

Yuan Ze University

**Financial Statements for the
Years Ended July 31, 2025 and 2024
(2024 and 2023 Academic Years) and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yuan Ze University

Opinion

We have audited the accompanying financial statements of Yuan Ze University (the "University"), which comprise the balance sheets as of July 31, 2025 and 2024, and the statements of revenues and expenditures and surplus (deficit), Summary of cash receipts and disbursements and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of July 31, 2025 and 2024, and its revenues and expenditures and surplus (deficit), its cash flows and its cash receipts and disbursements for the years then ended in accordance with the Private School Act, the Regulations for the Implementation of Accounting Systems for School Legal Persons and the Private Schools Established Thereunder, the Uniform Accounting Standards for School Foundations and Affiliated Private Schools and the Enterprise Accounting Standards and their Interpretations.

Basis for Opinion

We conducted our audits in accordance with the Guidelines for Certified Public Accountants Audit and Certification of Financial Statements of School Legal Persons and the Private Tertiary Institutions They Establish and Attestation of Financial Statements by Certified Public Accountants, Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of Yuan Ze University for the academic year ended July 31, 2025 (2024 academic year). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of Yuan Ze University's financial statements for the 2024 academic year is described as follows:

Revenue Recognition of Tuition and Fees

For the 2024 academic year, Yuan Ze University recognized tuition and fees revenue amounting to NT\$894,810,528. Tuition and fees are charged to students in accordance with the established fee schedule and are recognized on an accrual basis. In accordance with the "Uniform Accounting Standards for School Foundations and Affiliated Private Schools," such revenue is classified and presented by function and nature.

As tuition and fees constitute the university's primary source of operating revenue and are material to the financial statements, we identified the recognition of such revenue as a key audit matter. Our audit procedures performed in response to this key audit matter included the following:

1. Analyzing the reasonableness of the changes in tuition and fees revenue in relation to changes in student enrollment.
2. Verifying the accuracy of recognized tuition and fees revenue by: Reconciling the recorded revenue with the tuition billing records to ensure consistency; selecting samples from the tuition billing records and verifying them against proof of payment; confirming whether the proof of payment is consistent with the fee standards for each department/program.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Private School Act, the Regulations for the Implementation of Accounting Systems for School Legal Persons and the Private Schools Established Thereunder, the Uniform Accounting Standards for School Foundations and Affiliated Private Schools, and the Enterprise Accounting Standards and their Interpretations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (, including supervisors,) are responsible for overseeing the University's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 University'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 University'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 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 University to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the University for the 2024 academic year and are therefore the key audit matters. We describe these matters in our auditor's 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 audits resulting in this independent auditors' report are Kuo-Ning Huang and Hsiu-Ming Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 19, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

YUAN ZE UNIVERSITY

BALANCE SHEETS

JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS)

(In New Taiwan Dollars)

ASSETS	2024 Academic Year		2023 Academic Year	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 5)	\$ 872,500	-	\$ 537,777	-
Bank deposits (Note 5)	822,184,179	5	777,656,959	4
Receivables (Notes 6 and 17)	390,228,560	3	457,463,326	3
Prepayments	<u>6,937,352</u>	-	<u>8,885,662</u>	-
Total current assets	<u>1,220,222,591</u>	<u>8</u>	<u>1,244,543,724</u>	<u>7</u>
INVESTMENTS, LONG-TERM RECEIVABLES, AND FUNDS (Note 7)				
Non-current financial assets	7,558,806,996	47	9,010,698,687	52
Special funds	<u>2,826,522,245</u>	<u>17</u>	<u>2,817,788,059</u>	<u>16</u>
Total investments, long-term receivables, and funds	<u>10,385,329,241</u>	<u>64</u>	<u>11,828,486,746</u>	<u>68</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 8 and 19)				
Cost				
Land	659,072,930	4	468,804,917	3
Land improvements	234,120	-	234,120	-
Buildings	4,040,414,885	25	4,040,414,885	23
Equipment	1,157,069,087	7	1,179,702,985	7
Books and museum collections	983,492,374	6	957,445,270	5
Other equipment	132,899,272	1	137,969,215	1
Construction in progress	<u>42,205,799</u>	-	<u>42,117,196</u>	-
	7,015,388,467	43	6,826,688,588	39
Total accumulated depreciation	<u>2,482,882,029</u>	<u>15</u>	<u>2,468,578,851</u>	<u>14</u>
Net property, plant, and equipment	<u>4,532,506,438</u>	<u>28</u>	<u>4,358,109,737</u>	<u>25</u>
INTANGIBLE ASSETS (Note 9)				
Computer software cost	48,988,545	-	56,914,792	-
Total accumulated amortization	<u>28,471,328</u>	-	<u>33,273,071</u>	-
Net intangible assets	<u>20,517,217</u>	-	<u>23,641,721</u>	-
OTHER ASSETS				
Refundable deposits (Note 10)	<u>33,673,990</u>	-	<u>33,673,990</u>	-
TOTAL	<u>\$ 16,192,249,477</u>	<u>100</u>	<u>\$ 17,488,455,918</u>	<u>100</u>
LIABILITIES AND EQUITY FUNDS AND SURPLUS (DEFICIT)				
CURRENT LIABILITIES				
Payables (Note 11)	\$ 2,356,596	-	\$ 1,046,193	-
Unearned receipts (Note 12)	366,297,642	3	475,787,080	3
Receipts under custody	<u>38,471,492</u>	-	<u>33,176,554</u>	-
Total current liabilities	407,125,730	3	510,009,827	3
OTHER LIABILITIES				
Guarantee deposits received	<u>15,185,478</u>	-	<u>13,538,678</u>	-
Total liabilities	<u>422,311,208</u>	<u>3</u>	<u>523,548,505</u>	<u>3</u>
EQUITY FUNDS AND SURPLUS (DEFICIT) (Notes 7, 13 and 17)				
Equity funds				
Designated purpose equity fund	2,826,522,245	18	2,817,788,059	16
Undesignated purpose equity fund	<u>6,856,485,184</u>	<u>42</u>	<u>6,431,358,599</u>	<u>37</u>
	9,683,007,429	60	9,249,146,658	53
Surplus (deficit)				
Accumulated surplus (deficit)	<u>283,778,499</u>	<u>1</u>	<u>460,716,723</u>	<u>3</u>
Other components of equity				
Accumulated other comprehensive income (loss)	<u>5,803,152,341</u>	<u>36</u>	<u>7,255,044,032</u>	<u>41</u>
Total equity funds and surplus (deficit)	<u>15,769,938,269</u>	<u>97</u>	<u>16,964,907,413</u>	<u>97</u>
TOTAL	<u>\$ 16,192,249,477</u>	<u>100</u>	<u>\$ 17,488,455,918</u>	<u>100</u>

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

YUAN ZE UNIVERSITY

STATEMENTS OF REVENUES AND EXPENDITURES AND SURPLUS (DEFICITS) FOR THE YEARS ENDED JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS) (In New Taiwan Dollars)

	2024 Academic Year		2023 Academic Year	
	Amount	%	Amount	%
REVENUE CATEGORIES				
Tuition and fees revenue (Note 14)	\$ 894,810,528	40	\$ 853,969,398	39
Continuing education revenue (Note 17)	37,944,796	2	27,038,564	1
Industry-academia collaboration revenue (Note 17)	293,529,002	13	278,762,976	13
Other educational activity revenue	728,193	-	1,529,054	-
Grants and donation revenue (Note 17)	396,033,122	18	457,071,426	21
Financial revenue (Note 14)	483,162,379	22	454,356,326	21
Other revenue	<u>123,281,890</u>	<u>5</u>	<u>106,001,827</u>	<u>5</u>
Total revenue categories	<u>2,229,489,910</u>	<u>100</u>	<u>2,178,729,571</u>	<u>100</u>
COST AND EXPENSE CATEGORIES				
Board of directors expenses (Note 18)	3,430,651	-	3,087,525	-
Administrative expenses (Notes 15 and 17)	331,622,609	15	399,024,952	18
Teaching, research, and student guidance expenses (Note 15)	1,061,984,934	48	1,025,456,241	47
Scholarship and financial aid expenses	158,132,665	7	131,099,510	6
Continuing education expenses	31,182,754	1	22,554,409	1
Industry-academia collaboration expenses (Note 15)	259,504,053	12	255,684,973	12
Other educational activity expenses	510,984	-	943,491	-
Other expenses	<u>125,049,982</u>	<u>6</u>	<u>98,976,521</u>	<u>5</u>
Total costs and expenses	<u>1,971,418,632</u>	<u>89</u>	<u>1,936,827,622</u>	<u>89</u>
NET SURPLUS (DEFICITS) FOR THE YEAR	<u>258,071,278</u>	<u>11</u>	<u>241,901,949</u>	<u>11</u>
OTHER COMPREHENSIVE SURPLUS (DEFICITS)				
Unrealized surplus (deficits) on investments in equity instruments at fair value through other comprehensive surplus (deficits)	<u>(1,453,040,422)</u>	<u>(65)</u>	<u>1,271,451,643</u>	<u>58</u>
TOTAL COMPREHENSIVE SURPLUS (DEFICITS) FOR THE YEAR	<u>\$(1,194,969,144)</u>	<u>(54)</u>	<u>\$ 1,513,353,592</u>	<u>69</u>

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

YUAN ZE UNIVERSITY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS) (In New Taiwan Dollars)

	2024 Academic Year	2023 Academic Year
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (deficit) for the current period	\$ 258,071,278	\$ 241,901,949
Adjustments for interest and dividend Income	<u>(483,162,379)</u>	<u>(454,356,326)</u>
Surplus (deficit) for the current period, excluding Interest and dividends	(225,091,101)	(212,454,377)
Adjustments for:		
Non-cash costs and expenses	160,296,529	147,706,496
Non-cash revenues	(1,386,537)	(50,389,255)
Net decrease (increase) in adjustments to current assets	6,033,385	(7,928,070)
Net (decrease) increase in adjustments to current liabilities	<u>(108,179,035)</u>	<u>166,083,687</u>
Cash inflows (outflows) before interest and dividends	(168,326,759)	43,018,481
Interest received	47,401,203	38,370,580
Dividends received	<u>498,910,867</u>	<u>381,210,393</u>
Net cash generated from/(used in) operating activities	<u>377,985,311</u>	<u>462,599,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	194,440	107,300
Reversals of special funds	236,772,784	134,529,451
Payments for property, plant and equipment	(327,952,646)	(151,263,511)
Payments for intangible assets	(2,423,983)	(5,494,365)
Appropriations to special funds	(246,655,701)	(271,678,606)
Increase in refundable deposits	<u>-</u>	<u>(10,000)</u>
Net cash generated from/(used in) investing activities	<u>(340,065,106)</u>	<u>(293,809,731)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from increase of receipts under custody	495,704,614	457,341,874
Proceeds from guarantee deposits received	8,407,000	11,051,200
Payments for decrease of receipts under custody	(490,409,676)	(461,021,725)
Refund of guarantee deposits received	<u>(6,760,200)</u>	<u>(13,369,579)</u>
Net cash generated from/(used in) financing activities	<u>6,941,738</u>	<u>(5,998,230)</u>
NET INCREASE/(DECREASE) IN CASH AND BANK DEPOSITS	44,861,943	162,791,493
CASH AND BANK DEPOSITS AT THE BEGINNING OF THE YEAR	<u>778,194,736</u>	<u>615,403,243</u>
CASH AND BANK DEPOSITS AT THE END OF THE YEAR	<u>\$ 823,056,679</u>	<u>\$ 778,194,736</u>

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

YUAN ZE UNIVERSITY

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS) (In New Taiwan Dollars)

	2024 Academic Year		2023 Academic Year	
	Amount	%	Amount	%
RECURRENT (OPERATING) CASH INFLOWS				
Tuition and fees revenue	\$ 894,810,528	41	\$ 853,969,398	38
Continuing education revenue	37,944,796	2	27,038,564	1
Industry-academia collaboration revenue	293,529,002	13	278,762,976	12
Other educational activity revenue	728,193	-	1,529,054	-
Grants and donation revenue	396,033,122	18	457,071,426	20
Financial revenue	483,162,379	22	454,356,326	20
Other revenue	123,281,890	6	106,001,827	5
Less: Non-cash inflow revenue	(1,386,537)	-	(50,389,255)	(2)
Adjustments to assets and liabilities (decrease)/ increase	<u>(42,254,672)</u>	<u>(2)</u>	<u>129,174,876</u>	<u>6</u>
Total recurrent (operating) cash inflows	<u>2,185,848,701</u>	<u>100</u>	<u>2,257,515,192</u>	<u>100</u>
RECURRENT (OPERATING) CASH OUTFLOWS				
Board of directors expenses	3,430,651	-	3,087,525	-
Administrative expenses	331,622,609	15	399,024,952	18
Teaching, research, and student guidance expenses	1,061,984,934	49	1,025,456,241	46
Scholarship and financial aid expenses	158,132,665	7	131,099,510	6
Continuing education expenses	31,182,754	1	22,554,409	1
Industry-academia collaboration expenses	259,504,053	12	255,684,973	11
Other educational activity expenses	510,984	-	943,491	-
Other expenses	125,049,982	6	98,976,521	4
Less: Non-cash costs and expenses	(160,296,529)	(7)	(147,706,496)	(6)
Adjustments to assets and liabilities (decrease)/ increase	<u>(3,258,713)</u>	<u>-</u>	<u>5,794,612</u>	<u>-</u>
Total recurrent (operating) cash outflows	<u>1,807,863,390</u>	<u>83</u>	<u>1,794,915,738</u>	<u>80</u>
RECURRENT (OPERATING) CASH SURPLUS (DEFICIT)	<u>377,985,311</u>	<u>17</u>	<u>462,599,454</u>	<u>20</u>
PROCEEDS FROM DISPOSAL OF ASSETS	<u>194,440</u>	<u>-</u>	<u>107,300</u>	<u>-</u>
PAYMENTS FOR PURCHASE OF PROPERTY, INTANGIBLE AND OTHER ASSETS				
Equipment	101,832,609	5	67,831,666	3
Books and museum collections	19,260,707	1	20,166,766	1
Other equipment	5,404,837	-	14,058,060	1
Prepayments for equipment	11,426,480	-	11,166,362	-
Computer software	<u>2,423,983</u>	<u>-</u>	<u>5,494,365</u>	<u>-</u>
Total payments for purchase of property, intangible and other assets	<u>140,348,616</u>	<u>6</u>	<u>118,717,219</u>	<u>5</u>

(Continued)

YUAN ZE UNIVERSITY

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS) (In New Taiwan Dollars)

	2024 Academic Year		2023 Academic Year	
	Amount	%	Amount	%
CASH SURPLUS (DEFICIT) BEFORE DEDUCTING CAPITAL EXPENDITURES FOR REAL ESTATE	<u>\$ 237,831,135</u>	<u>11</u>	<u>\$ 343,989,535</u>	<u>15</u>
CAPITAL EXPENDITURES FOR REAL ESTATE				
Land	190,028,013	9	37,298,194	1
Prepayments for land	-	-	240,000	-
Construction prepayments and construction in progress	<u>-</u>	<u>-</u>	<u>502,463</u>	<u>-</u>
Total capital expenditures for real estate	<u>190,028,013</u>	<u>9</u>	<u>38,040,657</u>	<u>1</u>
NET CASH SURPLUS (DEFICIT) FOR THE PERIOD	<u>\$ 47,803,122</u>	<u>2</u>	<u>\$ 305,948,878</u>	<u>14</u>

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

(Concluded)

YUAN ZE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2025 AND 2024 (2024 AND 2023 ACADEMIC YEARS) (In New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Yuan Ze University (the “University”) was originally named “Yuan Ze Institute of Technology.” It was founded through the initiative and donation of Mr. Hsu Yu-Hsiang, in honor of his late father and with the aim of cultivating high-level industrial talent to contribute to the nation and society. The Ministry of Education approved its establishment on April 6, 1987, and the university was officially registered as a legal foundation on September 2, 1987. The institution’s mission is to pursue advanced academic research and nurture high-level professionals in industrial fields.

On January 18, 1997, the Board of Directors approved a proposal to rename the institution as a university. Subsequently, the Ministry of Education, in official document Tai(86)Gao(3) No. 86087690 dated July 23, 1997, granted approval for the name change to “Yuan Ze University,” effective from the 1997-1998 academic year.

Currently, the university offers a 7-year doctoral program in 10 departments, 2-year master’s programs in 19 departments, and 4-year undergraduate programs in 18 departments.

The financial statements are presented in the University’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the University’s board of directors on November 19, 2025.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The University applies the “Private School Act”, the “Regulations for the Implementation of Accounting Systems for School Legal Persons and the Private Schools Established Thereunder”, and the “Uniform Accounting Standards for School Foundations and Affiliated Private Schools” promulgated by the Ministry of Education, as well as the Enterprise Accounting Standards and related interpretations. In the event of any discrepancies between the regulations issued by the Ministry of Education and the Enterprise Accounting Standards or their interpretations, the regulations issued by the Ministry shall prevail.

a. Statement of compliance

These financial statements were prepared in accordance with the “Private School Act”, the “Regulations for the Implementation of Accounting Systems for School Legal Persons and the Private Schools Established Thereunder”, the “Uniform Accounting Standards for School Foundations and Affiliated Private Schools”, and the Enterprise Accounting Standards and related interpretations.

b. Basis of preparation

The financial statements have been prepared on an accrual basis. The fiscal year of the University follows a non-calendar year cycle, commencing on August 1 and ending on July 31 of the following year.

Except for financial instruments measured at fair value, these financial statements are prepared on a historical cost basis.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets expected to be realized or intended to be sold or consumed in the normal operating cycle;
- 2) Assets held primarily for the purpose of trading;
- 3) Assets expected to be realized within 12 months after the reporting period; and
- 4) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities expected to be settled in the normal operating cycle;
- 2) Liabilities held primarily for the purpose of trading;
- 3) Liabilities due to be settled within 12 months after the reporting period, and
- 4) Liabilities for which the University does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently measured at cost less accumulated depreciation.

Except for land and books and museum collections, depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Books and museum collections are depreciated using the write-off method. Land, heritage assets (such as historical relics), and non-consumable collections (such as artworks) are not depreciated.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

- 1) Land improvements: 5 to 25 years
- 2) Buildings and structures: 30 to 60 years
- 3) Machinery, instruments, and equipment: 3 to 15 years
- 4) Other equipment: 3 to 15 years

For property, plant and equipment no longer in use and approved for write-off, those subject to depreciation using the straight-line method shall have their cost and accumulated depreciation derecognized. Any residual value shall be reclassified as "Deficit on Disposal of Property." For assets depreciated under the write-off method, the remaining cost shall be reclassified under "Depreciation and Amortization." Assets not subject to depreciation shall have their cost reclassified as "Deficit on Disposal of Property."

e. Intangible assets

Intangible assets represent computer software costs. They are initially measured at cost and subsequently carried at cost less accumulated amortization. Amortization is calculated using the straight-line method.

f. Financial instruments

Financial assets and financial liabilities are recognized when the University becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive surplus (deficits) (FVTOCI).

i. Financial assets at amortized cost

Financial assets that meet both of the following conditions are classified as at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, financial assets at amortized cost, and interest receivable, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. The straight-line method can be used if there will be no significant difference.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the University may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with surplus and deficits arising from changes in fair value recognized in other comprehensive surplus (deficits) and accumulated in other equity. The cumulative surplus (deficits) will not be reclassified to surplus and deficits on disposal of the equity investments; instead, it will be transferred to accumulated surplus (deficits).

Dividends on these investments in equity instruments are recognized in surplus and deficits when the University's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investments in equity instruments under financial assets at FVTOCI that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value of such financial assets is recognized in other comprehensive surplus (deficits).

b) Impairment of financial assets

For financial assets at amortized cost, investments in equity instruments at FVTOCI, and financial assets measured at cost, they are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more loss events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment are subject to losses.

For financial assets at amortized cost, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not yet occurred), discounted at the financial asset's original effective interest rate.

For a financial assets at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

When a financial asset that is measured at cost is considered impaired, the carrying amount of the financial asset is reduced by the impairment loss, either directly or through the use of an allowance account. The amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be recognized in surplus or deficits or other comprehensive surplus (deficits) according to the initial categories as at FVTOCI or Investment in equity instruments at fair value through surplus or deficits (FVTPL) determined in accordance with the classification criteria. Such impairment loss will not be reversed in subsequent periods.

c) Derecognition of financial assets

The University derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in surplus or deficits. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to accumulated surplus (deficits), without recycling through surplus or deficits.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in surplus or deficits.

g. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Tuition and fees revenue is recognized when student registration is completed. Continuing education revenue, industry-academia collaboration revenue, and grant revenue are recognized when performance obligations are satisfied. Donation revenue is recognized upon receipt of the funds.

h. Retirement and severance benefits

In accordance with the "Regulations for Retirement, Compensation, Resignation, and Severance of Personnel of School Legal Persons and Their Affiliated Private Schools" promulgated by the Ministry of Education, retirement payments for full-time faculty and staff who meet the prescribed age and service years are managed and paid by the Pension Fund Management Committee for Private School Teaching and Administrative Staff of the Republic of China, a foundation established under the guidance of the Ministry.

In addition, the University has established the "Yuan Ze University Implementation Guidelines for the Retirement Pension of Faculty and Staff," under which a University Pension Fund Management Committee is responsible for overseeing the collection, expenditure, utilization, and management of the pension fund. Full-time faculty and staff who meet the age and service requirements set forth in the guidelines are entitled to receive a lump-sum pension from the fund upon retirement.

i. Designated purpose equity funds

The term "this fund" refers to various designated purpose equity funds, including the Founding Fund, Student Scholarship and Financial Aid Fund, Retirement Fund, Infrastructure Special Fund, External Donation Scholarship and Grant Fund, and other specified-purpose funds, excluding investment funds.

In accordance with the "Uniform Accounting Standards for School Foundations and Affiliated Private Schools" promulgated by the Ministry of Education, the corresponding account title for this item is "Special Funds."

j. Undesignated purpose equity funds

According to the "Uniform Accounting Standards for School Foundations and Affiliated Private Schools", this item includes both "Surplus Equity Funds" and "Other Equity Funds."

Surplus Equity Funds are calculated by adding the beginning balance of the academic year to the “Cash Surplus (Deficit) for the Current Period” from the cash receipts and disbursements statement of the previous academic year.

If the “Cash Surplus (Deficit)” is negative, it first reduces the “Undesignated Purpose Equity Funds - Surplus Equity Funds” to zero.

In subsequent years, any newly generated cash surplus must first offset the accumulated cash deficit.

Any remaining balance is then used to reduce the “Accumulated Surplus (Deficit)” and is recorded under the “Undesignated Purpose Equity Funds - Surplus Equity Funds.”

Other Equity Funds correspond to the net book value of land, land improvements, and buildings and structures (i.e., original acquisition cost minus accumulated depreciation) as of the balance sheet date for the current academic year.

4. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the University’s accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Based on the assessment of the University’s management, the accounting policies, estimates, and assumptions adopted by the University have not been subject to material accounting judgements, estimates and assumptions uncertainty.

5. CASH AND BANK DEPOSITS

	July 31	
	2025	2024
Cash on hand	\$ <u>872,500</u>	\$ <u>537,777</u>
Bank Deposits		
Demand and checking deposits	117,617,491	110,291,302
Time deposits - annual interest rate		
0.900%-1.725% for the 2024 academic year;		
0.900%-1.700% for the 2023 academic year	416,078,376	387,942,620
Project deposits - annual interest rate for time deposits		
0.655%-1.700% for the 2024 academic year;		
0.700%-1.700% for the 2023 academic year	<u>288,488,312</u>	<u>279,423,037</u>
	<u>822,184,179</u>	<u>777,656,959</u>
	<u>\$ 823,056,679</u>	<u>\$ 778,194,736</u>

The University’s project deposit accounts are designated for the revenues and expenditures of continuing education and industry-academia collaboration programs.

The Founding Fund was established in accordance with the Ministry of Education directive Tai(82)-Tech No. 049643 dated September 2, 1993, which states: "Private schools newly established shall not utilize the founding fund within three years after obtaining official approval and beginning student enrollment. Starting from the fourth year, the fund may be used annually as needed, up to 25% of the total amount, provided that at least 30% of the fund is retained and prior approval from the competent educational authority is obtained before any withdrawal." The original amount of the Founding Fund was \$300,000,000. As of the 2000 academic year, a total of \$210,000,000 had been utilized with prior approval from the Ministry of Education, mainly to repay loans from Far Eastern International Bank Ltd.

During the academic years 2004, 2006, 2007, 2009, 2010, 2011, and 2013, Mr. Douglas Hsu and others donated funds for designated purposes, specifically for the construction of the International Conference Center Special Fund. Starting from March 18, 2011, the University jointly promoted the development of this project with the Far Eastern Y.Z.Hsu Foundation. However, due to prolonged lack of approval from the Ministry of Education, the project was later undertaken by the Far Eastern Memorial Foundation. In the 2020 academic year, the donation and its accrued interest totaling \$445,452,705 were returned. Additionally, interest income of \$771,828 and \$725,604 received in the 2024 and 2023 academic years, respectively, were transferred to designated purpose special funds.

Ms. Hsu Ju-Fang donated a total of \$13,000,000 as a designated fund for the "Yang Ming-Teh Scholarship." As of the 2023 academic year, \$5,850,000 had been used, and in the 2024 academic year, an additional \$1,200,000 was used for scholarship distribution. These funds are designated for the University's scholarship endowment.

In the 2024 and 2023 academic years, the University allocated \$205,416,947 and \$190,605,196, respectively, to the Infrastructure Special Fund. Amounts of \$196,686,454 and \$107,658,991 were used in the respective years for the payment for major repair and renovation works, land acquisition brokerage fees, stamp duties, performance guarantee commission, and related expenses for student motorcycle parking lots. Interest income of \$35,543,952 and \$28,437,460 for the respective years was also transferred to the Infrastructure Special Fund.

The College of Medicine and Nursing Special Fund incurred expenditures of \$38,886,330 and \$25,770,460 in the 2024 and 2023 academic years, respectively, for teaching and research equipment for the Department of Graduate Institute of Medicine and School of Nursing, as well as related expenses. Interest income of \$1,945,270 and \$1,615,740 for the respective years was allocated to the same fund.

The Educational Advancement Special Fund includes cash of \$50,000,000 bequeathed by Ms. Hsu Hui-Ying in the 2023 academic year for educational development purposes. Interest income of \$438,405 and \$294,606 received in the 2024 and 2023 academic years, respectively, was allocated to the fund for the University's educational advancement projects. In addition, Mr. Hsu Hsu-Ming donated 1,209,190 shares of Asia Cement Corporation stock in the 2023 academic year for the designated purpose of this fund. The shares were recorded at \$49,697,709 based on the market price of \$41.1 per share on the donation date.

In the 2024 and 2023 academic years, unrealized surplus (deficits) of financial assets measured at fair value through other comprehensive surplus (deficits) (FVTOCI) amounted to \$(1,148,731) and \$423,217, respectively, and were recorded under Equity Funds - Designated Purpose Funds. Additionally, Asia Cement declared dividends of \$2.2 and \$2.1 per share in the 2024 and 2023 academic years, amounting to \$2,660,218 and \$2,539,299, respectively. These dividends were recognized as financial income and the dividends upon collection were transferred to the Educational Advancement Special Fund under designated purpose special funds.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Equipment	Books and Museum Collections	Other Equipment	Construction in progress	Total
<u>Cost</u>								
Balance at August 1, 2024	\$ 468,804,917	\$ 234,120	\$ 4,040,414,885	\$ 1,179,702,985	\$ 957,445,270	\$ 137,969,215	\$ 42,117,196	\$ 6,826,688,588
Increase during the period	190,028,013	-	-	102,157,409	19,849,057	5,453,778	11,426,480	328,914,737
Decrease during the period	-	-	-	(124,791,307)	(4,899,830)	(10,523,721)	-	(140,214,858)
Reclassification	240,000	-	-	-	11,097,877	-	(11,337,877)	-
Balance at July 31, 2025	<u>\$ 659,072,930</u>	<u>\$ 234,120</u>	<u>\$ 4,040,414,885</u>	<u>\$ 1,157,069,087</u>	<u>\$ 983,492,374</u>	<u>\$ 132,899,272</u>	<u>\$ 42,205,799</u>	<u>\$ 7,015,388,467</u>
<u>Accumulated depreciation</u>								
Balance at August 1, 2024	\$ -	\$ 122,990	\$ 1,505,251,434	\$ 860,885,165	\$ -	\$ 102,319,262	\$ -	\$ 2,468,578,851
Increase during the period	-	4,944	71,085,362	53,182,565	-	4,002,861	-	128,275,732
Decrease during the period	-	-	-	(104,829,915)	-	(9,142,639)	-	(113,972,554)
Reclassification	-	-	-	-	-	-	-	-
Balance at July 31, 2025	<u>\$ -</u>	<u>\$ 127,934</u>	<u>\$ 1,576,336,796</u>	<u>\$ 809,237,815</u>	<u>\$ -</u>	<u>\$ 97,179,484</u>	<u>\$ -</u>	<u>\$ 2,482,882,029</u>
Carrying amount at July 31, 2025	<u>\$ 659,072,930</u>	<u>\$ 106,186</u>	<u>\$ 2,464,078,089</u>	<u>\$ 347,831,272</u>	<u>\$ 983,492,374</u>	<u>\$ 35,719,788</u>	<u>\$ 42,205,799</u>	<u>\$ 4,532,506,438</u>
<u>Cost</u>								
Balance at August 1, 2023	\$ 415,266,723	\$ 234,120	\$ 4,040,414,885	\$ 1,169,132,543	\$ 931,392,798	\$ 130,965,460	\$ 56,449,831	\$ 6,743,856,360
Increase during the period	37,298,194	-	-	67,831,666	20,751,012	14,058,060	11,968,825	151,907,757
Decrease during the period	-	-	-	(57,261,224)	(4,700,000)	(7,054,305)	(60,000)	(69,075,529)
Reclassification	16,240,000	-	-	-	10,001,460	-	(26,241,460)	-
Balance at July 31, 2024	<u>\$ 468,804,917</u>	<u>\$ 234,120</u>	<u>\$ 4,040,414,885</u>	<u>\$ 1,179,702,985</u>	<u>\$ 957,445,270</u>	<u>\$ 137,969,215</u>	<u>\$ 42,117,196</u>	<u>\$ 6,826,688,588</u>
<u>Accumulated depreciation</u>								
Balance at August 1, 2023	\$ -	\$ 118,046	\$ 1,434,166,578	\$ 855,369,075	\$ -	\$ 104,744,836	\$ -	\$ 2,394,398,535
Increase during the period	-	4,944	71,084,856	53,915,502	-	3,552,054	-	128,557,356
Decrease during the period	-	-	-	(48,399,412)	-	(5,977,628)	-	(54,377,040)
Balance at July 31, 2024	<u>\$ -</u>	<u>\$ 122,990</u>	<u>\$ 1,505,251,434</u>	<u>\$ 860,885,165</u>	<u>\$ -</u>	<u>\$ 102,319,262</u>	<u>\$ -</u>	<u>\$ 2,468,578,851</u>
Carrying amount at July 31, 2024	<u>\$ 468,804,917</u>	<u>\$ 111,130</u>	<u>\$ 2,535,163,451</u>	<u>\$ 318,817,820</u>	<u>\$ 957,445,270</u>	<u>\$ 35,649,953</u>	<u>\$ 42,117,196</u>	<u>\$ 4,358,109,737</u>

In the 2024 academic year, an addition of \$190,028,013 and a reclassification of \$240,000 were made, mainly for the payment from the Infrastructure Special Fund for the acquisition of land near to the new tennis courts to construct a parking lot. Upon completion of the transfer of this land from construction in progress, a total of \$190,268,013 was reclassified to land.

In the 2023 academic year, a reclassification of \$53,538,194 was made, mainly for the payment from the Infrastructure Special Fund for the acquisition of land for the student dormitory motorcycle parking lot.

Upon completion of the transfer of this land from construction in progress, the amount was reclassified to land.

As of July 31, 2025 and 2024, the University's insurance coverage amount of property, buildings, and equipment totaled \$6,016,107,190 and \$6,070,904,759, respectively.

As of January 21, 2025, the total amount of assets registered on the University's Foundation Registration Certificate was \$6,841,486,184.

9. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at August 1, 2024	\$ 56,914,792
Increase during the period	2,423,983
Decrease during the period	<u>(10,350,230)</u>
Balance at July 31, 2025	<u>\$ 48,988,545</u>

(Continued)

	Computer Software
<u>Accumulated amortization</u>	
Balance at August 1, 2024	\$ 33,273,071
Increase during the period	2,098,450
Decrease during the period	<u>(6,900,193)</u>
Balance at July 31, 2025	<u>\$ 28,471,328</u>
Carrying amount at July 31, 2025	<u>\$ 20,517,217</u>
<u>Cost</u>	
Balance at August 1, 2023	\$ 57,642,610
Increase during the period	5,494,365
Decrease during the period	<u>(6,222,183)</u>
Balance at July 31, 2024	<u>\$ 56,914,792</u>
<u>Accumulated amortization</u>	
Balance at August 1, 2023	\$ 34,984,603
Increase during the period	2,436,606
Decrease during the period	<u>4,148,138</u>
Balance at July 31, 2024	<u>\$ 33,273,071</u>
Carrying amount at July 31, 2024	<u>\$ 23,641,721</u> (Concluded)

10. OTHER ASSETS

	<u>July 31</u>	
	<u>2025</u>	<u>2024</u>
Refundable deposits	<u>\$ 33,673,990</u>	<u>\$ 33,673,990</u>

The transaction primarily relates to the University's lease of Lot No. 217, Lilin Section, Linkou District, New Taipei City, from the New Taipei City Department of Education in the 2019 academic year. The land, located in an educational zone, was leased for the planned establishment of the College of Medicine and Nursing complex. A performance guarantee deposit of \$33,663,990 was paid.

11. PAYABLES

	July 31	
	2025	2024
Trade payables	\$ 175,102	\$ 195,008
Project payables	8,000	19,260
Others	<u>2,173,494</u>	<u>831,925</u>
	<u>\$ 2,356,596</u>	<u>\$ 1,046,193</u>

12. UNEARNED RECEIPTS

	July 31	
	2025	2024
Advance receipts - project plans	\$ 222,216,763	\$ 225,447,386
Advance receipts - Ministry of Education Grants	84,831,800	177,680,565
Advance receipts - donations and grants	49,919,250	61,009,501
Advance receipts - student affairs and counseling expenses	886,221	868,137
Others	<u>8,443,608</u>	<u>10,781,491</u>
	<u>\$ 366,297,642</u>	<u>\$ 475,787,080</u>

13. EQUITY FUNDS AND ACCUMULATED SURPLUS

a. Equity funds

	Designated- Purpose Equity Fund	Undesignated Purpose Equity Fund		Total
		Surplus Equity Fund	Other Equity Fund	
<u>The 2024 academic year</u>				
Balance at August 1	\$ 2,817,788,059	\$ 3,427,279,101	\$ 3,004,079,498	\$ 9,249,146,658
Add: Utilization of equity funds for designated purposes	205,416,947	-	-	205,416,947
Add: Interest and dividend revenue for the current period allocated to designated purpose equity funds	41,238,754	-	-	41,238,754
Less: Transfer of designated purpose equity funds to accumulated surplus	(236,772,784)	-	-	(236,772,784)
Add: Transfer of undesignated purpose equity funds to accumulated surplus	-	-	119,177,707	119,177,707
Add: Cash surplus from the 2023 academic year	-	305,948,878	-	305,948,878
Less: Unrealized surplus (deficits) on FVTOCI financial assets designated for specific purposes	<u>(1,148,731)</u>	<u>-</u>	<u>-</u>	<u>(1,148,731)</u>
Balance at July 31	<u>\$ 2,826,522,245</u>	<u>\$ 3,733,227,979</u>	<u>\$ 3,123,257,205</u>	<u>\$ 9,683,007,429</u>

(Continued)

	Designated- Purpose Equity Fund	Undesignated Purpose Equity Fund		
		Surplus Equity Fund	Other Equity Fund	Total
<u>The 2023 academic year</u>				
Balance at August 1	\$ 2,630,517,978	\$ 3,192,771,777	\$ 3,021,631,104	\$ 8,844,920,859
Add: Utilization of equity funds for designated purposes	290,302,905	-	-	290,302,905
Add: Interest revenue for the current period allocated to designated purpose equity funds	31,073,410	-	-	31,073,410
Less: Transfer of designated purpose equity funds to accumulated surplus	(134,529,451)	-	-	(134,529,451)
Less: Transfer of undesignated purpose equity funds to accumulated surplus	-	-	(17,551,606)	(17,551,606)
Add: Cash surplus from the 2022 academic year	-	234,507,324	-	234,507,324
Add: Unrealized surplus (deficits) on FVTOCI financial assets designated for specific purposes	<u>423,217</u>	<u>-</u>	<u>-</u>	<u>423,217</u>
Balance at July 31	<u>\$ 2,817,788,059</u>	<u>\$ 3,427,279,101</u>	<u>\$ 3,004,079,498</u>	<u>\$ 9,249,146,658</u> (Concluded)

b. Accumulated surplus (deficit)

	2024 Academic Year	2023 Academic Year
Balance at August 1	\$ 460,716,723	\$ 622,617,356
Less: Cash surplus from the 2023 and 2022 academic years	(305,948,878)	(234,507,324)
Less: Transfer of accumulated surplus to designated purpose equity funds	(205,416,947)	(290,302,905)
Add: Transfer of designated purpose equity funds to accumulated surplus	236,772,784	134,529,451
(Less) Add: Transfer of undesignated purpose equity funds to accumulated surplus	(119,177,707)	17,551,606
Add: Net surplus (deficits) for the year	258,071,278	241,901,949
Less: Allocation of current period interest and dividend revenue to designated purpose equity funds	<u>(41,238,754)</u>	<u>(31,073,410)</u>
Balance at July 31	<u>\$ 283,778,499</u>	<u>\$ 460,716,723</u>

c. Other equity

Accumulated other comprehensive surplus (deficits)

	2024	2023
	Academic Year	Academic Year
	Unrealized	Unrealized
	Surplus (Deficits)	Surplus (Deficits)
	on Financial	on Financial
	Assets at	Assets at
	FVTOCI	FVTOCI
Balance at August 1	\$ 7,255,044,032	\$ 5,984,015,606
Add: Unrealized surplus (deficits) on financial assets measured at fair value	(1,453,040,422)	1,271,451,643
Less: Transfer of unrealized surplus (deficits) to designated purpose equity funds	<u>1,148,731</u>	<u>(423,217)</u>
Balance at July 31	<u>\$ 5,803,152,341</u>	<u>\$ 7,255,044,032</u>

14. REVENUES CATEGORIES

a. Tuition and fees revenue

	2024	2023
	Academic Year	Academic Year
Tuition revenue	\$ 663,873,844	\$ 636,616,256
Miscellaneous fees revenue	220,653,674	207,170,611
Credit hour fees revenue	<u>10,283,010</u>	<u>10,182,531</u>
	<u>\$ 894,810,528</u>	<u>\$ 853,969,398</u>

In accordance with Article 16 of the “Regulations Governing the Establishment of Accounting Systems for School Legal Persons and Affiliated Private Schools” promulgated by the Ministry of Education, the University complies with the requirement that all revenue must be deposited into a dedicated account opened with a financial institution. Withdrawals from the account must be made by check, jointly signed or sealed by the President, the chief accounting officer, and the cashier.

b. Financial revenue

	2024	2023
	Academic Year	Academic Year
Dividend revenue	\$ 432,626,226	\$ 407,956,246
Interest revenue	<u>50,536,153</u>	<u>46,400,080</u>
	<u>\$ 483,162,379</u>	<u>\$ 454,356,326</u>

15. COST AND EXPENSE CATEGORIES

a. Administrative expenses

	2024	2023
	Academic Year	Academic Year
Personnel expenses	\$ 182,396,075	\$ 177,702,017
Operating expenses	68,273,006	69,547,158
Maintenance expenses	52,703,844	121,598,663
Depreciation and amortization	18,743,798	21,045,210
Retirement and pension expenses	<u>9,505,886</u>	<u>9,131,904</u>
	<u>\$ 331,622,609</u>	<u>\$ 399,024,952</u>

b. Teaching, research, and student guidance expenses

	2024	2023
	Academic Year	Academic Year
Personnel expenses	\$ 735,845,141	\$ 698,721,713
Operating expenses	195,588,589	203,180,126
Depreciation and amortization	85,973,265	84,638,334
Maintenance expenses	23,838,316	18,541,157
Retirement and pension expenses	<u>20,739,623</u>	<u>20,374,911</u>
	<u>\$ 1,061,984,934</u>	<u>\$ 1,025,456,241</u>

c. Industry-academia collaboration expenses

	2024	2023
	Academic Year	Academic Year
Personnel expenses	\$ 142,538,731	\$ 130,399,237
Operating expenses	115,451,606	123,346,146
Depreciation and amortization	<u>1,513,716</u>	<u>1,939,590</u>
	<u>\$ 259,504,053</u>	<u>\$ 255,684,973</u>

16. INCOME TAXES

The University qualifies for income tax exemption in accordance with the “Standards for Income Tax Exemption Applicable to Educational, Cultural, Public Welfare, and Charitable Organizations or Institutions” promulgated by the Executive Yuan.

As of the 2023 academic year, the University’s income tax filings have been assessed by the tax authority.

17. TRANSACTIONS WITH RELATED PARTIES

a. Name of related party and nature of relationship

<u>Name of Related Party</u>	<u>Nature of Relationship with the University</u>
Kai Yuang Investment Corp.	The chairman of its parent company, Far Eastern New Century Corporation, is also the chairman of the University.
Far Eastern International Bank Co., Ltd.	The vice chairman of the entity is also the chairman of the University.
Far Eastern New Century Corporation	The chairman of the entity is also the chairman of the University.
Asia Cement Corporation	The chairman of the entity is also the chairman of the University.
Far Eastern Resource Development Co., Ltd.	The chairman of the entity is also the chairman of the University.
Far Eastern Dept. Store, Ltd.	The chairman of the entity is also the chairman of the University.
Far Eastone Telecommunications Co., Ltd.	The chairman of the entity is also the chairman of the University.
Far Eastern Electronic Toll Collection Co., Ltd.	The chairman of the entity is also the chairman of the University.
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	The chairman of the entity is also the chairman of the University.
Far Eastern Medical Foundation, Far Eastern Memorial Hospital	The chairman of the entity is also the chairman of the University.
U-Ming Marine Transport Corporation	The chairman of the entity is also the chairman of the University.
Pacific Sogo Department Stores Co., Ltd.	Its director is the same person as the chairman of the University.
Far Eastern International Leasing Corp.	Substantive related party
Far Eastern Memorial Foundation	Substantive related party
Hsu, Hui-Ying	A first-degree relative of the University's chairman
Hsu Hsu-Ming	A second-degree relative of the University's chairman

b. A summary of transactions between the University and the aforementioned related parties is as follows:

	<u>2024 Academic Year</u>		<u>2023 Academic Year</u>	
	<u>Amount</u>	<u>% of Respective Item</u>	<u>Amount</u>	<u>% of Respective Item</u>
Continuing education revenue				
Far Eastern Memorial Foundation	\$ <u>6,280,780</u>	<u>17</u>	\$ <u>6,249,580</u>	<u>23</u>

Continuing education revenue primarily arises from the “National Intelligent Knowledge and Digital Competitiveness Enhancement Program” commissioned by the Far Eastern Memorial Foundation in academic year 2024; the “National AI Applications and Digital Defense Program” commissioned in academic year 2023; as well as courses delivered by the University at the request of Far Eastern New Century Corporation to meet its business needs.

	<u>2024 Academic Year</u>		<u>2023 Academic Year</u>	
	Amount	% of Respective Item	Amount	% of Respective Item
Industry-academia collaboration revenue				
Far Eastern New Century Corporation	\$ 3,817,918	1	\$ 21,712,960	8
Far Eastern Electronic Toll Collection Co., Ltd.	680,000	-	-	-
U-Ming Marine Transport Corporation	520,000	-	390,000	-
Far Eastone Telecommunications Co., Ltd.	335,000	-	700,000	-
Far Eastern Y.Z. Hsu Memorial Foundation	128,000	-	123,000	-
Far Eastern Memorial Foundation	-	-	<u>1,850,000</u>	<u>1</u>
	<u>\$ 5,480,918</u>	<u>1</u>	<u>\$ 24,775,960</u>	<u>9</u>

Industry-Academia Collaboration revenue primarily arises from project-based research and technology development agreements between various departments of the University and private enterprises or foundations.

	<u>2024 Academic Year</u>		<u>2023 Academic Year</u>	
	Amount	% of Respective Item	Amount	% of Respective Item
Grants and donation revenue				
Far Eastern Memorial Foundation	\$ 8,800,000	2	\$ 10,500,000	2
Kai Yuang Investment Corp.	1,219,080	-	1,396,782	-
Asia Cement Corporation	700,000	-	700,000	-
Far Eastern New Century Corporation	500,000	-	500,000	-
Far Eastern Medical Foundation, Far Eastern Memorial Hospital	500,000	-	-	-
Far Eastern Y.Z. Hsu Memorial Foundation	450,000	-	-	-
Far Eastern Electronic Toll Collection Co., Ltd.	150,000	-	50,000	-
Far Eastern Resource Development Co., Ltd.	100,000	-	-	-
Pacific Sogo Department Stores Co., Ltd.	28,000	-	-	-
Far Eastern International Bank Co., Ltd.	7,685	-	15,240	-
Hsu, Hui-Ying	-	-	50,000,000	11
Hsu Hsu-Ming	-	-	<u>49,697,709</u>	<u>11</u>
	<u>\$ 12,454,765</u>	<u>28</u>	<u>\$ 112,859,731</u>	<u>24</u>

In the 2023 academic year, Ms. Hsu Hui-Ying bequeathed cash in the amount of \$50,000,000 for the purpose of the Educational Advancement Program, to be used exclusively by the University for that program.

In the same academic year, Mr. Hsu Hsu-Ming donated 1,209,190 shares of Asia Cement Corporation stock with a designated purpose for the Educational Advancement Fund. Based on the market price of \$41.1 per share on the date of the donation, the total value recognized was \$49,697,709.

Other donation revenue primarily consisted of contributions from affiliated companies of the Far Eastern Group in support of the University's educational and teaching initiatives.

	<u>2024 Academic Year</u>		<u>2023 Academic Year</u>	
	<u>Amount</u>	<u>% of Respective Item</u>	<u>Amount</u>	<u>% of Respective Item</u>
Administrative expenses - rental expenses				
Far Eastern New Century Corporation	\$ 3,250,670	1	\$ 3,360,440	1
Far Eastern Resource Development Co., Ltd.	1,664,652	1	3,398,198	1
Far Eastern International Leasing Corp.	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>-</u>
	<u>\$ 5,395,322</u>	<u>2</u>	<u>\$ 7,238,638</u>	<u>2</u>

Administrative expenses - rental expenses primarily consist of payments to related parties for the lease of laboratories, parking lots, and faculty housing.

	<u>July 31</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>% of Respective Item</u>	<u>Amount</u>	<u>% of Respective Item</u>
Receivables				
Dividends receivable				
Far Eastern New Century Corporation	\$ 234,512,340	60	\$ 197,869,787	43
Asia Cement Corporation	107,159,265	27	102,288,389	22
Far Eastern Dept. Store, Ltd.	<u>-</u>	<u>-</u>	<u>107,798,070</u>	<u>24</u>
	341,671,605	87	407,956,246	89
Interest receivable				
Far Eastern International Bank Co., Ltd.	<u>38,654,015</u>	<u>10</u>	<u>35,519,065</u>	<u>8</u>
	<u>\$ 380,325,620</u>	<u>97</u>	<u>\$ 443,475,311</u>	<u>97</u>

18. ANNUAL REMUNERATION OF THE CHAIRMAN, DIRECTORS, AND SUPERVISORS

Disclosure in accordance with Point 7 of the Ministry of Education's Guidelines for Expenditures of School Foundations is as follows:

	Transportation and Attendance Fee	
	2024 Academic Year	2023 Academic Year
Mr. Tseng	\$ 184,500	\$ 138,000
Mr. Wang	184,500	123,000
Mr. Hsu	184,500	123,000
Mr. Shih	184,500	61,500
Mr. Chang	184,500	-
Ms. Tung	184,500	123,000
Mr. Hsu	123,000	123,000
Mr. Chen	123,000	123,000
Ms. Hsu	123,000	123,000
Mr. Cheng	123,000	123,000
Ms. Wu	123,000	123,000
Mr. Kuo	61,500	123,000
Mr. Wang	61,500	61,500
Mr. Ho	61,500	-
Mr. Ho	61,500	-
Mr. Tsai	2,500	-
Mr. Chu	-	123,000
Mr. Tai	-	123,000
Ms. Lin	-	61,500
Supplementary Premiums Paid by the Employer	<u>41,578</u>	<u>35,351</u>
	<u>\$ 2,012,078</u>	<u>\$ 1,710,851</u>

The University has no full-time directors or supervisors.

19. COMMITMENTS

In the early stages of the University's establishment, certain agricultural land was acquired. As the original land classification could not be registered under the name of a legal entity, the University paid the purchase price to the landowners, while Mr. Hsu Yu-Hsiang, the University's founder, was registered as the mortgagee in his personal name to safeguard the University's interests. All of the aforementioned land has since been reclassified and ownership has been transferred to the University. However, the mortgage registration was not simultaneously cancelled at the time of title transfer. Due to the subsequent passing away of Mr. Hsu Yu-Hsiang, the cancellation of the mortgage registration has yet to be completed. The University believes that although the mortgage has not been formally discharged, pursuant to Article 880 of the Civil Code, the secured claims have expired by prescription in 2013, and therefore the mortgage no longer poses a significant impact on the University's rights or operations. As of July 31, 2025, the total amount of land under mortgage registration was \$122,000,000. A summary of land parcels under mortgage is as follows:

Situated in No.	Owner	Ownership Registration Date	Expiry Date of Mortgage Right	Scope of Rights	Type of Right/Cause of Registration	Right Holder	Amount Secured by Mortgage
Yongfeng Section, Bade District 0874-0000	Yuan Ze University	2006/1/5	2008/3/10	Entire ownership	Mortgage/Establishment	Hsu, Yu-Hsiang	\$ 25,000,000
Yongfeng Section, Bade District 0884-0000	Yuan Ze University	1995/6/21	2003/2/5	5/90 share/ 11/198 share	Mortgage/Establishment	Hsu, Yu-Hsiang	3,000,000

(Continued)

Situated in No.	Owner	Ownership Registration Date	Expiry Date of Mortgage Right	Scope of Rights	Type of Right/Cause of Registration	Right Holder	Amount Secured by Mortgage
Yongfeng Section, Bade District 0884-0001	Yuan Ze University	1995/6/21	2003/2/5	5/90 share/11/198 share	Mortgage/Establishment	Hsu, Yu-Hsiang	\$ 3,000,000
Yongfeng Section, Bade District 0884-0002	Yuan Ze University	1995/6/21	2003/2/5	5/90 share/11/198 share	Mortgage/Establishment	Hsu, Yu-Hsiang	3,000,000
Yongfeng Section, Bade District 0884-0003	Yuan Ze University	1995/6/21	2003/2/5	5/90 share/11/198 share	Mortgage/Establishment	Hsu, Yu-Hsiang	3,000,000
Yongfeng Section, Bade District 0900-0000	Yuan Ze University	1989/6/22	2002/6/12	4/48 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0900-0001	Yuan Ze University	1989/6/22	2002/6/12	4/48 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0900-0002	Yuan Ze University	1989/6/22	2002/6/12	4/48 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0900-0003	Yuan Ze University	1989/6/22	2002/6/12	4/48 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0902-0000	Yuan Ze University	1994/12/29	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0902-0001	Yuan Ze University	1994/12/29	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0902-0002	Yuan Ze University	1994/12/29	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 0902-0003	Yuan Ze University	1994/12/29	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 1096-0000	Yuan Ze University	1991/5/24	2001/10/20	Entire ownership	Mortgage/Establishment	Hsu, Yu-Hsiang	5,000,000
Yongfeng Section, Bade District 1119-0000	Yuan Ze University	1991/5/24	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	8,000,000
Yongfeng Section, Bade District 1120-0000	Yuan Ze University	1994/12/29	2002/6/12	12,856/42,232 share	Mortgage/Establishment	Hsu, Yu-Hsiang	<u>8,000,000</u>

\$ 122,000,000

(Concluded)

To establish the College of Medicine and Nursing, the University leased a parcel of educational-zoned land - Lot No. 217, Lilin Section, Linkou District, New Taipei City - from the New Taipei City Department of Education. The lease term is 30 years, commencing on March 16, 2020 and ending on March 16, 2050. The annual rent is calculated at 5% of the officially announced land value for the respective year and is payable annually from the date of contract signing. The rental payments for the 2024 and 2023 academic years both amounted to \$11,463,270.

20. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such circumstance exists.

YUAN ZE UNIVERSITY

DEBT RATIO CALCULATION TABLE THE 2024 ACADEMIC YEAR (In New Taiwan Dollars)

Account	Amount
1. MONETARY LIABILITIES	
a. Amount of loans obtained or expected to be obtained	\$ -
b. Short-term debt	-
c. Payables	2,356,596
d. Receipts under custody	38,471,492
e. Other loans	-
f. Long-term bank loans	-
g. Long-term payables	-
h. Other long-term borrowings	-
i. Accrued retirement and severance benefits	-
j. Guarantee deposits received	15,185,478
Total monetary liabilities (A)	56,013,566
2. MONETARY ASSETS	
a. Cash	872,500
b. Bank deposits	822,184,179
c. Current financial assets	-
d. Receivables	390,228,560
e. Non-current financial assets	7,558,806,996
f. Long-term receivables	-
g. Special funds	2,826,522,245
h. Investment funds	-
i. Refundable deposits	33,673,990
Total monetary assets (B)	11,632,288,470
3. NET BORROWINGS (C=A-B)	(11,576,274,904)
4. CASH SURPLUS (DEFICIT) BEFORE DEDUCTING CAPITAL EXPENDITURES FOR REAL ESTATE (D)	237,831,135
5. DEBT RATIO (C/D)	-

Note 1: The debt ratio is calculated based on the financial statements of the academic year preceding the year of borrowing.

Note 2: If the net borrowing amount is negative, the debt ratio is calculated as zero. If there is a cash deficit before deducting capital expenditures for real estate, the debt ratio is recorded as a negative value.