<u><b>\$ 6,067,921</b></u>	<u><b>1,677,522</b></u>	<u><b>48,936</b></u>	<u><b>(1,318,579)</b></u>	<u><b>6,475,800</b></u>
<b>Assets:</b>					
Investments accounted for using equity method	\$ -	-	4,584,545	-	4,584,545
Capital expenditure	3,576,655	159,846	236,213	-	3,972,714
<b>Reportable segment assets</b>	<u><b>\$ 61,430,717</b></u>	<u><b>19,964,491</b></u>	<u><b>18,127,464</b></u>	<u><b>(31,265,523)</b></u>	<u><b>68,257,149</b></u>
<b>Reportable segment liabilities</b>	<u><b>\$ 29,396,195</b></u>	<u><b>5,969,946</b></u>	<u><b>4,253,721</b></u>	<u><b>51,950</b></u>	<u><b>39,671,812</b></u>

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# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2023	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
<b>Revenues:</b>					
Revenues from external customers	\$ 53,471,700	10,836,671	152,868	-	64,461,239
Intersegment revenues	1,683,217	3,788,112	172,740	(5,644,069)	-
Total revenues	<u>\$ 55,154,917</u>	<u>14,624,783</u>	<u>325,608</u>	<u>(5,644,069)</u>	<u>64,461,239</u>
Interest expenses	\$ 298,642	77,121	62,430	-	438,193
Depreciation and amortization	1,099,041	177,827	130,348	-	1,407,216
<b>Reportable segment profit or loss</b>	<u>\$ 7,630,572</u>	<u>1,779,656</u>	<u>(111,698)</u>	<u>(1,223,082)</u>	<u>8,075,448</u>
<b>Assets:</b>					
Investments accounted for using equity method	\$ -	-	4,625,282	-	4,625,282
Capital expenditure	1,744,730	145,056	5,700	-	1,895,486
<b>Reportable segment assets</b>	<u>\$ 56,947,567</u>	<u>16,069,488</u>	<u>17,586,161</u>	<u>(27,825,302)</u>	<u>62,777,914</u>
<b>Reportable segment liabilities</b>	<u>\$ 28,940,980</u>	<u>4,422,155</u>	<u>3,975,524</u>	<u>45,353</u>	<u>37,384,012</u>

### (c) Geographic information

In presenting information on the basis of geography, segment revenues are based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>For the years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues from external customers:</b>		
Taiwan	\$ 48,895,396	48,899,519
Mainland China	3,675,855	3,067,793
Asia	5,767,391	6,092,844
Europe	5,192,235	5,055,144
Others	2,093,667	1,345,939
Total	<u>\$ 65,624,544</u>	<u>64,461,239</u>
<b>Non-current assets:</b>		
Taiwan	\$ 22,072,800	19,159,690
Mainland China	914,359	901,725
Vietnam	277,560	285,230
Others	9,939	12,363
Total	<u>\$ 23,274,658</u>	<u>20,359,008</u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and other non-current assets, excluding financial instruments and deferred tax assets.

### (d) Major customers

The revenues contributed by major customers amounted to 10% of the Group's consolidated revenues in the year of 2024 and 2023: None.