Stock No: 1339

Y.C.C. Parts MFG Co., Ltd.

2022 Annual Report
Printed on May 10, 2023

Company website: http://www.yccco.com.tw
Site to inquiry annual reports: http://mops.twse.com.tw

I. Name, Title, Contact Number and Emails of the spokesperson and deputy spokesperson

(I) Spokesperson

Name: Shu-Mei Liu Tel: (04) 7810781

Title: Deputy General Manager Email: ycc888@yccco.com.tw

(II) Deputy Spokesperson

Name: Shu-Hui, Wang Tel: (04) 7810781

Title: Manager Email: ycc114@yccco.com.tw

II. Addresses and Telephone Numbers of Headquarter and Factories

Address: No. 8, Xingye Rd., Changhua Coastal Industrial Park, Lukang Township, Changhua County, Taiwan (R.O.C.)

Tel: (04) 7810781

III. Name, Address, Website and Telephone Number of Share Transfer Agency:

Name: Stock Affairs Department, President Securities Co., Limited Website: http://www.pscnet.com.tw

Address: B1, No. 8, Dongxing Rd., Songshan District, Taipei City Tel: (02)27463797

IV. Name, Firm Name, Address, Website and Telephone Number of CPA for the Financial Statement of the Most Recent Year

CPA firm: PwC Taiwan

Names of CPAs: Wang, Yu-Chuang; Liu, Mei-Lan

Address: 27F, No. 333, Keelung Rd., Sec. 1, Xinyi District, Taipei City

Tel: (04)2704-9168

Website: https://www.pwc.tw/

V. Name(s) of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Website: http://www.yccco.com.tw

Y.C.C. Parts MFG Co., Ltd.

One. Letter to Shareholders

Dear Shareholders:

First of all, I would like to thank you for attending the 2022 Shareholders' Meeting, and also for your continued support. On behalf of the Company, we would like to express our sincerest gratitude to our shareholders.

In 2022, the Ukrainian-Russian War led to global inflation which resulted in decreasing customer demand for the AM industry and mitigation of port congestion, resulting in excessive customer inventory adjustments which reduced the volume of purchases. Although shipping fees gradually stabilized, our overall revenue still fell short of expected. Our 2022 revenue, as compared to 2021 figures, increased by NT$116 million. With the reopening of pulling in Q1 2023 and heavy blizzards in North America - the largest market, the growth of demand for AM parts and components upon the passing of the disaster is expected. As traffic accidents occur extremely frequently, business opportunities for car maintenance are increasing. And also, with the rising price of new cars and the shortage of chips and supply chain disruptions in the past 2~3 years, the cycle for buying new cars to replace the old cars has been prolonged. Furthermore, uncertainty over the state of the economy remains, leading to the used car market remaining hot in 2023. In addition, State Farm, the largest property insurance company in North America, has expanded the coverage of claims for AM parts and components, which will serve to preserve the AM business's performance growth momentum in 2023. Since 2020, we have diversified our management to mitigate the significant impact on a single industry due to *force majeure* factors. The equipment and devices required for our management diversification have been purchased from abroad and are expected to be delivered to the premises of the plant for installation by the end of 2022. They will be put into commissioning for mass production at the beginning of 2023 and afterward adopted to continue to increase revenue and enhance profitability as the return for the long-time support from our shareholders and hard-working staff.

I. 2022 Business Results

(I) 2022 Results of the business plan

The Company's 2022 net revenue was NT$2,020,758 thousand; net profit before tax was NT$527,223 thousand; net profit after tax was NT$408,560 thousand; and EPS after tax was NT$5.51.

(II) 2022 Revenues, expenses, and profitability analysis

Items \ Year			2022	2021
Financial structure (%)	Ratio of liabilities to assets		31.10	29.72
	Ratio of long-term capital to fixed assets		145.39	142.32
Profitability (%)	Return on assets		15.50	2.91
	Return on equity		21.98	3.93
	Ratio of income before tax to paid-in capital	Operating profit	24.28	23.54
		Net income before tax	71.13	22.98
	Net profit rate		20.22	7.08
	Earnings per share (NT$)		5.51	1.83

(III) Research and development

Actively research and develop various equipment related to process automation to gradually reduce the labor demand and increase the stability of the product quality at the production lines.

The Company is a professional manufacturer of automotive plastic parts and manufactures products of stable quality. Quality control, physical and chemical properties such as impact resistance and tensile strength of our products is the key to our high-quality products. Our products must be easily assembled, able to withstand various weather conditions and pass internationally recognized tests. Therefore, the quality and performance of our products are similar to those of the original manufacturers.

We continue to improve our automated processes to reduce labor costs and mitigate the impacts of low birth rates. Through equipment optimization and the introduction of new processes, we expect to be able to increase capacity and improve production yields. According to our short- and medium-term plans, we will be purchasing new equipment and upgrading existing equipment in our plants to equip with automation, IOT, big data collection, and AI, so as to equip our production line with intelligent technology and functions, moving forwards Industry 4.0 in the next 3 years.

II. Summary of 2023 Business Plan

(I) Operation guidelines

Y.C.C Group's pillars of its corporate operations are its recognition, quality, speed, service, and cost-saving. Since its establishment, our group has always adopted ethics, pragmatism, and innovation as our enterprise spirit. As for sustainable management, the focus will be on the AM market and the OE market, with investments and health food processing to diversify business risks.

(1) After market:

(1) Actively develop new products to maintain product integrity.

(2) Accelerate new product development, and certification speed, to secure market leadership.

(2) Original equipment market:

(1) Fully exploit the Group's optimization, maintain customer relationships, and expand the Chinese market.

(2) Accelerate the development of high-level innovative technologies and continuously optimize R&D automation.

(3) Investment

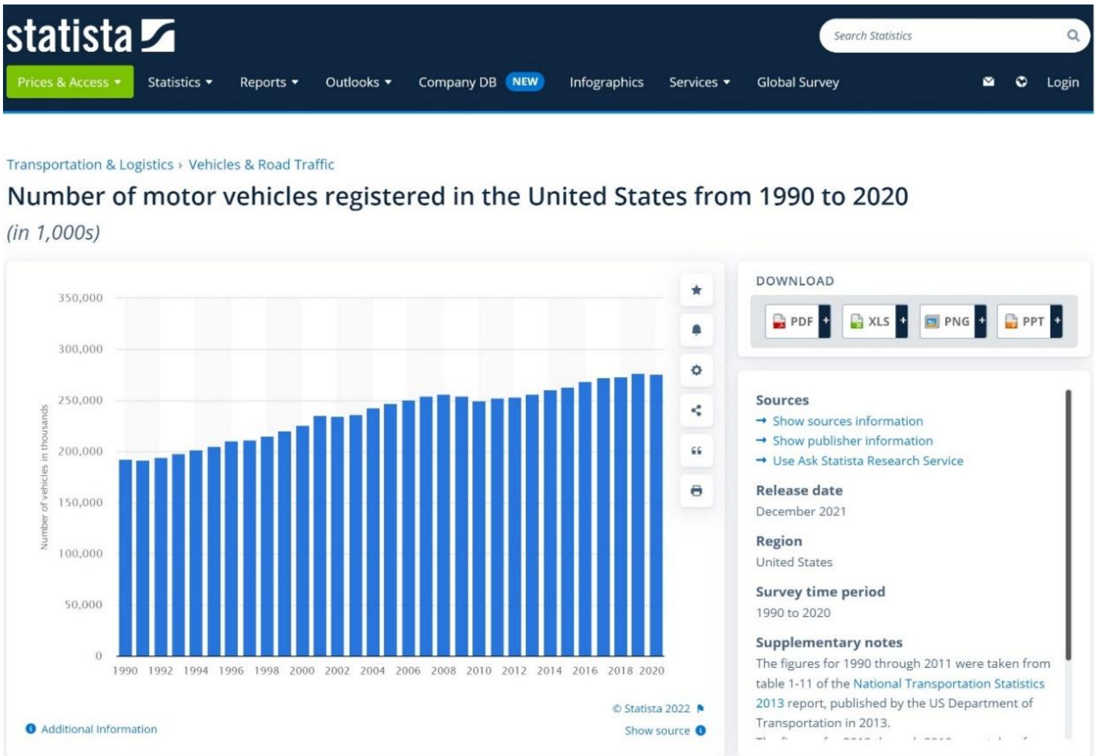
(1) Invest in different types of products in industries of the same nature, and provide customers with complete product needs with vertical and horizontal information access via investment.

(2) Coordinate with customers in groups to reduce operating costs.

(II) Expected sales volume of AM market and its basis:

In the early days, the average age of a car in the US was five to eight years. After 2000, it increased to seven to eleven years. In 2022, the average useful life of each car has reached 12.2 years. It is expected that after 2023, there will be market demand for increased vehicle maintenance services. In the US, on average, one out of every four cars or trucks is an old vehicle at least 16 years old. IHS Markit, a market research agency, cited vehicle registration data from various states, and pointed out that there are now numerous cars and trucks produced before 2005 driving on the US highways, and on average, one out of every four cars or trucks is an old vehicle aged at least 16 years old, which is one of the reasons why the average vehicle age in the US has climbed to an all-time high of 11.9 years. The average vehicle age in the US has increased for consecutive four years, a continuation of the increasing trend over the past 20 years. The actual vehicle age of cars and trucks on various highways now far exceeds the data from ten years ago. The report shows that in 2010, the average vehicle age in the US was 10.6 years; in 2002, it was 9.6 years. With the resurgence of the pandemic, U.S. economic recovery slowdown, and large-scale layoffs in many companies, the vehicle ages in the United States may also continue to rise, perhaps at an even faster rate. However, the report pointed out that due to the outbreak of the pandemic, millions of office workers who commuted every day have to work from home, and thus the mileage of their cars did not increase, to be used for a longer time. In addition, many people who are looking to buy new cars or trucks are also staying put with their old cars due to the budgets, or instead opting to swap to a better-used car, hence the used car market is now seeing a surge in sales. Mike Jackson, CEO of AutoNation, the largest car dealership group in the US, told CNBC: “We go out and buy a lot of used cars, and if customers can’t afford a new car and the demand (for cars) is strong, they’ll switch to used cars.” Cars, trucks and SUVs registered with the Department of Motor Vehicles (DMVs) of each state have reached a record-high of 275 million vehicles. The rising vehicle age and the demand for used cars are beneficial to the demand for auto parts in AM market. However, the global inflation in 2022 which led to soaring costs, and the US Federal Reserve has continuously raised interest rates to curb inflation, resulted in interest rate hikes which led consumers to instead keep their money in the bank rather than spend it. As compared to daily necessities, crash parts are not essential products. Therefore, although major customers’ revenues increased in 2022, sales volumes were almost flat (because they passed on the costs to consumers due to inflation), so the expected sales volume in 2023 is likely to be flat or slightly increased. The goal is to develop 90 sets of molds for bumpers and radiator grilles to shorten the development cycle.

In 2020, the total number of registered vehicles in the US reached 275,924.44 million. (source: Statista)



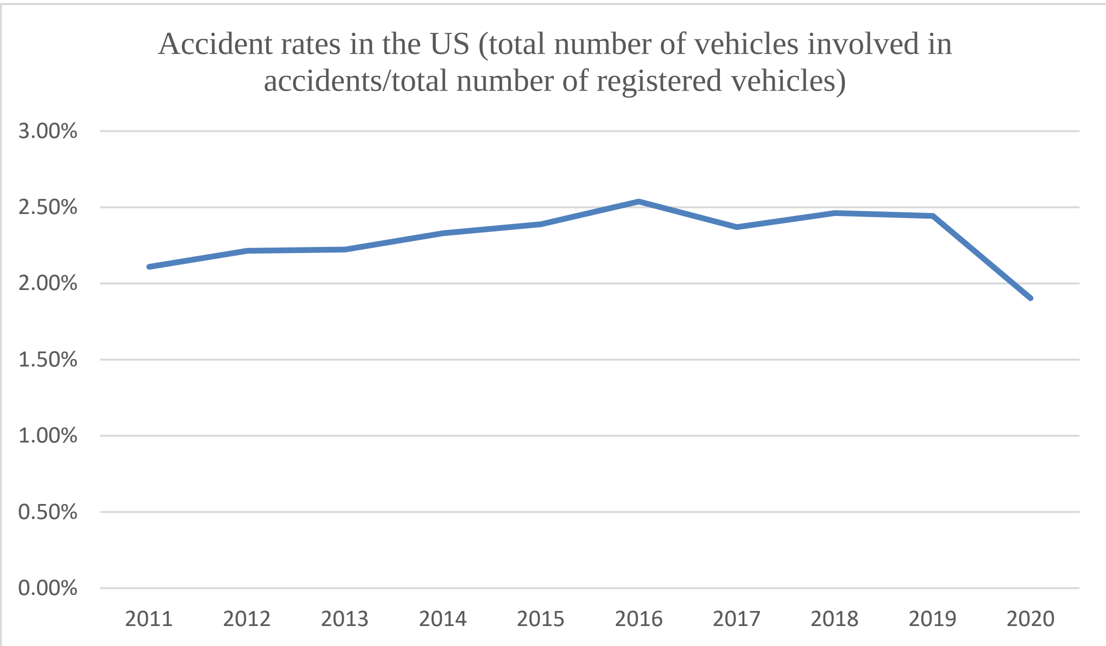
The total number of vehicles involved in accidents in the US in 2020 is 5,250,837 (Source: US transportation authorities)

Police-Reported Crashes, by Crash Severity, 2011–2020

Year	Crash Severity						Total	
	Fatal		Injury		Property-Damage-Only			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
2011	29,867	0.6%	1,529,968	28.7%	3,777,994	70.8%	5,337,829	100.0%
2012	31,006	0.6%	1,634,180	29.1%	3,949,858	70.3%	5,615,045	100.0%
2013	30,202	0.5%	1,591,016	28.0%	4,065,673	71.5%	5,686,891	100.0%
2014	30,056	0.5%	1,647,726	27.2%	4,386,502	72.3%	6,064,284	100.0%
2015	32,538	0.5%	1,715,394	27.2%	4,548,203	72.2%	6,296,134	100.0%
2016*	34,748	0.5%	2,116,308	31.0%	4,670,073	68.5%	6,821,129	100.0%
2017*	34,560	0.5%	1,888,525	29.3%	4,529,513	70.2%	6,452,598	100.0%
2018*	33,919	0.5%	1,893,704	28.1%	4,807,058	71.4%	6,734,681	100.0%
2019*	33,487	0.5%	1,916,344	28.4%	4,806,253	71.1%	6,756,084	100.0%
2020*	35,766	0.7%	1,593,390	30.3%	3,621,681	69.0%	5,250,837	100.0%

Sources: FARS 2011–2019 Final File, 2020 Annual Report File (ARF); NASS GES 2011–2015; CRSS 2016–2020
*CRSS estimates and NASS GES estimates are not comparable due to different sample designs. Refer to end of document for more information about CRSS.

The car accident rate in the US has been increasing almost year by year. However, due to the beginning of the COVID-19 pandemic in 2020, numerous places were in lockdown or had remote-working implemented, hence accident rate dropped substantially as many people remained in their homes.



(III) Important production and sales policies

After market:

(1) Actively certify products to provide customers with better products and services to create win-win outcomes.

(2) Increase market share by strengthening product lineup, redeveloping radiator grilles, and expanding product lines.

(3) As ERP optimizes, accurately calculates and predicts the small-amount but large-variety economic production model, customers' needs are met and inventories are thus lowered.

OE market:

(1) In the original equipment market, the production economic batch is optimized based on the forecasted quantity of customers, hence production costs are reduced.

(2) Develop labor-saving automated production models, improving production efficiency and moving towards intelligent factories.

(3) Increase competitive advantages by actively developing different customers and products.

R&D Center:

(1) Research and development center of core manufacturing technologies develop automation, and intellectualization as the direction of research and development.

III. Business development strategy

Divide the Group's functions to manage the performance of each subsidiary, to achieve profit maximization while maintaining active development of new products, increasing product unit price to raise gross profit and net profit. The economic scale of each plant's revenue in the OE market is achieved to create profits. Establish the automation department and mold production plants, providing customers with one-stop professional services from product design, mold development, equipment automation, and intellectualization, and accelerate resource integration and overseas investment positioning to increase the Company's competitiveness against external changes.

IV. Impacts from the external competition environment, legal environment, and the overall operating environment

(I) External competition

To maintain competitive advantages in the market, we have been committed to producing high-quality products since conception to provide our customers with satisfactory services. We hold steadfast to the Company's corporate philosophy of excellent quality. Through the Certified Automotive Parts Association (CAPA)'s well-rounded product quality certifications and stringent quality control, we provide our customers with products of the best safety quality.

(II) Regulatory environment, and environment, safety and health

The Company's products are mainly plastic parts, and we pledge that in all products, activities and services, we use specific management programs pursuant to environmental protection regulations to handle the possible impacts of waste, abandoned and toxic substances, and energy consumption on the environment, and implement the risk management with continuous improvement of equipment so as to ensure the safety of our employees. We also promote education, training, and employee health to better the well-being of our employees.

(III) Overall business environment

To cope with the advantages of the auto part industry, including small-volume with large-variety and flexible manufacturing, as well as the specialization strategies, the Company actively deploys the global market and diversifies the business, by expanding the health food processing industry to build the foundation for the sustainable growth of the Group.

Chairman: Hao-Chen Lin, Hehan Investment Co., Ltd.

Two. Company Profile

I. Date of incorporation: March 7, 1986

II. Address and telephone number of headquarter, branches, and plants

Address of Company and plant: No. 8, Xingye Rd., Changhua Coastal Industrial Park, Lukang Township, Changhua County, Taiwan (R.O.C.) Tel: (04) 7810781

III. Company history

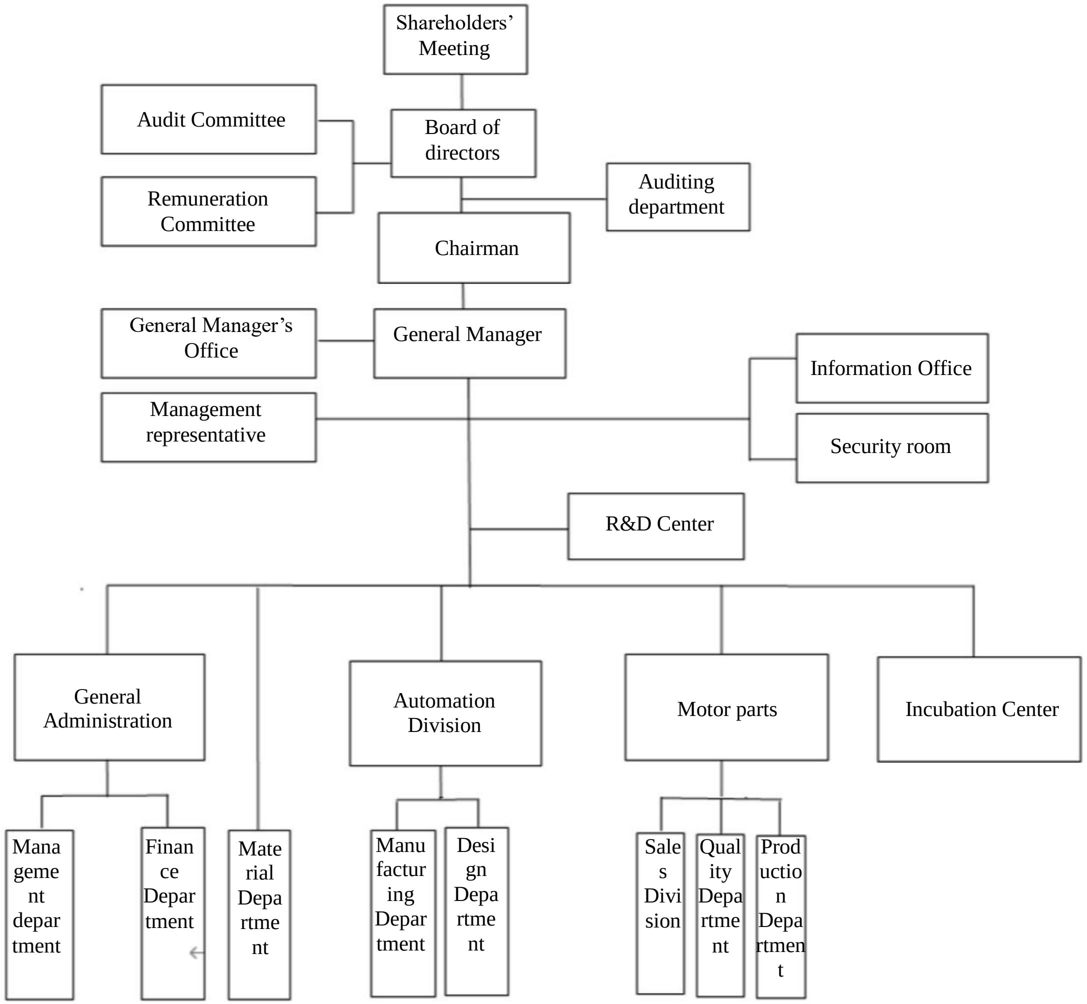
Date	Key milestones
1986	Incorporated in Shulin City, Taipei County, with a capital amount of NT$1,000 thousand
1986	Executed cash capital increase of NT$4,000 thousand, and the paid-in capital was increased to NT$5,000 thousand.
1989	Executed cash capital increase of NT$5,000 thousand, and the paid-in capital was increased to NT$10,000 thousand
1994	Executed cash capital increase of NT$40,000 thousand, and the paid-in capital was increased to NT$50,000 thousand
1996	Executed cash capital increase of NT$33,000 thousand, and the paid-in capital was increased to NT$83,000 thousand
1998	Established the Shipping Center in Dayuan Plant, Taoyuan
1998	Executed cash capital increase of NT$25,000 thousand, and surplus to capital increased by NT$50,000 thousand; the paid-in capital was increased to NT$158,000 thousand
1999	Executed cash capital increase of NT$41,900 thousand, and the paid-in capital was increased to NT$199,900 thousand
2000	Achieved ISO9001 quality certification.
2000	Achieved QS9000 quality certification.
2000	The production lines in plants passed the US CAPA certification
2001	Passed the US CAPA product certification
2003	US MQVP system quality certification
2003	Executed cash capital increase of NT$93,500 thousand, and the paid-in capital was increased to NT$293,400 thousand.
2003	Established and operated its first warehouse and logistic center.
2004	Relocated to Chang-Bing Industrial Zone in Lugang.
2004	Established and operated its second warehouse and logistic center.
2004	Introduced Enterprise Resource Planning (ERP) system.
2004	Promoted ISO/TS16949 quality certification.
2004	The company raised NT$156,600 thousand, and the paid-in capital was increased to NT$450,000 thousand.
2005	Commencement of operation of the all-automatic plating line.
2005	The company raised NT$30,000 thousand, and the paid-in capital was increased to NT480,000 thousand.
2007	The company raised NT$10,000 thousand, and the paid-in capital was increased to NT$490,000 thousand.
2007	The company raised NT$71,250 thousand, and the paid-in capital was increased to NT$561,250 thousand.
2007	Commencement of operation of new injection plant, new office building, and employee dormitory.
2008	Commencement of operation of new container pier.
2010	Completion of construction of mold plant.
2010	The laboratory achieves ISO17025 certification.
2010	The company raised NT$10,000 thousand, and the paid-in capital was increased to NT$571,250 thousand.
2011	The public offering of shares was approved by the Securities and Futures Bureau, FSC.
2011	Registered and trading on the Emerging Stock Board (ESB) of the Taipei Exchange (TPEx).
2011	The surplus was transferred to increase the capital to NT$31,419 thousand, and the paid-in capital was increased to NT$602,669 thousand.
2011	Applied to Taiwan Stock Exchange for listing in TWSE.
2012	The shares of the Company became listed on Taiwan Stock Exchange for trading, with cash capital increased to NT$659,259 thousand.
2012	Commencement of operation of packaging material plant.
2013	Injection plant construction completion.
2015	Executed cash capital increase of NT$100,000 thousand, and the paid-in capital was increased to NT$759,259

Date	Key milestones
	thousand.
2015	Obtained 75.765% of stake in China First Holdings Limited (Samoa), and invested in Changshu Guanlin Auto Decorative Parts Limited in China indirectly
2015	Indirect investment in 75% of stake in Laoning Guanlin Auto Parts Limited.
2015	Established subsidiary: United Skills Co., Ltd.
2015	Repurchased treasury shares, and cancelled 17,870 treasury shares; the paid-in capital was decreased to NT$741,389 thousand.
2016	Increase the capital of China First Holdings Limited (Samoa), the shareholding become 77.97%.
2017	Increase the capital of China First Holdings Limited (Samoa), the shareholding become 88.13%.
2017	Indirect investment in 80.95% of stake in Laoning Guanlin Auto Parts Limited.
2018	Indirect investment in 82.61% of stake in Laoning Guanlin Auto Parts Limited.
2018	Construction of the 12th phase of the injection plant and auto warehouse equipment.
2018	On December 7, 2018, Liaoning Guanlin Auto Parts Limited was renamed Liaoning Hetai Automotive Parts Co., Ltd.
2019	On May 15, 2019, Changshu Guanlin Auto Decorative Parts Limited was renamed Changshu Guanlin Automotive Trim Co., Ltd.
2019	Indirect investment in 100% of stake in Changshu Guanlin Automotive Trim Co., Ltd.
2019	Increase the capital of Ventec International Group Limited, the shareholding was maintained at 100%.
2019	Indirect investment in 99.6% of stake in Chang Jie Technology Co., Ltd.
2020	Increase the capital of Ventec International Group Limited, the shareholding was maintained at 100%.
2020	Increase the capital of Chang Jie Technology Co., Ltd., the shareholding was increased to 99.78%.
2021	Increase the capital of Ventec International Group Limited, the shareholding was maintained at 100%.
2021	Increase the capital of Chang Jie Technology Co., Ltd., the shareholding was increased to 99.83%.
2022	Established laboratory and made preparations for a food plant and build a circular economy utilization center for water resources.

Three. Corporate Governance Report

I. Company Organization

(I) Organizational Structure



(II) Business operated by each major department

Name of department	Functions of department
Auditing department	1. Assist in establishing effective internal control systems and various operating regulations. 2. Audit the Company's business, finance, risk control and legal compliance, while making suggestions for improvement of the internal control. 3. Formulate the self-audit, and evaluation descriptions and procedures of the internal control system, while supervising and reviewing the regular self-inspection of each unit.
Audit Committee	1. Supervise the Company's internal audit system and its implementation. 2 Review the Company's financial information and disclosure. 3. Review the Company's internal control system.
Remuneration Committee	1. Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors, supervisors and managerial officers. 2. Regularly evaluate and determine the remunerations of directors, supervisors and managerial officers.
General Manager's Office	1. Comprehensively manage the Company's overall strategic goals and policy promotion, while supervising and coordinating the implementation and achievement of each unit. 2. Operations related to the management of shareholder services.
Safety and Health Office	Management of occupational safety and health, as well as personal health.
Information Office	1. Responsible for the development and maintenance of the Company's information systems. 2. Planning, management and maintenance of the computer hardware and software equipment. 3. Responsible for planning, structuring, developing information systems, and maintenance and management of related equipment. 4. Information security control
Management department	1. Planning and management of human resources. 2. General affairs and procurement operations for miscellaneous items. 3. Management of assets and equipment, and insurance-related operations.
Finance Department	1. Establish an accounting system, handling accounting and taxation. 2. Capital utilization and management. 3. Provide financial analysis and management reports to the management for decision-making.
Material Department	1. Responsible for production scheduling and coordination of production and sales. 2. Procurement of production-related raw materials, commodities and equipment, and supply management.
Automation Division	1. Responsible for the evaluation, planning, design and introduction of manufacturing automation of production. 2. Handling, improvement, review and analysis of production equipment issues.
Sales Division	Marketing Sector: 1. Business promotion, marketing, exhibiting, customer service and market development, to achieve sales targets. 2. Collect market intelligence, latest product information, customer opinions and regional marketing materials, and evaluate the feasibility of development to meet customer needs. 3. Handling and tracking customer complaints. Operation Sector: 1. Warehouse management - stock in and out of goods, storage location planning, inventory, and other operations. 2. Execute product preparation, loading and shipment, and export customs clearance operations.
Quality Department	1. Planning and implementation for promoting quality policies. 2. Rectification, improvement, and rectification of major product complaints from customers. 3. During the development process, participate in the trial production, acceptance review, and improvement. 4. Inspect and manage the quality of incoming materials from suppliers. 5. Formulate and implement the relevant inspection specs management of product quality. 6. Calibration and maintenance of measuring instruments and equipment. 7. Execute and cooperate with ISO audit, CAPA document review and on-site evaluation.

Production Department	1. Responsible for product manufacturing, delivery control, process quality/control and production technology. 2. Maintenance, service and management of fixed assets/molds. 3. Improve productivity and reduce production costs.
Incubation Center	Develop emerging business departments and develop new products.

II. Information on the company’s directors, supervisors, general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company’s divisions and branch units

(I) Information on Directors and Supervisors

1. Names, experience and education background, shareholdings and nature of directors and supervisors

April 2, 2023

Unit: shares

Title (Note 1)	Nationality or place of registration	Name	Gender	Date of election	Term	Commencement date of first term (Note 2)	Shareholding when elected		Current shareholding		Current shareholding of spouse and underage children		Shares held by proxy		Principal work experience and academic qualifications (Note 3)	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks (Note 4) End of document
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
Chairman	Taiwan	Hehan Investment Co., Ltd.	-	2022.5.27	3 years	2014.6.23	7,586,503	10.234%	7,586,503	10.234%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Rep.: Hao-Chen Lin	Male	2022.5.27	3 years	2019.12.30	1,194,305	1.611%	1,194,305	1.611%	-	-	-	-	Pace University Public Accounting Sales Specialist, Y.C.C. PARTS MFG. CO., LTD. Special Assistant, Y.C.C. PARTS MFG. CO., LTD.	Note 5	General Manager Director -	Jui-Tse Lin Shih-Yun Lin -	Older brother Mother -	
Director	Taiwan	Ziqun International Co., Ltd.	-	2022.5.27	3 years	2020.5.29	861,000	1.161%	1,080,000	1.457%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Rep.: Jo-Ning Huang	Female	2022.5.27	3 years	2022.2.15	-	-	-	-	-	-	-	-	Department of Law, National Chengchi University Lawyer, CGT Attorneys At Law Lawyer, Tzu Chung Law Firm	Note 12	- - -	- - -	- - -	-
Director	Taiwan	Songqun Investment and Development Ltd.	-	2022.5.27	3 years	2014.6.23	10,731,000	14.477%	10,731,000	14.477%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Rep.: Shu-Mei Liu	Female	2022.5.27	3 years	2010.6.22	15,275	0.02%	15,275	0.02%	2,110	0.003%	-	-	Department of Accounting, Providence University Manager of Finance Department, Y.C.C. PARTS MFG. CO., LTD. Vice Manager, Deloitte Taiwan	Note 6	-	-	-	-

Title (Note 1)	Nationality or place of registration	Name	Gender	Date of election	Term	Commencement date of first term (Note 2)	Shareholding when elected		Current shareholding		Current shareholding of spouse and underage children		Shares held by proxy		Principal work experience and academic qualifications (Note 3)	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks (Note 4) End of document
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
Director	Taiwan	Daqun International Co., Ltd.	-	2022.5.27	3 years	2022.5.27	506,000	0.682%	1,011,000	1.363%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Jui-Tse Lin	Male	2022.5.27	3 years	2020.5.29	1,372,810	1.852%	1,372,810	1.852%	-	-	-	-	Department of Psychology, Fu Jen Catholic University Sales Specialist, Y.C.C. PARTS MFG. CO., LTD. Head of Production Department, Y.C.C. PARTS MFG. CO., LTD. Special Assistant, Y.C.C. PARTS MFG. CO., LTD.	Note 7	Chairman	Hao-Chen Lin	Younger brother	
																	Director	Shih-Yun Lin	Mother	
Director	Taiwan	Haoqun Investment and Development Ltd.	-	2022.5.27	3 years	2017.6.19	11,791,000	15.907%	11,791,000	15.907%	-	-	-	-	-	-	-	-	-	-
	Republic of China	Representative: Shih-Yun Lin	Female	2022.5.27	3 years	1986.2.19	1,098,055	1.481%	1,098,055	1.481%	-	-	-	-	EMBA and PMBA, Department of Business Administration, National Taiwan University	Note 8	Chairman	Hao-Chen Lin	Son	
																	General Manager	Jui-Tse Lin	Son	
Independent director	Republic of China	Hung-Lung Huang	Male	2022.5.27	3 years	100.5.17	-	-	-	-	-	-	-	-	Masters, Institute of Finance Law, National Chung Hsing University EMBA, Department of Accounting of Tunghai University CPA, WeTec International CPAs	Note 9	-	-	-	-
Independent director	Republic of China	Chin-Feng Kuo	Male	2022.5.27	3 years	107.10.1	13,000	0.02%	13,000	0.02%	88,000	0.12%	-	-	Master, Department of Economics, Shih Hsin University Financial Manager, Shinshin Natural Gas Co., Ltd.	-	-	-	-	-
Independent director	Republic of China	Lung-Fa Hsieh	Male	2022.5.27	3 years	100.7.15	-	-	-	-	-	-	-	-	PhD., Department of Business Administration, National Cheng-Chi University Head, Commerce Development Research Institute General Manager and Business Consultant of Long Bon International Co., Ltd. Vice President, Dayeh University Dean, College of Management, Dayeh University President, Ming Chi University of Technology	Note 10	-	-	-	-
Independent director	Republic of China	Kuo-Hua Chang	Male	2022.5.27	3 years	2022.5.27	-	-	-	-	-	-	-	-	PhD., Department of Laws, Meijo University (Japan) Founding Dean, Graduate School of Science and Technology Law, YunTech	Note 11	-	-	-	-

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 3: Specify experience and qualifications related to the current position. If during the period specified above the person has served in a position at a CPA firm that serves as an external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 4: Where the Chairman of the board of directors and the general manager or a person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): None.

Note 5: Chairman of Haogqun Investment and Development Ltd.; Director of United Skills Co., Ltd.; Director of Changshu Guanlin Automotive Trim Co., Ltd.; Director of Chang Jie Technology Co., Ltd.; Supervisor of Liaoning Hetai Automotive Parts Co., Ltd.; Supervisor of Changshu Xinxiang Automobile Parts & Components Co., Ltd.

Note 6: Supervisor of United Skills Co., Ltd.; Chairman of Changshu Guanlin Automotive Trim Co., Ltd.; Chairman of Liaoning Hetai Automotive Parts Co., Ltd.; Chairman of Changshu Xinxiang Automobile Parts & Components Co., Ltd.

Note 7: General Manager of the Company; Chairman of Songqun Investment and Development Ltd.; Director of Changshu Guanlin Automotive Trim Co., Ltd.; Director of Liaoning Hetai Automotive Parts Co., Ltd.; Director of Chang Jie Technology Co., Ltd.; Director of Gordon Auto Body Parts Co., Ltd.

Note 8: Director, Shih-Yun Lin, was firstly elected as a director on February 19, 1986, and served until December 30, 2019; she was re-elected as a director on May 29, 2020, and served until February 15, 2022; and she was re-elected as a director on May 27, 2022 and has served until now. Chairman of Hehan Investment Co., Ltd., United Skills Co., Ltd., and Chang Jie Technology Co., Ltd.; Director of Ventec International Group Limited, China First Holdings Limited, Changshu Guanlin Automotive Trim Co., Ltd., Liaoning Hetai Automotive Parts Co., Ltd., and Changshu Xinxiang Automobile Parts & Components Co., Ltd.; Managing Director of CHSC Foundation; Changhua County Shih-Yun Lin Foundation.

Note 9: Head, WeTec International CPAs. Supervisor of Wufenglins Company Limited and Changhua County Foundation; Director of LI CHENG ENTERPRISE CO., LTD., YU HUNG PAPER CO., LTD, Taichung County Auchao Foundation, and Miaoli County Hiching Senior Home; Independent Director of I JANG INDUSTRIAL CO., LTD.

Note 10: Director, Lung-Fa Hsieh, was first elected as a director on July 15, 2011 and served until June 30, 2018; he/she was re-elected as a director on May 27, 2022 and has served until now. Senior Consultant, HITANO ENTERPRISE CORP

Note 11: Independent Director of Shining Victory Motor Electronic Co., Ltd. and Cryomax Cooling System Corp.; Full-time Professor of Graduate School of Science and Technology Law, National Yunlin University of Science & Technology; Visiting Professor of Osaka Institute of Technology; Consultant of Labor Affairs Bureau, Taichung City Government; CEO of School Affair Advisory Board, National Yunlin University of Science & Technology.

Note 12: Director of Weiersi Biotech Ltd.

2. Major Shareholders of Corporate Shareholders

April 2, 2023

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Hehan Investment Co., Ltd.	Shih-Yun Lin (98.08%); Jui-Tse Lin(1.92%)
Ziqun International Co., Ltd.	Hao-Chen Lin(99.97%); Yi-Hung Lin(0.03%)
Haoqun Investment and Development Ltd.	Yi-Hung Lin(75.26%); Hao-Chen Lin(24.74%)
Songqun Investment and Development Ltd.	Shih-Yun Lin(59.87%); Jui-Tse Lin(40.13%)
Daqun International Co., Ltd.	Jui-Tse Lin(99.97%); Shih-Yun Lin(0.03%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors.

3. Major shareholders of the corporate shareholder who is also a major shareholder of another corporate shareholder: none.
4. Information on Directors and Supervisors

April 2, 2023

Criteria / Name and title	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Hehan Investment Co., Ltd. Rep.: Hao-Chen Lin	Possessing the expertise and experience required for business administration, marketing, and business development of the Company, as well as finance and accounting expertise.	Non-independent director	0
Ziqun International Co., Ltd. Rep.: Jo-Ning Huang	Possessing legal expertise and practice, and obtained lawyer qualification.		0
Songqun Investment and Development Ltd. Rep.: Shu-Mei Liu	Possessing working experience in finance and accounting, with abilities of operational judgment and management		0
Daqun International Co., Ltd. Rep.: Jui-Tse Lin	Possessing abilities in corporate governance, operation management, industrial development and decision-making.		0
Haoqun Investment and Development Ltd. Rep.: Shih-Yun Lin	Possessing ability in operational management, and accounting and finance expertise.		0
Hung-Lung Huang	Possessing abilities of operational judgment and management, as well as accounting and finance expertise; is a CPA.	All independent directors comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Please refer to Note 2.	1
Chin-Feng Kuo	Possessing expertise in accounting, finance, and business administration		0
Lung-Fa Hsieh	With theoretical and practical experience in business administration for more than 30 years, possessing analytical expertise and decision-making ability in business strategy, research and development management, and marketing planning.		0
Kuo-Hua Chang	Possessing professional qualifications in laws and practices related to corporate governance, industrial development, operation management Professor, Graduate School of Science and Technology Law, YunTech Expertise: Commercial law, Company Act, Negotiable Instruments Act, Intellectual Property Law, Trade Secrets Act, Copyright Act, Administrative Law, and Environmental law		2

Note 1: (1) No board member fulfills any of the circumstances specified in subparagraphs, Article 30 of the Company Act.

(2) Please refer to the implementation of board member's diversity for the expertise of the independent directors.

Note 2: Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"

(1) The independent director, spouse, or relatives within the second degree of kinship are not a director, supervisor, or employee of the company or any of its affiliates.

(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer, or director, supervisor, or natural-person shareholder holding 1% or more of the total number of issued shares of the Company or its affiliates or ranking in the top 10 in holdings.

(4) Not a director, supervisor, or employee of the companies with a specific relationship with the Company

(5) In the most recent two years, no exclusive or professional service was provided by the director him/herself, or the company he/she serves as a director to the Company.

II. Information on the general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

April 2, 2023
Unit: shares

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Principal work experience and academic qualifications (Note 2)	Concurrent positions in other companies	Spouses or relatives of the second-degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
General Manager	Republic of China	Jui-Tse Lin	Male	2022.2.15	1,372,810	1.852%	-	-	-	-	Department of Psychology, Fu Jen Catholic University Sales Specialist, Y.C.C. PARTS MFG. CO., LTD. Head of Production Department, Y.C.C. PARTS MFG. CO., LTD. Special Assistant, Y.C.C. PARTS MFG. CO., LTD.	Chairman of Songqun Investment and Development Ltd. Director of China First Holdings Limited Director of Changshu Guanlin Automotive Trim Co., Ltd. Director of Liaoning Hetai Automotive Parts Co., Ltd. Director of Chang Jie Technology Co., Ltd. Director of Gordon Co., Ltd.	Chairman	Hao-Chen Lin	Younger brother	
Deputy General Manager	Republic of China	Shu-Mei Liu	Female	2008.10.1	15,275	0.021%	2,110	0.003%	-	-	Department of Accounting, Providence University Manager of Finance Department, Y.C.C. PARTS MFG. CO., LTD. Vice Manager, Deloitte Taiwan	Supervisor of United Skills Co., Ltd. Chairman of Changshu Guanlin Automotive Trim Co., Ltd. Chairman of Liaoning Hetai Automotive Parts Co., Ltd. Chairman of Changshu Xinxiang Automobile Parts & Components Co., Ltd.	-	-	-	
General Manager	Republic of China	Yi-Hung Lin	Male	2022.2.15	1,307,215	1.76%	1,098,055	1.48%	-	-	Executive Management and Practice Study, National Taiwan University	Director, Hehan Investment Co., Ltd. Director of United Skills Co., Ltd. Director of China First Holdings Limited Director of Changshu Guanlin Automotive Trim Co., Ltd. Director of Liaoning Hetai Automotive Parts Co., Ltd. Director of Changshu Xinxiang Automobile Parts & Components Co., Ltd. Director of Chang Jie Technology Co., Ltd. Director of Gordon Co., Ltd. Chairman of Weiersi Biotech Ltd.	Chairman General Manager	Hao-Chen Lin Jui-Tse Lin	Son Son	
Deputy General Manager	Republic of China	Chieh-Chang Tian	Male	2022.6.1	0	0	0	-	-	-	Merton College， Oxford PhD in Physics Molecule Southwestern University Doctor of Philosophy in Biological. Megadata Europe Plc. Managing Director.	Director of Weiersi Biotech Ltd.	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Principal work experience and academic qualifications (Note 2)	Concurrent positions in other companies	Spouses or relatives of the second-degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
											BAE Systems. Asia Pacific Executive Manager. CEO, Elephant Industrial (China)					
Deputy General Manager	Republic of China	Jia-Rong Chen	Male	2022.6.1	0	0	—	—	—	—	PhD in Science, Institute of Biochemical Sciences, National Taiwan University Post-doc researcher, INSTITUTE OF BIOLOGICAL CHEMISTRY, ACADEMIA SINICA Researcher, Taiwan Centers for Disease Control, MOHW Project-based Assistant Researcher and Adjunct Assistant Professor, Department of Animal Science and Biotechnology, Tunghai University Senior Researcher, Biotech Development Department, Vitalon Foods Company	—	—	—	-	

Note 1: The information in this table should be disclosed to the general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, deputy general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during the period specified above, the person has served in a position at a CPA firm that serves as an external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the Chairman of the board of directors of a company are the same people, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): None.

(III) Remuneration to Ordinary Directors, Independent Directors, Supervisors, General Manager(s) and Deputy General Manager(s) December 31, 2022

1. Remuneration to Ordinary Directors and Independent Directors

Unit: NT$ thousand

Title	Name	Directors' compensation								Sum of A+B+C+D and ratio to net income (Note 10)		Compensation received as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Base compensation (A) (Note 2)		Retirement pay and pensions (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and per requisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pensions (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company (%)	All companies included in the financial statements (Note 7) (%)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company		All consolidated entities (Note 7)		The Company (%)	All companies included in the financial statements (Note 7) (%)	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman (Description 3)	Hehan Investment Co., Ltd. Rep.: Hao-Chen Lin	1,781	1,781	-	-	4,413	4,413	30	30			7,969	7,969	333	333	846	-	846	-			-
Director	Hehan Investment Co., Ltd. Rep.: Shih-Yun Lin																					
Director	Ziqun International Co., Ltd. Rep.: Yi-Hung Lin																					
Director	Ziqun International Co., Ltd. Rep.: Chieh-Chang Tian																					
Director (Description 4)	Ziqun International Co., Ltd. Rep.: Jo-Ning Huang																					
Director	Haoqun Investment and Development Ltd.																					

	Rep.: Hao-Chen Lin																					
Director	Haoqun Investment and Development Ltd.																					
	Rep.: Jo-Ning Huang																					
Director (Description 7)	Haoqun Investment and Development Ltd.																					
	Rep.: Shih-Yun Lin																					
Director (Description 6)	Songqun Investment and Development Ltd.																					
	Rep.: Shu-Mei Liu																					
	Rep.: Jui-Tse Lin																					
Director (Description 5)	Daqun Investment and Development Ltd.																					
	Rep.: Jui-Tse Lin																					
Independent director (Description 8)	Hung-Lung Huang Chin-Feng Kuo Chao-Chang Yang Chih-Ping Chu Lung-Fa Hsieh Kuo-Hua Chang	-	-	-	-	1,248	1,248	570	570			-	-	-	-	-	-	-	-			

1. Please explain the policy, system, standards, and structure by which independent director compensation is paid and the association between the amount paid and independent directors' responsibilities, risks and time committ
On April 16, 2010, the Company passed the "Regulations Governing Director's Remuneration Payment;" the director's remuneration is distributed according to the position held, the risks assumed, and the time of participatio
2. Except as disclosed in the table above, the compensations received by directors for providing services (such as serving as consultants who are not employees) to all consolidated companies in the most recent year: None.
3. On May 27, 2022, re-election of the board of director in the shareholders' meeting; Hehan Investment Co., Ltd. was elected, and the representative, Hao-Chen Lin was appointed.
4. May 27, 2022, re-election of the board of director in the shareholders' meeting; Ziqun International Co., Ltd. was elected, and the representative, Jo-Ning Huang was appointed.
5. On May 27, 2022, the re-election of the board of director in the shareholders' meeting; Daqun International Co., Ltd. was elected, and the representative, Jui-Tse Lin was appointed.
6. On May 27, 2022, the re-election of the board of director in the shareholders' meeting; Songqun Investment and Development Ltd. was elected, and the representative, Shu-Mei Liu was appointed.
7. On May 27, 2022, the re-election of the board of director in the shareholders' meeting; Songqun Investment and Development Ltd. was elected, and the representative, Shu-Mei Liu was appointed.
8. On May 27, 2022, the re-election of the board of director in the shareholders' meeting, and the independent directors elected are Hung-Lung Huang, Chin-Feng Kuo, Lung-Fa Hsieh, and Kuo-Hua Chang

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) (I)
Below NT$ 1,000,000	Shih-Yun Lin, Yi-Hung Lin, Shu-Mei Liu, Jui-Tse Lin, Chieh-Chang Tian, Jo-Ning Huang, Hung-Lung Huang, Chao-Chang Yang, Chin-Feng Kuo, Chih-Ping Chu, Lung-Fa Hsieh, and Kuo-Hua Chang	Shih-Yun Lin, Yi-Hung Lin, Shu-Mei Liu, Jui-Tse Lin, Chieh-Chang Tian, Jo-Ning Huang, Hung-Lung Huang, Chao-Chang Yang, Chin-Feng Kuo, Chih-Ping Chu, Lung-Fa Hsieh, and Kuo-Hua Chang	Yi-Hung Lin, Chieh-Chang Tian, Jo-Ning Huang, Hung-Lung Huang, Chao-Chang Yang, Chin-Feng Kuo, Chih-Ping Chu, Lung-Fa Hsieh, and Kuo-Hua Chang	Yi-Hung Lin, Chieh-Chang Tian, Jo-Ning Huang, Hung-Lung Huang, Chao-Chang Yang, Chin-Feng Kuo, Chih-Ping Chu, Lung-Fa Hsieh, and Kuo-Hua Chang
NT$ 1,000,000 (inclusive) - NT$ 2,000,000 (non-inclusive)	Hao-Chen Lin	Hao-Chen Lin	Jui-Tse Lin; Hao-Chen Lin	Jui-Tse Lin; Hao-Chen Lin
NT$ 2,000,000 (inclusive) - NT$ 3,500,000 (non-inclusive)	-	-	Shih-Yun Lin; Shu-Mei Liu	Shih-Yun Lin; Shu-Mei Liu
NT$ 3,500,000 (inclusive) - NT$ 5,000,000 (non-inclusive)	-	-	-	-
NT$ 5,000,000 (inclusive) - NT$ 10,000,000 (non-inclusive)	-	-	-	-
NT$ 10,000,000 (inclusive) - NT$ 15,000,000 (non-inclusive)	-	-	-	-
NT$ 15,000,000 (inclusive) - NT$ 30,000,000 (non-inclusive)	-	-	-	-
NT$ 30,000,000 (inclusive) - NT$ 50,000,000 (non-inclusive)	-	-	-	-
NT$ 50,000,000 (inclusive) - NT$ 100,000,000 (non-inclusive)	-	-	-	-
NT$ 100,000,000 and above	-	-	-	-
Total	13	13	13	13

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each If a director concurrently serves as a general manager or a deputy general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, deputy general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, deputy general manager, other managerial officers, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Tables 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added to the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2. Remuneration to General Manager(s) and Deputy General Manager(s)

December 31, 2022
Unit: NT$ thousand; shares

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Retirement pay and pensions (B)</th><th colspan="2">Rewards and special disbursements (C) (Note 3)</th><th colspan="4">Employee profit-sharing compensation (D) (Note 4)</th><th colspan="2">Sum of A+B+C+D and ratio to net income (%) (Note 8)</th><th rowspan="3">Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities (Note 5)</th></tr>
<tr><th>Amount paid in cash</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Amount paid in shares</th></tr>
<tr><td>General Manager</td><td>Yi-Hung Lin</td><td rowspan="5">5,806</td><td rowspan="5">5,806</td><td rowspan="5">358</td><td rowspan="5">358</td><td rowspan="5">1,574</td><td rowspan="5">1,574</td><td rowspan="5">859</td><td rowspan="5">-</td><td rowspan="5">859</td><td rowspan="5">-</td><td rowspan="5">Not confirmed</td><td rowspan="5">Not confirmed</td><td rowspan="5">-</td></tr>
<tr><td>General Manager</td><td>Jui-Tse Lin</td></tr>
<tr><td>Assistant General Manager</td><td>Shu-Mei Liu</td></tr>
<tr><td>Assistant General Manager</td><td>Chieh-Chang Tian</td></tr>
<tr><td>Assistant General Manager</td><td>Jia-Rong Chen</td></tr>
</table>

Remuneration Range Table

Remuneration Range Table to General Manager(s) and Deputy General Manager(s)	Names of General Manager and Deputy General Managers	
	The Company (Note 6)	All consolidated entities (Note 7)
Below NT$ 1,000,000	Chieh-Chang Tian; Jia-Rong Chen	Chieh-Chang Tian; Jia-Rong Chen
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	Jui-Tse Lin	Jui-Tse Lin
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)	Yi-Hung Lin; Shu-Mei Liu	Yi-Hung Lin; Shu-Mei Liu
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)	-	-
NT$5,000,000 (incl.)~NT$10,000,000 (excl.)	-	-
NT$10,000,000 (incl.)~NT$15,000,000 (excl.)	-	-
NT$15,000,000 (incl.)~NT$30,000,000 (excl.)	-	-
NT$30,000,000 (incl.)~NT$50,000,000 (excl.)	-	-
NT$50,000,000 (incl.)~NT$100,000,000 (excl.)	-	-
NT$ 100,000,000 and above	-	-
Total	5	5

Note 1: The name of each general manager and deputy general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or a deputy general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and deputy general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicles, and other compensation to the general manager(s) and deputy general managers(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and deputy general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, deputy general manager, other managerial officers, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Tables 1-3 should also be completed. Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and deputy general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager by the Company.

Note 7: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and deputy general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If general manager(s) or deputy general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added to the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by the general manager(s) and deputy general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3. Name of Managerial Officers with Employee Compensation Distributed, and the Distribution

December 31, 2022

Unit: NT$ thousand; shares

	Title (Note 1)	Name (Note 1)	Amount paid in shares	Amount paid in cash	Total	Ratio of sum to net income
Managerial Officers	General Manager	Jui-Tse Lin	—	859	859	0.2%
	General Manager	Yi-Hung Lin				
	Deputy General Manager	Shu-Mei Liu				
	Deputy General Manager	Chieh-Chang Tian				
	Deputy General Manager	Jia-Rong Chen				
	Accounting supervisor Finance Office	Wei-Yang Shen				

Note 1: Individual names and titles shall be disclosed but the profit-sharing may be disclosed in an aggregation manner.

Note 2: This refers to employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: "Managerial officers" means those falling within the applicable scope defined in 27 March, 2003 Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance; the scope is as below:
(1) General manager and equivalent (2) Deputy General Manager and equivalent (3) Deputy assistant general manager and equivalent (4) Head of the finance department (5) Head of the accounting department (6) Other persons who have the rights to manage the company and sign

Note 4: Where any director concurrently serves as a managerial officer and receives the employee's remuneration (including shares and cash), please complete the table.

4. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and deputy general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and deputy general managers

Receiver of compensation	Ratio of compensation to net income after tax			
	2021		2022	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	10.67	10.67	Not confirmed	Not confirmed
General Manager and Deputy General Managers	4.90	4.90	Not confirmed	Not confirmed

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

A. Directors and Supervisors

The remuneration of the Company’s directors and supervisors includes compensation, remuneration, and business execution expenses, among other things. Pursuant to the Articles of Incorporation, the board of directors is authorized to determine the remunerations of directors and supervisors based on normal industrial standards. For standards to distribute the remunerations of directors and supervisors from the earning distribution, the Articles of Incorporation shall be complied with. The Company amended Article 26 of the Articles of Incorporation on June 20, 2016, and the distribution method specified is as follows:

If the Company makes profits in the current year, no more than 3% should be provided as the directors’ remuneration.

B. General Manager and Assistant General Manager

The remunerations of the general manager and deputy general manager include salary, bonus and employee profit-sharing bonus. The salary and bonus are determined based on the positions held in the Company, the responsibilities assumed, and the contribution to the Company, while referring to the industrial standard; the distribution of employee profit-sharing bonuses complies with the Articles of Incorporation, to be reported to the board of directors, and resolution of approval byt he shareholders’ meeting before the distribution.

To sum up, the Company’s policy of paying remuneration to directors, supervisors, general manager and deputy general manager, and the procedures for determining remunerations have a positive correlation with the business performance.

III. Implementation of corporate governance

(I) Operations of the board of directors:

The number of board meetings held in the most recent fiscal year (2022) up to the publication date of the prospectus was: seven (A) (five in 2022 and two in 2023). The attendance by the directors and supervisors was as follows:

Title	Name (Note 1)	No. of meetings attended in person (B)	Number of proxy attendance	Attendance expected (A)	Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairman	Hehan Investment Co., Ltd. (Rep.: Shih-Yun Lin) (Rep.: Hao-Chen Lin)	7	0	7	100	Re-appointed on May 29, 2020 Rep.: Shih-Yun Lin Replaced by Hao-Chen Lin on Feb. 15, 2022 And re-appointed on May 27, 2022
Director	Ziqun International Co., Ltd. (Rep.: Yi-Hung Lin) (Rep.: Chieh-Chang Tian) (Rep.: Jo-Ning Huang)	7	0	7	100	Re-appointed on May 29, 2020 Rep.: Yi-Hung Lin Replaced by Chieh-Chang Tian on Feb. 15, 2022 Elected on May 27, 2022, Rep.: Jo-Ning Huang
Director	Songqun Investment and Development Ltd. (Rep.: Shu-Mei Liu)	7	0	7	100	Re-appointed on May 27, 2022
Director	Songqun Investment and Development Ltd. (Rep.: Jui-Tse Lin)	2	0	2	100	Discharged on May 27, 2022
Director	Daqun International Co., Ltd. (Rep.: Jui-Tse Lin)	5	0	5	100	Elected on May 27, 2022
Director	Haoqun Investment and Development Ltd. (Rep.: Hao-Chen Lin) (Rep.: Jo-Ning Huang) (Rep.: Shih-Yun Lin)	6	1	7	83	Re-appointed on May 29, 2020, Rep.: Hao-Chen Lin replaced by Jo-Ning Huang on Feb. 15, 2022 Elected on May 27, 2022, Rep.: Shih-Yun Lin
Independent director	Hung-Lung Huang	7	0	7	100	Re-appointed on May 27, 2022
Independent director	Chao-Chang Yang	2	0	2	100	Discharged on May 27, 2022
Independent director	Chin-Feng Kuo	7	0	7	100	Re-appointed on May 27, 2022
Independent director	Lung-Fa Hsieh	5	0	5	100	Elected on May 27, 2022
Independent director	Chih-Ping Chu	2	0	2	100	Discharged on May 27, 2022
Independent director	Kuo-Hua Chang	4	0	4	100	Elected on May 27, 2022

Attendance status of independent directors in each board meeting ◎ Attended in person ☆ Attended by proxy ※absent

	2022/3/10	2022/5/12	2022/5/27	2022/8/9	2022/11/11	2023/3/13	2023/5/8
Hung-Lung Huang	◎	◎	◎	◎	◎	◎	◎
Chin-Feng Kuo	◎	◎	◎	◎	◎	◎	◎
Chao-Chang Yang	◎	◎	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022
Chih-Ping Chu	◎	◎	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022	Discharged on May 27, 2022
Lung-Fa Hsieh	Elected on May 27, 2022	Elected on May 27, 2022	◎	◎	◎	◎	◎
Kuo-Hua Chang	Elected on May 27, 2022	Elected on May 27, 2022	◎	◎	◎	◎	◎

Other mandatory disclosures:

If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
(I) Any matter under Article 14-3 of the Securities and Exchange Act: approved by the independent directors.

1. In the 10th meeting, the 12th Board of Directors on March 10, 2022, the following were approved:
   (1) Approved proposal of 2021 employee and director remuneration distribution.
   (2) Approved the 2021 Business Report and Financial Statements
   (3) Approved 2021 earning distribution proposal
   (4) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   (5) Approved the assessment of the attesting CPAs' independence and competence
   (6) Approved the 2021 Statement of Internal Control System.
   (7) Approved the partial amendments to the "Articles of Incorporation."
   (8) Approved the partial amendments to the "Operational Procedures for Acquisition and Disposal of Assets"
   (9) Approved the full re-election of directors of the Company.
   (10) Approved the period and venue to accept shareholders' proposals and the nomination of director candidates for the 2022 shareholders' meeting.
   (11) Approved the proposal for approving the Board of Directors to nominate and review the list of director candidates (independent directors included).
   (12) Approved the request to relieve all new directors from the non-compete restrictions.
   (13) Approved the matters related to the convention of the 2022 regular shareholders' meeting.
   (14) Approved the loaning of funds.
   (15) Approved the loaning of funds to subsidiaries.
   (16) Approved to apply for renewing the limit of derivative trading to banks.
   (17) Approved to apply for renewing contracts with financial institutions.

2. In the 11th meeting, the 12th Board of Directors on May 12, 2022, the following were approved:
   (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   (2) Approved the 2022 Q1 financial statements.
   (3) Approved the loaning of funds to subsidiaries.
   (4) Approved the compensations of the Chairman, General Manager(s), and Deputy General Manager(s)
   (5) Approved the re-appointment of the finance and accounting officers.

3. In the 1st meeting, the 13th Board of Directors on May 27, 2022, the following were approved:
   (1) Upon the consent of all directors, Hehan Investment Co., Ltd. is appointed as the Chairman.

4. In the 2nd meeting, the 13th Board of Directors on August 9, 2022, the following were approved:
   (1) Approved the appointment of Remuneration Committee members
   (2) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   (3) Approved the 2022 Q2 financial statements.
   (4) Approved the renewal of the directors and supervisors' liability insurance.
   (5) Approved the partial amendments to the "Corporate Social Responsibility Best Practice Principles."
   (6) Approved to add the "Charter of Corporate Governance and Sustainable Development Committee."
   (7) Approved the appointment of Corporate Governance and Sustainable Development Committee members
   (8) Approved the loaning of funds to subsidiaries.
   (9) Approved the cancellation of the Company's endorsement and guarantee.
   (10) Approved the donation to Changhua County Shih-Yun Lin Foundation.

5. In the 3rd meeting, the 13th Board of Directors on November 11, 2022, the following were approved:
   (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   (2) Approved the 2022 Q3 financial statements.
   (3) Approved the loaning of funds to subsidiaries.
   (4) Approved the 2023 audit plan.
   (5) Approved to cancel the application for raising the limit of derivative trading to banks.
   (6) Approved the partial amendments to the "GM-16 Rules of Procedure for Board of Directors Meetings" and "GM-17 Management for Board of Directors Meeting Operation."
   (7) Approved the partial amendments to the "GM-27 Procedures for Handling Material Inside Information."
   (8) Approved the 2023 "Summary of Business Plan."
   (9) Approved the purchase of lands and plant buildings
   (10) Approved the loaning of funds to subsidiaries.
   (11) Approved to apply for a credit facility from banks.

6. In the 4th meeting, the 13th Board of Directors on March 13, 2023, the following were approved:
   (1) Approved proposal of 2022 employee and director remuneration distribution.
   (2) Approved the 2022 Business Report and Financial Statements.
   (3) Approved 2022 earning distribution proposal.
   (4) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   (5) Approved the 2023 assessment of the attesting CPAs' independence and competence
   (6) Approved the 2022 Statement of Internal Control System.
   (7) Approved the proposal to add GM-47 "Procedures for Ethical Management and Guidelines for Conduct."
   (8) Approved to amend the "Corporate Governance Best Practice Principles."
   (9) Approved the request to relieve managerial officers from the non-compete restrictions.
   (10) Approved the request to relieve directors and their representatives from the non-compete restrictions.
   (11) Approved the Company's sustainable development promotion plan for 2023.
   (12) Approved the matters related to the convention of the 2023 regular shareholders' meeting.
   (13) Approved the loaning of funds.

(14) Approved the loaning of funds to subsidiaries.
(15) Approved to apply for renewing contracts with financial institutions.
(16) Approved to apply for renewing the limit of financial product trading to banks.
(17) Approved to apply for renewing contracts with financial institutions.
(18) Approved to cancel the purchase of lands and plant buildings and apply for credit facilities from banks.

7. In the 5th meeting, the 13th Board of Directors on May 8, 2023, the following were approved:
(1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
(2) Approved the 2023 Q1 financial statements.
(3) Approved the loaning of funds to subsidiaries.
(4) Approved the cash capital increase to CHANG JIE TECHNOLOGY CO., LTD by indirectly investing in RISE BRIGHT HOLDINGS LTD.
(5) Approved the 2023 salary adjustment to manager.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: none.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: directors recused themselves from the discussions regarding reviewing their qualifications, remunerations, and non-compete restrictions.

III. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors.

IV. Give an evaluation of the targets that were adopted for strengthening the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof: The operation of the board meetings complies with the "Rules of Procedure for Board of Directors Meetings." The board members have actively attended the continuing education courses under the coverage of corporate governance organized by the designated institutions in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. In addition, the Company has four independent directors in place. The four independent directors well attended the board meeting. With their professional knowledge and abilities including accounting and finance analysis, they provide good advice to the board of directors on the proposals related to the implementation of the internal control system, business and finance. The above implementations should help to strengthen the functions of the board of directors and implement the goals of corporate governance.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2) Implementation of Evaluations of the Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Method of evaluation (Note 4)	Content of evaluation (Note 5)
Once a year	2022/1/1-2022/12/31	Board of directors	Self-evaluation by board members	degree of the board's participation in the operation of the company; the quality of the board's decision-making; composition and structure of the board; election and continuing education of the directors; internal control.
Once a year	2022/1/1-2022/12/31	Individual board member	Self-evaluation of board member	familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example, An evaluation was performed of the performance of the board of directors from January 1, 2022 to December 31, 2022.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include an internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations of external organizations or experts engaged for that purpose, or other suitable methods.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

(1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision-making; composition and structure of the board; election and continuing education of the directors; internal control.

(2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.

(3) Evaluation of the performance of the functional committees: None.

(II) Operation of the Audit Committee

The number of the Audit Committee meetings held in the most recent fiscal year (2022) up to the publication date of the prospectus was: six (A) (four in 2022 and two in 2023). The attendance by the independent directors and supervisors was as follows:

Title	Name	No. of meetings participated in person (B)	Attendance expected (A)	In-person participation rate (%) [B/A](Note)	Remarks
Independent director	Hung-Lung Huang	6	6	100	Re-appointed on May 27, 2022
Independent director	Chao-Chang Yang	2	2	100	Discharged on May 27, 2022
Independent director	Chin-Feng Kuo	6	6	100	Re-appointed on May 27, 2022
Independent director	Chih-Ping Chu	2	2	100	Discharged on May 27, 2022
Independent director	Lung-Fa Hsieh	4	4	100	Elected on May 27, 2022
Independent director	Kuo-Hua Chang	4	4	100	Elected on May 27, 2022

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

The Audit Committee of the Company is composed of four independent directors. The Audit Committee aims to assist the board of directors to perform the supervision of the Company's quality and reliability in the implementation of accounting, auditing, financial reporting processes and financial systems.

The Audit Committee held four meetings in 2022, and the deliberations mainly include:

（1） Auditing financial statements
（2） Internal control system and related policies and procedures
（3） Material asset or derivative transactions
（4） Material loaning of funds, and endorsements/guarantees
（5） Legal compliance
（6） Assessment of attesting CPAs' independence
（7） Appointment and discharge of General Manager
（8） Inquiry on the effectiveness of the internal control system
（9） Renewal of directors and supervisors' liability insurance
（10） Earning distribution
（11） Matters involve directors' conflicts of interests

■Reviewing financial reports

The board of directors prepared the Company's 2022 business report, financial statements and profit distribution proposals; among which, the financial statements have been audited by PwC Taiwan, with the independent auditor's report presented. The aforesaid business report, financial statements and profit distribution proposal have been audited by the Audit Committee and no inconsistency was found.

■Assessing the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including controlling measures such as finance, operation, risk management, information security, outsourcing, and legal compliance), as well as the regular reports from the management, including risk management and legal compliance. By referring to the Internal Control-Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believes that the Company's risk management and internal control systems are effective. The Company has adopted necessary control mechanisms to supervise and correct violations.

■Commissioning attesting CPAs

The Audit Committee is entrusted with the responsibility of supervising the independence of the attesting accounting firm, to ensure the fairness of the financial statements. Generally, except for tax-related services or items approved in particular, the attesting accounting firm is not allowed to provide other services to the Company. All services provided by attesting CPAs must be approved by the Audit Committee.

To ensure the independence of the attesting accounting firm, the Audit Committee formulated an independence assessment form by referring to Article 47 of the Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10 “Integrity, Objectivity and Independence,” to evaluate the CPAs’ independence, professionalism, and competence, as well as whether the Company is a related party to them, or any business or financial interest relationship with the Company. The 3rd meeting of the 4th Audit Committee on March 13, 2023, and the fourth meeting of the 13th Board on March 13, 2023 reviewed and approved that the CPAs from PwC Taiwan, Yu-Chuang; Liu, Mei-Lan, both met the criteria for independent evaluation, and sufficient serve as the Company’s finance and tax attesting CPAs.

(I) Any matter under Article 14-5 of the Securities and Exchange Act: approved by the Audit Committee and reported to the Board.

1. The 9th meeting of the 3rd Audit Committee on March 10, 2022, approved the following:
   - (1) Approved proposal of 2021 employee and director remuneration distribution.
   - (2) Approved the 2021 Business Report and Financial Statements
   - (3) Approved 2021 earning distribution proposal
   - (4) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   - (5) Approved the assessment of the attesting CPAs’ independence and competence
   - (6) Approved the 2021 Statement of Internal Control System.
   - (7) Approved the partial amendments to the “Articles of Incorporation.”
   - (8) Approved the partial amendments to the “Operational Procedures for Acquisition and Disposal of Assets”
   - (9) Approved the request to relieve all new directors from the non-compete restrictions.
   - (11) Approved the loaning of funds.
   - (12) Approved the loaning of funds to subsidiaries.
   - (13) Approved to apply for renewing the limit of derivative trading to banks.
   - (14) Approved to apply for renewing contracts with financial institutions.
2. The 10th meeting of the 3rd Audit Committee on May 12, 2022, approved the following:
   - (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   - (2) Approved the 2022 Q1 financial statements.
   - (3) Approved the loaning of funds to subsidiaries.
   - (4) Approved the compensations of the Chairman, General Manager(s), and Deputy General Manager(s)
   - (5) Approved the re-appointment of the finance and accounting officers.
3. The 1st meeting of the 4th Audit Committee on August 9, 2022, approved the following:
   - (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   - (2) Approved the 2022 Q2 financial statements.
   - (3) Approved the renewal of the directors and supervisors’ liability insurance.
   - (4) Approved the partial amendments to the “Corporate Social Responsibility Best Practice Principles.”
   - (5) Approved to add the “Charter of Corporate Governance and Sustainable Development Committee.”
   - (6) Approved the loaning of funds to subsidiaries.
   - (7) Approved the cancellation of the Company’s endorsement and guarantee.
   - (8) Approved the donation to Changhua County Shih-Yun Lin Foundation.
4. The 2nd meeting of the 4th Audit Committee on November 11, 2022, approved the following:
   - (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
   - (2) Approved the 2022 Q3 financial statements.
   - (3) Approved the loaning of funds to subsidiaries.
   - (4) Approved the 2023 audit plan.
   - (5) Approved to cancel the application for raising the limit of derivative trading to banks.
   - (6) Approved the partial amendments to the “GM-16 Rules of Procedure for Board of Directors Meetings” and “GM-17 Management for Board of Directors Meeting Operation.”
   - (7) Approved the partial amendments to the “GM-27 Procedures for Handling Material Inside Information.”
   - (8) Approved the 2023 “Summary of Business Plan.”
   - (9) Approved the purchase of lands and plant buildings
   - (10) Approved the loaning of funds to subsidiaries.
   - (11) Approved to apply for a credit facility from banks.
5. The 3rd meeting of the 4th Audit Committee on March 13, 2023, approved the following:
   - (1) Approved proposal of 2022 employee and director remuneration distribution.
   - (2) Approved the 2022 Business Report and Financial Statements.

(3) Approved 2022 earning distribution proposal.
(4) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
(5) Approved the 2023 assessment of the attesting CPAs' independence and competence
(6) Approved the 2022 Statement of Internal Control System.
(7) Approved the proposal to add GM-47 "Procedures for Ethical Management and Guidelines for Conduct."
(8) Approved to amend the "Corporate Governance Best Practice Principles."
(9) Approved the request to relieve all managerial officers from the non-compete restrictions.
(10) Approved the request to relieve all new directors from the non-compete restrictions.
(11) Approved the loaning of funds.
(12) Approved the loaning of funds to subsidiaries.
(13) Approved to apply for renewing contracts with financial institutions.
(14) Approved to apply for renewing the limit of financial product trading to banks.
(15) Approved to apply for renewing contracts with financial institutions.
(16) Approved to cancel the purchase of lands and plant buildings and apply for credit facilities from banks.
(17) Approved the intention to pre-approve the provision of non-assurance services by the attesting CPAs, their accounting firm, and its affiliates to the Company and its subsidiaries.

6. The 4th meeting of the 4th Audit Committee on May 8, 2023, approved the following:
(1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
(2) Approved the 2023 Q1 financial statements.
(3) Approved the loaning of funds to subsidiaries.
(4) Approved the cash capital increase to CHANG JIE TECHNOLOGY CO., LTD by indirectly investing in RISE BRIGHT HOLDINGS LTD.
(5) Approved the 2023 salary adjustment to manager.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditors (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

1. The Company submits a monthly summary report on the deficiencies in the monthly inspection and the tracking of corrections and rectification to the independent directors for review.
2. The internal audit officer of the Company regularly explains the audit business, audit results and follow-up situation to the independent directors during the Audit Committee meetings.
3. The Company holds board meetings on a quarterly basis. Independent directors and the audit officer all participated in the board meetings, and the audit officer reports on the internal audit business situation at each board meeting.
4. When reviewing annual financial reports, CPAs participated in the Audit Committee, explaining the process of auditing financial statements, scope, and the update of laws and regulations, with sufficient discussions with independent directors.
5. The audit officer, CPAs and independent directors may contact each other directly whenever requires, and the communication channels are smooth.
6. Please refer to (Note 2) and (Note 3) for the summary of the communications from 2022 to 2023.

Note 1: *If any independent director left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were on the committee.

* If any by-election for independent director was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

Note 2: Summary of the communications between the independent directors and the internal audit officer

Date/ Name of meeting	Emphasis of meeting	Outcomes
March 10, 2022 Audit Committee	1. Report on internal audit operation from October 2021 to January 2022. 2. 2021 Statement of Internal Control System	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.
May 12, 2022 Audit Committee	Report on internal audit operation from February to April, 2022.	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.
August 9, 2022 Audit Committee	Report on internal audit operation from April to June, 2022.	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.
November 11, 2022 Audit Committee	1. Report on internal audit operation from July 2022 to September 2028. 2. The 2023 audit plan	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.
March 13, 2023 Audit Committee	1. Report on internal audit operation from October 2022 to January 2023. 2. 2022 Statement of Internal Control System	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.
May 8, 2023 Audit Committee	Report on internal audit operation from February to April, 2023.	No opinion was expressed by all independent directors, and submitted to the Board after the deliberation.

Note 3: Summary of the communications between the independent directors and the attesting CPAs

Date/ Name of meeting	Emphasis of meeting	Outcomes
March 10, 2022 Audit Committee	Report on the 2021 parent-only and consolidated financial reports.	The CPAs participated in the Audit Committee meeting on March 10, 2022, to explain the audit of 2021 financial reports, and discuss and communicate regarding the questions raised by the independent directors.
August 9, 2022 Audit Committee	The consolidated financial report of 2022 Q2	The CPAs participated in the Audit Committee meeting on August 9, 2022, to explain the audit of the financial report of Q2 2022, and discuss and communicate regarding the questions raised by the independent directors.
November 11, 2022 Audit Committee	The consolidated financial report of 2022 Q3	The CPAs participated in the Audit Committee meeting on November 11, 2022, to explain the audit of 2022 financial reports, communicate with the governance unit regarding the CPAs' planning, as well as the AQIs, and discuss and communicate regarding the questions raised by the independent directors.
March 13, 2023 Audit Committee	Report on the 2022 parent-only and consolidated financial reports.	The CPAs participated in the Audit Committee meeting on March 13, 2023, to explain the audit of 2022 financial reports, and discuss and communicate regarding the questions raised by the independent directors.
May 8, 2023 Audit Committee	The consolidated financial report of 2023 Q1	The CPAs participated in the Audit Committee meeting on May 8, 2023, to explain the audit of the financial report of Q1 2023, and discuss and communicate regarding the questions raised by the independent directors.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles," which is placed under the MOPS/electronic books/corporate governance, for stakeholders to download and read.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
II. Shareholding structure and shareholders' equity				Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(I) Has the Company created a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations and enforced them accordingly?	V		The Company has units like a spokesperson, deputy spokesperson, and investor services in place, and the contact information is fully disclosed on the Company's website. Shareholders can furnish their opinions or suggestions by telephone or email, and the Company will handle them pursuant to relevant operating procedures.	
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		Regarding the major shareholders of the Company and the ultimate controllers of the major shareholders, their equity changes and pledges are notified in accordance with regulations every month, and the Company announces and reports such after aggregation pursuant to laws; the list of the top ten shareholders is also disclosed in the annual report every year.	
(III) Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	V		The Company has established relevant controls, pursuant to laws and regulations, in the internal control system, the supervision and management of subsidiaries, and the management of transactions with related parties.	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established the "Ethical Code of Conducts," "Ethical Corporate Management Best Practice Principles," and "Procedures for Handling Material Inside Information," to regulate the personnel to avoid conflicts of interest related to their jobs, and forbid insiders to trade securities with the undisclosed information known to them, or leak the same to others, to prevent insider tradings.	

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
III. Composition and responsibilities of the board of directors (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The Board has established the “Corporate Governance Best Practice Principles” and the “Regulations Governing the Election of Directors and Independent Directors.” Article 20 of the “Corporate Governance Best Practice Principles” requires that the composition of the board of directors shall be determined by taking diversity into consideration, such as different professional backgrounds, working fields, or genders, and with the knowledge, skills, and experience to exert the capability of strategic guidance; these are disclosed on the Company’s website. 1. The Company actively cooperates with the Financial Supervisory Commission to promote the sustainable development roadmap of corporate governance, and also emphasizes the gender equality of board members. The target ratio of female directors is more than 20%. Currently, three of the nine directors are female, accounting for 33.33%. 2. The Company’s nine directors have all completed the continuing education course for six hours in 2022. 3. The 13th board of directors consists of nine directors; among whom, non-employee directors account for 55.56%, independent directors account for 44.44%, female directors account for 33.33%, and the average age of all directors is 52.6 years old. 4. The abilities that board members have as a whole are indicated in (Note 2).	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		The Company has established the Corporate Governance and Sustainable Development Committee, to assist the board of directors in the promotion of sustainable development and implementation of sustainable governance, aiming to enhance corporate governance, implement environmental protection and fulfill social responsibilities.	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as a reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		The Company has established the “Rules for Performance Evaluation of Board of Directors” and conducts performance evaluations every year; the self-evaluations for the 2022 Board’s performance have been completed, and reported in the board meeting on March 13, 2023, and disclosed in the annual report and the MOPS as required.	
(IV) Does the Company regularly evaluate its external auditors’ independence and competence by referring to the Audit Quality Indicators (AQIs)?	V		The Company does regularly refer to Audit Quality Indicators (AQIs), to conduct the evaluation of the CPAs’ independence and competence, and submitted the results to the Audit Committee and the Board of Directors for review and approval on March 13, 2023. After the Company’s evaluation, the CPAs from PwC Taiwan, Wang, Yu-Chuang and Liu, Mei-Lan meet the Company’s evaluation criteria for independence and competence (Note 3), and are qualified to serve as the Company’s attesting CPAs. The accounting firm also presented the Statement (Note 4).	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		On November 11, 2019, the Company's board of directors approved the establishment of the post of "Corporate Governance Officer," which is concurrently served by the general manager. The major functions include: handling matters relating to board meetings and shareholders meetings according to laws; producing minutes of board meetings and shareholders meetings; assisting in onboarding and continuous development of directors and supervisors; furnishing information required for business execution and legal compliance; and other matters set out in the articles or corporation or contracts. The Company's corporate governance officer has performed the relevant functions above in 2022, and completed 12 hours of continuing education in 2022; these are disclosed on the Company's website and the MOPS.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a shareholders' section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has established a spokesperson system to communicate with stakeholders, and has set up the stakeholders section on the Company website, to provide diversified communication channels and contact platforms; the stakeholders include investors and shareholders, employees, customers, suppliers, communities or parties having interests in the Company; the smooth communication channels are maintained for them.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	V		The Company commissions the Stock Affairs Department of President Securities Co., Limited to handle the affairs of the shareholders' meeting.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		The Company has established an open website (http://www.yccco.com.tw) to regularly disclose information related to finance, business and corporate governance.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company use other information disclosure channels? (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conferences, etc.)?	V		The Company has set up the website in both Chinese and English, appointed the personnel in the Office of General Manager to be responsible for collecting and disclosing information, and has a spokesperson and deputy spokesperson in place to implement the spokesperson system. The process of the Company’s investor conferences is disclosed on the Company’s website and the MOPS for inquiries.	
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		V	The Company publishes and reports its annual financial statements within three months after the end of the fiscal year, and publishes and reports its financial statements for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines.	Same as the summary

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	

Assess criteria	Implementation (Note 1)			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices? (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights and care: the Company always values the working environment and rights of employees. In addition to establishing the Employee Welfare Committee to implement various employee benefit plans, it also established the "Employee Shareholding Association of Y.C.C.," to assist employees' long-term savings for securing their lives after retirement. In addition, interactive communication is enhanced and channels for employees to provide feedback are provided. 2. Investor relations: investors can fully understand the Company's operating conditions through the Company's website or the MOPS, communicate with the spokesperson through the communication platform, or participate in the Company's own investor conferences for communication. 3. Supplier relationship: the Company regards suppliers as long-term partners, aiming to establish common growth; in addition, suppliers can keep contact with the Company through the Company's website and communication platform. 4. Rights of stakeholders: the Company's website has set up the stakeholder section, providing diversified communication channels and contact platforms, and appropriately responding to issues concerned by stakeholders. 5. Continuing education of directors and supervisors: the Company's nine directors have all completed the continuing education course for six hours in 2022. 6. Implementation of risk management policies and risk measurement standards: The Company complies with the internal control system and various management regulations, to reduce various risks, and the internal audit unit formulates annual audit plans based on risk assessment results and implements such. 7. Implementation of customer policy: under the policy of high customer satisfaction, the Company values product quality and customer feedback, and immediately takes measures and replies to customer requirements and complaints, aiming to create a win-win situation. 8. Liability insurance purchased by the Company for directors and supervisors: The Company has insured directors and supervisors with liability insurance in the amount of US$5 million from Shinkong Insurance Co., Ltd.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required for companies not evaluated) Improvements made: Matters prioritized for improvement and the measures: 1. The Company uploads the English version of the annual report seven days prior to the regular meeting of shareholders. 2. The "Rules for Performance Evaluation of Board of Directors" established by the Company has been approved by the Board, specifying that external evaluations shall be conducted at least once every three years. The evaluation shall be conducted during the timeframe specified in the Rules, and disclosed the implementation and evaluation results of the Company's website or in the annual reports.				

Note 1: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.
Note 2: The capabilities possessed by the 13th board members of Y.C.C. Parts MFG Co., Ltd.

Director	Gender	Ability for making operating judgments.	Accounting and financial analysis ability.	Business management ability.	Crisis management ability.	Industry knowledge	Vision and insight into international markets.	Leadership.	Decision-making ability.	Legal
Hehan Investment Co., Ltd. Rep.: Hao-Chen Lin	Male	V	V	V	V	V	V	V	V	—
Daqun International Co., Ltd. Rep.: Jui-Tse Lin	Male	V	V	V	V	V	V	V	V	—
Ziqun International Co., Ltd. Rep.: Jo-Ning Huang	Female	V	V	V	V	V	—	—	V	V
Haoqun Investment and Development Ltd. Rep.: Shih-Yun Lin	Female	V	V	V	V	V	V	V	V	—
Songqun Investment and Development Ltd. Rep.: Shu-Mei Liu	Female	V	V	V	V	V	V	V	V	—
Hung-Lung Huang	Male	V	V	—	V	—	—	—	V	V
Lung-Fa Hsieh	Male	V	V	V	V	V	V	V	V	V
Chin-Feng Kuo	Male	V	V	V	—	V	V	V	V	—
Kuo-Hua Chang	Male	V	—	V	V	—	V	V	V	V

Note 3: Criteria of evaluation for CPA’s independence and competence

Assess criteria		Result	Are independence and competence conformed to?
1.	There is no direct or indirect material financial interest between the Company and the members of the audit service team and their family members, other colleague CPAs and their family members, the accounting firm and its affiliates.	Yes	Yes
2.	There is no financing or guarantee between the Company or its directors and supervisors, the members of the audit service team and their families, other colleague CPAs and their family members, the accounting firm and its affiliates (the normal commercial financing with financial institutions are not subject to the requirement.) ）	Yes	Yes
3.	There is no close business relationship between the accounting firm or the members of the audit service team and the Company or its affiliates.	Yes	Yes
4.	Currently, there is no potential employment relationship between members of the audit services team and the Company.	Yes	Yes

5.	None of the members of the audit service team has served as the Company's director or supervisor, or a person holding a position with material influence over audit cases in the past two years.	Yes	Yes
6.	The audit fees paid by the Company to the CPAs are fixed amounts, but not contingent fees. There is no overdue fee affecting the independence of the audit.	Yes	Yes
7.	The members of the audit service team are not engaged to be the defenders of the Company's positions or opinions, or to mediate conflicts with third parties on behalf of the Company.	Yes	Yes
8.	Upon the commission of this year, the CPA's service period will reach four years but not exceed seven years.	Yes	Yes
9.	The members of the audit service team have no kinship with the Company's directors, supervisors, managerial officers, or personnel with material influence over audit cases.	Yes	Yes
10.	The directors, supervisors and managerial officers of the Company have not given any gift of great value to the members of the audit service team.	Yes	Yes
11.	None of the Company's directors, supervisors, managerial officers, or personnel with material influence over audit cases, retired or resigned from the commissioned accounting firm within a year.	Yes	Yes
12.	The independent directors of the Company were and are not employed in the accounting firm within the two years before the appointment and during their terms of office. The Remuneration Committee members of the Company are not professionals providing business, legal, financial, accounting and other services or consultations within the two years before the appointment and during their terms of office.	Yes	Yes
13.	The Company does not make the members of the audit service team suffer or feel intimidation by the Company, making them unable to maintain objectivity and clarify professional doubts.	Yes	Yes
14.	Attesting CPAs do not serve as directors, supervisors, managerial officers or positions with material influence over audit cases of the Company within one year from discharge. (If they did not)	Yes	Yes
15.	Complete the attestation for the Company's financial statement for each period as scheduled.	Yes	Yes
16.	Complete the financial audit for each reinvestee as scheduled.	Yes	Yes
17.	Provide the Company's finance and taxation consulting services from time to time.	Yes	Yes

Note 4: Statement presented by PwC Taiwan

Recipient: Y.C.C. Parts MFG Co., Ltd.

Date: March 13, 2023
Document No.: Zi-Hui-Zong-Zi No. 22008126

Summary: At the request of the Company and its subsidiaries (collectively referred to as the "Group") and in accordance with No. 10 "Integrity, Impartiality, Objectivity, and Independence" of the CPA Professional Ethics Report, the independence assessment has been described. Please review.

Explanation:

I. Pursuant to Article 4 of Bulletin No. 10 of the Code of Ethics for Certified Public Accountants ("Bulletin No. 10"), when auditing or reviewing financial Independence becomes even more important. Therefore, the members of the audit team, other certified public accountants, and affiliates of the firm (hereinafter referred to as the "members of the audit team and the related parties of the firm") must maintain independence from clients." In addition, Article 7 of Communiqué No. 10 also states that "independence may be affected by the familiarity of self-interest and self-assessment on defense and coercion." We only declare to the Group for the factors mentioned in Article 7 that may affect our independence that our independence has not been affected by the above factors.

II. Independence is not affected by self-interest
We hereby declare that none of the members of the audit team (detailed in the attachment) nor any of our related parties have (1) direct or material indirect financial interest or (2) close business relationship with the Group or the directors and supervisors; (3) Potential employment relationship; (4) Behavior of financing or guarantee.

III. Independence is not affected by the self-assessment
We hereby declare that no member of our audit service team has served as a director or supervisor of the Group in the last two years or has served as a director or supervisor of the Group or in a position that directly affects the audit case; also, we have not provided non-audit services that directly affect important items of the audit case.

IV. Independence not affected by defense
We declare that no member of the audit service team is commissioned to become the defender of the position or opinion of the Group, nor to represent the Group in mediation and coordination of conflicts with other third parties.

V. Independence is not affected by familiarity
We hereby declare that: (1) no member of the audit service team is related to any of the Group's directors, supervisors, managers, or personnel who have a significant influence on audit cases; (2) there is no Serving as a director, supervisor, manager, or a position that has a significant impact on audit cases; (3) A member of the audit service team has not received any gifts or gifts of great value from the Group, its directors, supervisors, managers, or major shareholders.

VI. Independence not affected by coercion
We hereby declare that the audit team did not suffer or feel any unjustifiable request from the Group's management regarding the choice of accounting policy or disclosure in the financial statements, or the reduction of audit work to be performed on the grounds of lower fees that affected objectivity and caused professional doubts.

VII. We hereby declare that members of the audit team are expected to act with integrity, impartiality, and independence while performing professional services and expressing opinions fairly.

The above statement has been made in accordance with our operating procedures for client independence inspections, and we have exercised due diligence on the project. This report only

Attachment:

I. The list of members of the audit service team is specified in Communiqué No. 10.
II. Retired from the joint-practice accountant in the past year.
III. List of affiliated companies of the Taiwan Certified Public Accountants LLP.
IV. The non-audit services provided by the Taiwan Chiu Hui Industrial Co., Ltd. to TCC and its affiliated companies.

PwC Taiwan

Wang, Yu-Chuang

CPA:

Liu, Mei-Lan

(IV) Composition, duties and operation of the Remuneration Committee

1. Information on Remuneration Committee Members

April 2, 2023

Criteria / Name and title	Professional qualifications and experience	Independence analysis	Number of positions as Remuneration Committee member in other public companies
Hung-Lung Huang	Possessing abilities of operational judgment and management, as well as accounting and finance expertise; is a CPA.	All members comply with Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Please refer to Note 2.	1
Chin-Feng Kuo	Possessing expertise in accounting, finance, and business administration		0
Lung-Fa Hsieh	With theoretical and practical experience in business administration for more than 30 years, possessing analytical expertise and decision-making ability in business strategy, research and development management, and marketing planning.		0
Kuo-Hua Chang	Possessing professional qualifications in laws and practices related to corporate governance, industrial development, operation management Professor, Graduate School of Science and Technology Law, YunTech Expertise: Commercial law, Company Act, Negotiable Instruments Act, Intellectual Property Law, Trade Secrets Act, Copyright Act, Administrative Law, and Environmental law		2

Note 1: (1) All members are independent directors without circumstance specified in subparagraphs, Article 30 of the Company Act.

(2) Please refer to the implementation of board member’s diversity for the expertise of the independent directors.

Note 2: Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”

(1) The independent director, spouse, or relatives within the second degree of kinship are not a director, supervisor, or employee of the company or any of its affiliates.

(2) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer, or director, supervisor, or natural-person shareholder holding 1% or more of the total number of issued shares of the Company or its affiliates or ranking in the top 10 in holdings.

(4) Not a director, supervisor, or employee of the companies with a specific relationship with the Company

(5) In the most recent two years, no exclusive or professional service was provided by the director him/herself, or the company he/she serves as a director to the Company.

2. Operation of the Remuneration Committee

(1) The Company’s Remuneration Committee has a total of ___ members.

(2) The term of the current members is from August 9, 2022 to May 26, 2025. The number of Remuneration Committee meetings held since the beginning of the term up to the publication date of the prospectus was: five (three in 2022 and two in 2023). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	Number of proxy attendance	Attendance expected (A)	In-person attendance rate (%) (B / A) (Notes)	Remarks
(convener)	Hung-Lung Huang	5	0	5	100	Elected on August 9, 2022
Member	Chao-Chang Yang	2	0	2	100	Discharged on May 27, 2022
Member	Chin-Feng Kuo	5	0	5	100	Elected on August 9, 2022
Member	Lung-Fa Hsieh	3	0	3	100	Elected on August 9, 2022
Member	Kuo-Hua Chang	3	0	3	100	Elected on August 9, 2022

Other mandatory disclosures:

If the board of directors does not accept, or amend, any recommendation of the Remuneration Committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the Remuneration Committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the Remuneration Committee, specify the difference(s) and the reasons).

With respect to any matter for resolution by the Remuneration Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Remuneration Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.

Main communications and resolutions in 2022 are summarized below:

Remuneration Committee	Proposal description and follow-ups	Resolution	The Company's response to the opinions of the members:
The 4th term the 5th meeting 2022.3.10	I. Proposal of 2021 employee and director remuneration distribution. II. Proposal of partial amendments to the "Articles of Incorporation."	Approved by all attending members	Submitted to the Board and approved by all attending directors
The 4th term 6th meeting 2022.5.12	I. Amendment to the Company's "Table of Job Rank and Level." II. The compensations of the Chairman, General Manager(s), and Deputy General Manager(s) III. The re-appointment of the finance and accounting officers.	Approved by all attending members	Submitted to the Board and approved by all attending directors
The 5th term the 1st meeting 2022.11.11	I. Review the Company's regulation governing the directors and managerial officers' remunerations.	Approved by all attending members	Submitted to the Board and approved by all attending directors
The 5th term the 2nd meeting 2023.3.13	I. Proposal of 2022 employee and director remuneration distribution.	Approved by all attending members	Submitted to the Board and approved by all attending directors
The 5th term the 3rd meeting 2023.5.8	I. Adjustment to 2023 managers' salaries	Approved by all attending members	Submitted to the Board and approved by all attending directors

Note:

1. If any Remuneration Committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held and the number they attended in person during the period they were on the committee.
2. If any by-election for Remuneration Committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Assess criteria	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company has established the Corporate Governance and Sustainable Development Committee, with the general manager as the convener, responsible for coordinating the Company’s sustainable development policy and reviewing the implementation results, and reporting to the board of directors at least once a year.	No material deviation.
II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality?	V		The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.	No material deviation.
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		The Company takes into consideration the correlation between the development of domestic and international corporate social responsibility issues and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.	No material deviation.
(II) Does the Company endeavor to use energy more	V		The plant areas are installed with	No material deviation.

Assess criteria	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
efficiently and to use renewable materials with low environmental impact?			sensing lights, recycle wastewater from the process, and add recycled raw materials with appropriate proportions to products to reduce the impact on the environmental load.	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		The Company always monitors the temperature control of air conditioners, promotes paperless, and reduces waste of energy.	No material deviation.
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		The Company has implemented the incentive policy for resource recycling classification for a long time, and began to conduct carbon inventory and handle ISO14064-1 coaching in December 2022; it is expected to obtain certification in mid-2023.	No material deviation.
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		Pursuant to the Labor Standards Act, the Company formulates work rules and internal management procedures, and regularly holds labor-management meetings to maintain labor-management harmony.	No material deviation.
(II) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		The Company formulates work rules and internal management procedures, including wages, working hours, leaves, employee benefits, pension payments, and occupational disaster compensation, among other things. The Employees Welfare Committee is established to take charge of the planning and implementation of welfare affairs. Performance bonuses and dividends are distributed based on operating conditions. The "Employee Shareholding Association of Y.C.C." is formed to assist employees' long-term savings for securing their stable lives and life quality after retirement or in case they become unable to work.	No material deviation.
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		The Company organizes regular health examinations, has nurses in place to provide care for employees, and regularly invites doctors to be stationed in the	No material deviation.

Assess criteria	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			plants to provide medical and health consultation for employees. In the plant areas and office buildings, an AED device is installed. The fire-fighting drills and occupational safety and health training are conducted regularly, to enhance employees' safety awareness and ability, and implement safety management.	
(IV) Has the Company established effective career development training programs for employees?	V		The Company has formulated comprehensive education and training plans, including pre-employment training and on-the-job development training for new recruits, so that employees can receive appropriate training at different stages and establish effective career development.	No material deviation.
(V) Does the company comply with the relevant laws and international standards with regard to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The Company handles the marketing and labeling of related products pursuant to relevant laws, regulations, and international standards.	No material deviation.
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		Before starting a relationship with any supplier, the Company will evaluate its information, to see whether there is any illegal record, and formulates relevant compliance regulations.	No material deviation.
V. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier? The Company has not prepared sustainability reports or other reports disclosing non-financial information of the Company by referring to internationally accepted report preparation standards or guidelines; however, the Company will continue to practice sustainable development and formulate relevant policies depending on the situation.				
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company's sustainable development policy is specifically implemented in individual management regulations, the internal control system, and related supervision regulations. There were no material deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies				
VII. Other information useful to the understanding of the implementation of sustainable development: (I) To carry forward the traditional virtue of compassion, in 2022, the Company distributed winter relief funds of NT$739,000 and gift certificates of NT$295,600 based on the population in the low- and middle-income households registered with the township offices on the eve of the Chinese New Year. The receivers were the low- or mid/low-incomers living in five areas, namely 342 people from Lukang Township, 190 people from Fuxing Township, 9 people from Niupuli, Changhua City, 92 people from Xianxi Township, 81 people from Fanlu Township, and 25 people from Puxin Township, for them to enjoy a warm Chinese New Year. In addition,				

Assess criteria	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	

NT$30,000 has been donated to Changhua Special Education School for many years to help disadvantaged students to go to school; NT$50,000 was sponsored to the Friends of the Police Association in Changhua County; NT$20,000 to the Lukang Volunteer Fire Fighter Unit under the Volunteer Fire Fighter of Changhua County, and 1NT$,267,200 in the form of gift certificates for blood donation activities. A total of 3,168 bags of blood were collected.

(II) To promote education and fulfill corporate social responsibilities, the Company donated NT$10,000,000 to the "Changhua County Shih-Yun Lin Cultural and Educational Foundation" in 2022.

(III) Environmental protection: to support environmental protection and love the earth, the Company has set up wastewater treatment plants and scrubbers to reduce the risk of water pollution and air pollution.

(IV) Labor safety: The Company regards "zero labor safety incident and zero accident" as the most important goal of labor safety and health, and implements the following operations:

1. The production lines are equipped with dust collection equipment to ensure the safety of employees working on site.
2. For areas such as "electroplating line", "spraying line" and "printing zone" in the plant areas, a third-party professional is commissioned to implement the on-site environment monitor every March and September. Through the detected data, the on-site environment may be controlled. And the relevant data is reported to the Occupational Safety and Health Administration for reference.
3. In terms of equipment, such as forklifts, stationery cranes, and small boilers, among other things, in addition to inspections before, during, and after operations, third-party professional institutions are also commissioned to conduct maintenance and service of specific items, so that the equipment is fully utilized, and the potential operational risks are eliminated.
4. Personnel education and training, including four hours of firefighting safety lectures (including practical training) in March and September every year, to increase employees' firefighting knowledge and response to fires; the labor safety and health, and 5S education and training for all employees are conducted in March and September every year for one hour, to increase knowledge to occupational safety laws.
5. Occupational safety and health performance: the Company has established safety and health inspection standards, and conducts safety and health inspections in the plant areas every Monday, Wednesday, and Friday, with the Safety and Health/5S inspection deficiency notice issued immediately, to require the unit heads to complete the improvement by deadlines. Various recommended improvements from the inspection are reviewed in the monthly meetings.

(V) Employee health: regular health examinations are held regularly, with dedicated nurses and doctors stationed in the plants, to provide medical and health consultation for employees; the "healthy workplace certification" was passed.

(VI) Gender equality: the Company's recruitment structure does not regard differences in gender, religion, race, or nationality, among other things, and the gender ratio of employees is calculated.

Type of job	Male	Female
General staff	80.48%	19.52%
Management	78.57%	21.43%

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best

Practice Principles for TWSE/TPEx Listed Companies and the Reasons

<table>
<tr><th rowspan="2">Assess criteria</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Establishment of integrity policies and solutions
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</td><td>V
V
V</td><td></td><td>The Company has established and disclosed the “Procedures for Ethical Management and Guidelines for Conduct” pursuant to laws, with tracking and amendment continuously to be resolved by the Board; the signing of Director’s Statement is implemented, and the unethical conduct preventive measures are implemented.</td><td>No material differences.</td></tr>
<tr><td>II. Enforcement of business integrity
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct-related clauses in the business contracts?
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</td><td>V
V
V
V
V</td><td></td><td>There is currently no transaction with anyone with a record of unethical conduct. Regarding the promotion of ethical management, in addition, an independent internal audit center for auditing is also internalized and specified in relevant systems and regulations respectively for promotion; the Corporate Governance and Sustainable Development Committee is designated as the responsible unit to report to the Board at least once per</td><td>No material differences.</td></tr>
</table>

<table>
<tr><td rowspan="2">Assess criteria</td><td colspan="3">Implementation status</td><td rowspan="2">Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</td><td></td><td></td><td>year.</td><td></td></tr>
<tr><td>III. Whistleblowing system
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?
(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</td><td>V
V
V</td><td></td><td>The Company has a complaint filing channel, through which whistleblowing or complaints can be made.</td><td>No material differences.</td></tr>
<tr><td>IV. Enhanced information disclosure
(I) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</td><td>V</td><td></td><td>Currently, the relevant information is disclosed through the public information platform of the Securities and Futures Bureau.</td><td>No material differences.</td></tr>
<tr><td colspan="5">V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles):
The Company tracks and amends the “Procedures for Ethical Management and Guidelines for Conduct” continuously based on the regulations and actual circumstances, while conducting the education and training.</td></tr>
</table>

(VII) Methods to inquire about the Corporate Governance Best Practice Principles and the related regulations.

The Company has established the "Corporate Governance Best Practice Principles," "Ethical Code of Conducts," "Ethical Corporate Management Best Practice Principles," "Procedures for Election of Directors," "Rules of Procedure for Board of Directors Meetings," "Rules Governing the Scope of Powers of Independent Directors," "Remuneration Committee Charter," and "Rules for Performance Evaluation of Board of Directors" among other regulations, and uploads such to the "Corporate Governance" section on the MOPS for inquiry.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed.

The Company's board of directors participates in various domestic and international business investigations and continuing education courses, as well as directors' attendance at the board of directors; in addition, the Company has established an internal control system, audit system and self-assessment procedures with solid controlling functions. The recusal of conflicts of interest in the board meetings is implemented concretely.

(IX) Implementation of the company's internal control system shall furnish the following:

1. Statement of Internal Control

Y.C.C. Parts MFG Co., Ltd.
Statement of Internal Control System

Date: March 13, 2023

Based on the self-assessment of the Company's internal control policies as of 2022, the following declarations are made:

I. The Company recognizes that the establishment, implementation and maintenance of internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. The purpose is to provide reasonable and reasonable information on the effect and efficiency of operations (including profitability, performance, and security of assets), the reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations. guarantee.

II. The internal control system has its innate limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and situation, the effectiveness of the internal control system may increase with time. changes. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.

III. The Company judges the effectiveness of the design and implementation of its internal control system based on the items for judging the effectiveness of the internal control system specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). According to the management control process of "Regulations" the internal control system is classified into five elements: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. Supervision operations. Each component includes several items. Please refer to the "Regulations" for details.

IV. The Company has adopted the abovementioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the assessment result referred to above, the Company believes that the Company's internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, includes: The reporting is reliable, timely, transparent, and complies with the relevant regulations. The design and implementation of the internal control system are effective and can reasonably ensure the achievement of the above objectives.

VI. This statement shall form an integral part of the Company's annual report and the prospectus and shall be disclosed to the public. The Company shall be held liable under Articles 20, 32, 171, and 174 of the Securities and Exchange Act for any violation of laws such as fraud or concealment of the above-mentioned disclosure.

This Declaration was approved at the meeting of the Company's Board of Directors on March 13, 2023. None of the 8 directors attending the meeting held any dissenting opinions.

Y.C.C. Parts MFG Co., Ltd.

Chairman: Hehan Investment Co., Ltd.	Signature and seal
General Manager: Jui-Tse Lin	Signature and seal

2. CPAs’ review report: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Material resolutions of the board of directors meetings in 2022

Time	Material resolution
Special shareholders meeting: 9:30 am, February 14, 2022	One. Discussion I. Approve the partial amendments to the "Articles of Incorporation." Implementation: the Ministry of Economic Affairs approved the registration, and the announcement was made on the Company's website.
Regular shareholders' meeting, 9:30, May 27, 2022	One. Ratifications I. To Approve the 2021 Business Report and Financial Statements Implementation: the relevant books and statements have been submitted to the competent authority for reference, and announced and reported pursuant to the Company Act and other relevant laws and regulations. II. To Approve the 2021 Earnings Distribution Implementation: cash dividends of NT$2 per share have been distributed pursuant to the resolution approved by the shareholders' meeting. Base date for cash dividend distribution: August 24, 2022 Cash dividend distribution date: September 8, 2022 Two. Discussion I. Proposal of partial amendments to the "Articles of Incorporation." Implementation: on July 4, 2022, the Ministry of Economic Affairs approved the registration, and the announcement was made on the Company's website. II. Proposal of partial amendments to the "Operational Procedures for Acquisition and Disposal of Assets" Implementation: it has been handled in accordance with the amended procedures. Three. Election Matters Nine directors (including four independent directors) were elected by shareholders who attended the full re-election of the Company's directors. List of directors elected: Hehan Investment Co., Ltd.; Haoqun Investment and Development Ltd.; Songqun Investment and Development Ltd.; Daqun International Co., Ltd; Ziqun International Co., Ltd.; Hung-Lung Huang, Jin-Feng Kuo; Long-Fa Hsieh; Kuo-Hua Chang. Implementation: on July 4, 2022, the Ministry of Economic Affairs approved the registration, and the announcement was made on the Company's website. Four. Other Matters I. Request to relieve all new directors from the non-compete restrictions. Implementation: the implementation was completed in accordance with the resolution adopted by the shareholders' meeting.

2. Details of important resolutions adopted by the Board from January 1, 2022 to May 8, 2023:

Title	Time	Material resolution
Regular meeting/ the 12th term/ 10th meeting	11:25, March 10, 2022	I. Approved proposal of 2021 employee and director remuneration distribution. II. Approved 2021 Business Report and Financial Statements III. Approved 2021 earning distribution proposal IV. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. V. Approved the assessment of the attesting CPAs' independence and competence VI. Approved the 2021 Statement of Internal Control System. VII. Approved the partial amendments to the "Articles of Incorporation." VIII. Approved the partial amendments to the "Operational Procedures for Acquisition and Disposal of Assets" IX. Approved the full election of directors of the Company.

Title	Time	Material resolution
		X. Approved the period and venue to accept shareholders' proposals and the nomination of director candidates for the 2022 shareholders' meeting. XI. Approved the proposal for approving the Board of Directors to nominate and review the list of director candidates (independent directors included). XII. Approved the request to relieve all new directors from the non-compete restrictions. XIII. Approved the matters related to the convention of the 2022 regular shareholders' meeting. XIV. Approved the loaning of funds. XV. Approved the loaning of funds to subsidiaries. XVI. Approved to apply for renewing the limit of derivative trading to banks. XVII. Approved to apply for renewing contracts with financial institutions.
Regular meeting/ the 12th term/ 11th meeting	11:15, May 12, 2022	I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. II. Approved the 2022 Q1 financial statements. III. Approved the loaning of funds to subsidiaries. IV. Approved the remunerations of the Chairman, General Manager, and Deputy General Manager. V. Approved the re-appointment of the finance and accounting officers.
Special meeting/ the 13th term/ 1st meeting	10:23, May 27, 2022	I. Upon the consent of all directors, Hehan Investment Co., Ltd. is appointed as the Chairman.
Regular meeting/ the 13th term/ 2nd meeting	11:35, August 9, 2022	I. Approved the appointment of Remuneration Committee members II. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. III. Approved the 2022 Q2 financial statements. IV. Approved the renewal of the directors and supervisors' liability insurance. V. Approved the partial amendments to the "Corporate Social Responsibility Best Practice Principles." VI. Approved to add the "Charter of Corporate Governance and Sustainable Development Committee." VII. Approved the appointment of Corporate Governance and Sustainable Development Committee members. VIII. Approved the loaning of funds to subsidiaries. IX. Approved the cancellation of the Company's endorsement and guarantee. X. Approved the donation to Changhua County Shih-Yun Lin Foundation.
Regular meeting/ the 13th term/ 3rd meeting	12:55, November 11, 2022	I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. II. Approved the 2022 Q3 financial statements. III. Approved the loaning of funds to subsidiaries. IV. Approved the 2023 audit plan. V. Approved to cancel the application for raising the limit of derivative trading to banks. VI. Approved the partial amendments to the "GM-16 Rules of Procedure for Board of Directors Meetings" and "GM-17 Management for Board of Directors Meeting Operation." VII. Approved the partial amendments to the "GM-27 Procedures for Handling Material Inside Information." VIII. Approved the 2023 "Summary of Business Plan."

Title	Time	Material resolution
		IX. Approved the purchase of lands and plant buildings. X. Approved the loaning of funds to subsidiaries. XI. Approved to apply for credit facilities from banks.
Regular meeting/ the 13th term/ 4th meeting	12:06, March 13, 2023	I. Approved proposal of 2022 employee and director remuneration distribution. II. Approved the 2022 Business Report and Financial Statements. III. Approved 2022 earning distribution proposal. IV. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. V. Approved the 2023 assessment of the attesting CPAs' independence and competence VI. Approved the 2022 Statement of Internal Control System. VII. Approved the proposal to add GM-47 "Procedures for Ethical Management and Guidelines for Conduct." VIII. Approved to amend the "Corporate Governance Best Practice Principles." IX. Approved the request to relieve all managerial officers from the non-compete restrictions. X. Approved the request to relieve all new directors from the non-compete restrictions. XI. Approved the Company's sustainable development promotion plan for 2023. XII. Approved the matters related to the convention of the 2023 regular shareholders' meeting. XIII. Approved the loaning of funds. XIV. Approved the loaning of funds to subsidiaries. XV. Approved to apply for renewing contracts with financial institutions. XVI. Approved to apply for renewing the limit of financial product trading to banks. XVII. Approved to apply for renewing contracts with financial institutions. XVIII. Approved to cancel the purchase of lands and plant buildings and apply for credit facilities from banks.
Regular meeting/ the 13th term/ 5th meeting	11:35, May 8, 2023	I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies II. Approved the 2023 Q1 financial statements. III. Approved the loaning of funds to subsidiaries. IV. Approved the cash capital increase to CHANG JIE TECHNOLOGY CO., LTD by indirectly investing in RISE BRIGHT HOLDINGS LTD. V. Approved the 2023 salary adjustment to manager.

(XII) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII)A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's Chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Summary of Resignations and Dismissals of Key Personnel of the Company

April 2, 2023

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Chairman	Shih-Yun Lin	2020.5.29	2022.2.15	Position adjustment
General Manager	Yi-Hung Lin	1986.3.7	2022.2.15	Position adjustment
Finance Officer, Accounting Officer	Wei-Yang Shen	2020.6.01	2022.5.23	Position adjustment

Note: "Key personnel of the Company" means Chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer.

IV. Information on the professional fees of the attesting CPAs

(I) Professional fees of the attesting CPAs

Amount Unit: NT$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Wang, Yu-Chuang Liu, Mei-Lan	2022.1.1~2022.12.31	2,380	220	2,600	

The natures and amounts said non-audit fees are (1) Information checklist for reviewing payroll of non-management permanent employees for NT$20 thousand; (2) translation of financial statements to English for NT$200 thousand

(II) Proportion of non-audit fees is more than 25% of the audit fees: none.

(III) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

V. Information on replacement of certified public accountant: None.

VI. The company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: shares

Title	Name	2022		up to April 2, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Hehan Investment Co., Ltd.	-	-	-	-
	Rep.: Shih-Yun Lin (Discharged on February 15, 2022 due to re-appointment)	-	-	-	-
	Rep.: Hao-Chen Lin (Appointed on February 15, 2022 due to re-appointment) (Elected on May 27, 2022)			-	-
Directors	Daqun International Co., Ltd.	505,000	-	-	-
	Rep.: Jui-Tse Lin (Elected on May 27, 2022)	-	-	- -	- -
Director	Ziqun International Co., Ltd.	219,000	-	-	-
	Rep.: Yi-Hung Lin (Discharged on February 15, 2022 due to re-appointment)	-	-	-	-
	Rep.: Chieh-Chang Tian (Appointed on February 15, 2022 due to re-appointment)			-	-
	Rep.: Jo-Ning Huang (Elected on May 27, 2022)				
Director	Songqun Investment and Development Ltd.	-	-	-	-
	Rep.: Shu-Mei Liu	-	-	-	-
Director	Songqun Investment and Development Ltd. (discharged on May 27, 2022)				
	Rep.: Jui-Tse Lin (Discharged on May 27, 2022)				
Director	Haoqun Investment and Development Ltd.	-	-	-	-
	Rep.: Hao-Chen Lin (Discharged on February 15, 2022 due to re-appointment)	-	-	-	-
	Rep.: Jo-Ning Huang (Appointed on February 15, 2022 due to re-appointment)			-	-
	Rep.: Shih-Yun Lin (Elected on May 27, 2022)				
Independent director	Hung-Lung Huang	-	-	-	-
Independent director	Chin-Feng Kuo	-	-	-	-
Independent director	Lung-Fa Hsieh (Elected on May 27, 2022)				
Independent director	Kuo-Hua Chang (Elected on May 27, 2022)				
Independent director	Chao-Chang Yang (Discharged on May 27, 2022)	-	-	-	-
Independent director	Chih-Ping Chu (Discharged on May 27, 2022)	-	-	-	-

(II) Information on Transfers of Shareholding: None.

(III) Information on Pledges of Shareholding: None.

VIII. Relationship among the top ten shareholders

up to April 2, 2023
Unit: shares; %

Name	Shareholding		Shareholding of spouse and underage children		Total shares held by proxy		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship with the spouse or relative within the 2nd degree		Remarks
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Name (or name)	Relation	
Haoqun Investment and Development Ltd.	11,791,000	15.907%	–	–	–	–	–	–	
Rep.: Hao-Chen Lin	1,194,305	1.611%	–	–	–	–	Yi-Hung Lin Shih-Yun Lin Jui-Tse Lin	Father Mother Older brother	
Songqun Investment and Development Ltd.	10,731,000	14.477%	–	–	–	–	– Yi-Hung Lin Shih-Yun Lin	– Father Mother	
Rep.: Jui-Tse Lin	1,372,810	1.852%	–	–	–	–	Hao-Chen Lin	Younger brother	
Hehan Investment Co., Ltd.	7,586,503	10.234%	–	–	–	–	–	–	
Rep.: Shih-Yun Lin	1,098,055	1.481%	1,307,215	1.713%	–	–	Yi-Hung Lin Hao-Chen Lin Jui-Tse Lin	Spouse Son Son	
Ruhan Investment Co., Ltd.	5,964,420	8.046%	–	–	–	–	–	–	
Huangkai Investment Co., Ltd.	5,791,500	7.813%	–	–	–	–	–	–	
Jui-Tse Lin	1,372,810	1.852%	–	–	–	–	Yi-Hung Lin Shih-Yun Lin Hao-Chen Lin	Father Mother Younger brother	
Yi-Hung Lin	1,307,215	1.763%	1,098,055	1.481%	–	–	Shih-Yun Lin Jui-Tse Lin Hao-Chen Lin	Spouse Son Son	
Great Ambition Investment Co., Ltd.	1,262,295	1.702%	–	–	–	–	–	–	
Hao-Chen Lin	1,194,305	1.611%	–	–	–	–	Yi-Hung Lin Shih-Yun Lin Jui-Tse Lin	Father Mother Older brother	
Shih-Yun Lin	1,098,055	1.481%	1,307,215	1.763%	–	–	Yi-Hung Lin Jui-Tse Lin Hao-Chen Lin	Spouse Son Son	

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company: None.

Four. Capital Raising

I. Capital and shares

(I) Sources of Capital

1. Sources of Capital

Unit: thousand shares; NT$ thousand

Year/Month	Issued price (NT$)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Share capital Source	Paid in properties other than cash	Others
1986.03	1,000	1	1,000	1	1,000	Incorporation capital: NT$1,000 thousand	None	Note 1
1986.06	1,000	5	5,000	5	5,000	Cash capital increase of NT$4,000 thousand	None	Note 2
1989.11	1,000	10	10,000	10	10,000	Cash capital increase of NT$5,000 thousand	None	Note 3
1994.11	1,000	50	50,000	50	50,000	Cash capital increase of NT$40,000 thousand	None	Note 4
1996.09	1,000	83	83,000	83	83,000	Cash capital increase of NT$33,000 thousand	None	Note 5
1998.12	1,000	158	158,000	158	158,000	Cash capital increase of NT$25,000 thousand Surplus to a capital increase of NT$50,000 thousand	None	Note 6
1999.12	1,000	199.9	199,900	199.9	199,900	Cash capital increase of NT$41,900 thousand	None	Note 7
2001.01	10	19,990	199,900	19,990	199,900	Altered the amount per share for the shares of a capital increase in December 1999	–	Note 8
2003.07	10	29,340	293,400	29,340	293,400	Cash capital increase of NT$93,500 thousand	None	Note 9
2004.01	10	40,000	400,000	40,000	400,000	Cash capital increase for NT$106,600 thousand	None	Note 10
2004.12	10	45,000	450,000	45,000	450,000	Cash capital increase of NT$50,000 thousand	None	Note 11
2005.10	30	48,000	480,000	48,000	480,000	Cash capital increase of NT$30,000 thousand	None	Note 12
2007.07	32	49,000	490,000	49,000	490,000	Cash capital increase of NT$10,000 thousand	None	Note 13
2007.11	32	80,000	800,000	56,125	561,250	Cash capital increase of NT$71,250 thousand	None	Note 14
2010.08	24	80,000	800,000	57,125	571,250	Cash capital increase of NT$10,000 thousand	None	Note 15
2011.09	10	80,000	800,000	60,267	602,669	Surplus to a capital increase of NT$31,419 thousand	None	Note 16
2012.04	29.5	80,000	800,000	65,926	659,259	Cash capital increase of NT$56,590 thousand	None	Note 17
2015.01	10	80,000	800,000	75,926	759,259	Cash capital increase of NT$100,000 thousand	None	Note 18
2015.11	10	80,000	800,000	74,139	741,389	Cancellation of treasury shares	None	Note 19
2022.01	10	80,000	800,000	74,124	741,239	Cancellation of treasury shares	None	Note 20

Note 1: Approved with Letter Qi-Wu-Chian-San-Zhi No.56194, dated March 7, 1986.

Note 2: Approved with Letter Qi-Wu-Chian-San-Bin-Zhi No.75327, dated June 25, 1986.

Note 3: Approved with Letter Qi-Ba-Chian-San-Zhi No.363670, dated November 16, 1989.

Note 4: Approved with Letter Ba-San-Chian-San-Geng-Zhi No.463090, dated November 16, 1994.

Note 5: Approved with Letter Ba-Wu-Chian-San-Bin-Zhi No.231507, dated September 16, 1996.

Note 6: Approved with Letter Jing-(087)-Shang-Zhi No.142757, dated December 31, 1998.

Note 7: Approved with Letter Jing-(088)-Shang-Zhi No.143799, dated December 4, 1999.

Note 8: Approved with Letter Jing-(089)-Shang-Zhi No.148719, dated January 4, 2001.

Note 9: Approved with Letter Jing-Shou-Shang-Zhi No. 09232382540, dated July 22, 2003

Note 10: Approved with Letter Jing-Shou-Shang-Zhi No.09331501460, dated January 6, 2004.

Note 11: Approved with Letter Jing-Shou-Shang-Zhi No.09333257360, dated December 27, 2004.

Note 12: Approved with Letter Jing-Shou-Shang-Zhi No.09433067060, dated October 31, 2005.

Note 13: Approved with Letter Jing-Shou-Shang-Zhi No.09632475230, dated July 24, 2007.

Note 14: Approved with Letter Jing-Shou-Shang-Zhi No.09601288690, dated November 23, 2007.

Note 15: Approved with Letter Jing-Shou-Shang-Zhi No.09901189960, dated August 24, 2010.

Note 16: Approved with Letter Jing-Shou-Shang-Zhi No.10001219470, dated September 27, 2011.

Note 17: Approved with Letter Jing-Shou-Shang-Zhi No.10101084510, dated May 10, 2012.

Note 18: Approved with Letter Tai-Zheng-Shang-Yi-Zhi No.10400041711, dated March 11, 2015.

Note 19: Approved with Letter Jin-Guan-Zheng-Jiao-Zhi No.1040049645, dated November 27, 2015.

Note 20: Approved with Letter Jing-Shou-Shang-Zhi No.11101010350, dated January 21, 2022.

2. Type of share

Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares (Note 1)	Unissued shares	Total	
Registered common share	74,123,875	25,876,125	100,000,000	

Note 1: Shares of a public company

3. Information Relating to the Shelf Registration System: None.

(II) Shareholder Composition

April 2, 2023

Shareholder structure / Count	Government agency	Financial institution	Other institutional entities	Individual	Foreign institution and foreigner	Total
Number	–	–	30	6,953	33	7,016
No. of shares held	–	–	46,011,018	26,422,228	1,690,629	74,123,875
Shareholding	–	–	62.073%	35.646%	2.281%	100.000%

(III) Distribution of Shareholding (par value NT$10 per share)

1. Common share

April 2, 2023

Unit: persons; shares; %

Range of no. of shares held	Shareholder count	No. of shares held	Shareholding
1 to 999	2,689	314,675	0.425
1,000 to 5,000	3,574	6,727,407	9.076
5,001 to 10,000	394	3,183,130	4.294
10,001 to 15,000	96	1,255,163	1.693
15,001 to 20,000	84	1,561,330	2.106
20,001 to 30,000	65	1,668,830	2.251
30,001 to 40,000	20	701,100	0.946
40,001 to 50,000	25	1,177,000	1.588
50,001 to 100,000	37	2,723,438	3.674
100,001 to 200,000	12	1,703,995	2.299
200,001 to 400,000	6	1,797,704	2.425
400,001 to 600,000	1	436,000	0.588
600,001 to 800,000	1	684,000	0.923
800,001 to 1,000,000	0	0	0.000
Above 1,000,001	12	50,190,103	67.711
Total	7,016	74,123,875	100.000

2. Preferred shares: None.

(IV) List of major shareholders: List all shareholders with a stake of 5% or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

April 2, 2023

Unit: shares; %

Shareholding / Name of major shareholder	No. of shares held	Shareholding
Haoqun Investment and Development Ltd.	11,791,000	15.907
Songqun Investment and Development Ltd.	10,731,000	14.477
Hehan Investment Co., Ltd.	7,586,503	10.234
Ruhan Investment Co., Ltd.	5,964,420	8.046
Huangkai Investment Co., Ltd.	5,791,500	7.813
Jui-Tse Lin	1,372,810	1.852
Yi-Hung Lin	1,307,215	1.763
Great Ambition Investment Co., Ltd.	1,262,295	1.702
Hao-Chen Lin	1,194,305	1.611
Shih-Yun Lin	1,098,055	1.481

(V) Information on Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$ thousand; thousand shares

Year / Item			2021	2022	Current year up to March 31, 2022 (Note 9)
Market price per share (Note 1)	High		46.30	46.25	50.00
	Low		33.70	33.65	40.70
	Average		37.73	38.00	45.38
Net worth per share (Note 2)	Before dividend		46.45	51.48	49.49
	After dividend		44.45	49.48	None
Earnings per share	Weighted average outstanding shares		74,124	74,124	74,124
	Earnings per share (Note 3)		1.83	5.51	0.87
Dividends per share	Cash dividends		2.00	3.00 (Note 9)	None
	Stock dividends	—	None	None (Note 9)	None
		None	None	None	None
	Accumulated undistributed dividends (Note 4)		None	None	None
Return on investment analysis	Price/earnings ratio (Note 5)		20.62	6.90	None
	Price/dividend ratio (Note 6)		18.87	19.00	None
	Cash dividend yield (Note 7)		5.30	5.26	None

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of the issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as of the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: 2022 dividends have been resolved to approve in the board meeting on March 13, 2023.

(VI) Company's dividend policy and implementation thereof

1. The dividend policy adopted in the company's articles of incorporation

Articles 26 and 27 of the Company's Articles of Incorporation specified the following method to distribute the employee and director remunerations, and dividends:

If the Company operates at a profit, it shall appropriate 1% - 3% as remuneration to employees, distributed to subsidiary and controlling company employees who meet specific requirements in the form of shares or cash as determined by the Board of Directors. The Company may authorize the Board of Directors to appropriate no more than 3% of the said profit as remuneration to the Directors and Supervisors. The remuneration to employees and directors and supervisors shall be submitted to the shareholders' meeting for review.

However, profits must first be taken to offset cumulative losses, if any, then used for the appropriation of remuneration to employees and directors and supervisors based on the preceding percentage.

Issued The Company's articles of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, and pay any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, but not subject to if the amount of accumulated legal capital reserve has reached the amount of the Company's paid-in capital. Then, amounts are appropriated or reversed to special reserves in accordance with relevant laws and regulations. The remaining profit, if any, together with accumulated undistributed surplus will be determined by the Board for distribution. Shall the dividend be distributed in the form of new shares, such matter shall be resolved by the Shareholders' Meeting before distribution thereof.

The Company may distribute cash dividends and report to the Shareholders' Meeting, after such matter has been approved by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members.

When distributing dividends, the Company takes into consideration factors including future development plans, investment environment, capital needs and domestic and foreign competitions, and shareholders' returns. The shareholders' dividends shall be no less than 40% of that year's distributable amount, with cash dividends accounting for more than 20%. Such matter is approved by the Board of Directors and submitted to the Shareholders' Meeting for resolution.

2. The dividend distributions proposed at the most recent shareholders' meeting

The 2022 earning distribution proposal was resolved by the Board on March 13, 2023 to approve the following:

2022

Unit: NT$

Beginning undistributed earnings		1,017,732,544
Add: Current period net profit	408,560,453	
Cancellation of treasury stocks of 2022	(375,897)	
Remeasurement of the defined benefit plan recorded in retained earnings	(304,716)	
The sum of the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings		407,879,840
Less: Legal reserve (10%)		(40,787,984)
Less: Reversal (appropriation) of special reserve		10,898,628
Current distributable earnings		1,395,723,028
Allocation:		
Cash dividends (NT$3 per share)		(222,371,625)
Ending undistributed earnings		1,173,351,403

Note 1: The earning distribution for the year distributes the earnings from 2022 first.

Note 2: The distributable cash dividends are rounded off to the nearest NT$. The Chairman is authorized to have dedicated personnel to adjust the fractional-cent amount.

Note 3: The legal reserve shall be appropriated based on "the sum of the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings" in accordance with Jing-Shang-Zi Letter No. 1082432410.

3. If a material change in dividend policy is expected, provide an explanation: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution: the Company is not required to disclose the 2022 financial forecast, and thus not applicable.

(VIII) Profit-sharing compensation of employees, directors, and supervisors:

(1) The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation.

Please refer to the "(VI) Company's dividend policy and implementation thereof 1." for the description.

(2) The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The remuneration of employees and directors comply with Article 26 of the Articles of Incorporation and Letter (96)Ji-Mi-Zhi No. 52 by Accounting Research and Development Foundation, "Accounting Treatment of Employee Profit-Sharing and Directors' and Supervisors' Remuneration" to be estimated, and recognized as expenses and liabilities based on their nature. If there is any discrepancy between the resolution of the subsequent shareholders' meeting and the estimated amount in the financial statements, it is regarded as a change in the estimate and accounted as the annual profit or loss at the year of the resolution adopted by the shareholders' meeting.

(3) Information on the employee remuneration distribution proposal approved by the Board

The Company's 2022 employees and directors' remunerations have been provided as expenses, as required by the letter of ARDF. On March 13, 2023, upon the resolution of the board of directors, the provided distribution is as below, which is subject to the report to the shareholders' meeting on May 31, 2023:

(1) The employees' remuneration of NT$7,359,628 and the directors' remuneration of NT$5,661,252 will be distributed.

(2) The amount of employees' share dividends distributed and its ratio to the total net profit after-tax of the current period, and the total amount of employee bonuses: No employee share dividend is distributed.

(3) After considering the distribution of employees' remuneration and directors and supervisors' remuneration, the estimated earnings per share is NT$5.51.

(4) The difference between the said distribution proposed and the estimated expenses in 2022 is NT$0.

(4) The earnings of the previous year were used to distribute employees' bonuses and the remuneration of directors and supervisors:

The Company's 2021 employees' profit sharing and directors' remunerations have been provided as expenses, as required by the letter of ARDF. On March 10, 2022, upon the resolution of the board of directors, the provided distribution is as below, which is subject to the report to the shareholders' meeting on May 27, 2022:

(1) Distributed the employee bonuses of NT$4,670,571 and directors' remunerations of NT$4,016,691.

(2) The amount of employees' share dividends distributed and its ratio to the total net profit after-tax of the current period, and the total amount of employee bonuses: No employee share dividend is distributed.

(3) After considering the distribution of employees' remuneration and directors and supervisors' remuneration, the estimated earnings per share is NT$1.83.

(4) The difference between the said distribution proposed and the estimated expenses in 2021 is NT$0.

(IX) Status of a company repurchasing its own shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock warrants and new restricted employee shares: None.

VI. Merger and acquisition activities including mergers, acquisitions, and demergers: None.

VII. Implementation of capital allocation plans:

(I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) For the period as of the quarter preceding the date of publication of the annual report, with respect to the implementation of each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: not applicable

Five. Overview of Business Operations

I. Description of the business

(I) Scope of business:

1. The Company's major lines of business

(1) Manufacturing, processing and trading of various machinery (automobiles, scooters, bicycles), among other things

(2) Acting as an agent for domestic and foreign manufacturers of the products mentioned in the preceding paragraph for quotations, biddings and distribution business.

(3) Import and export business related to the products mentioned in the preceding paragraph.

(4) Operation and investment of the businesses mentioned in the preceding paragraph.

(5) Surface treatment.

(6) Industrial Plastic Products Manufacturing

(7) Design, planning and manufacturing whole-plant automation equipment

2. Major products and relative weight thereof

Unit: NT$ thousand

Product name	2021		2022	
	Net operating revenue	Operation weight	Net operating revenue	Operation weight
Motor parts	1,860,331	96.99%	2,013,027	99.62%
Others	57,769	3.01%	7,731	0.38%
Total	1,918,100	100.00%	2,020,758	100.00%

3. Current products (services)

(1) Auto parts, other parts, among other products.

(2) Design, planning and manufacturing whole-plant automation equipment

4. New products (services) planned to be developed

(1) Development of various appearance parts of automobiles.

(2) Application development of Industrial Internet of Things.

(II) Overview of the industry

1. Current status and development of the industry

According to the data from the Taiwan Transportation Vehicle Manufacturers Association ("TTVMA"), in terms of the number of auto parts manufacturers in Taiwan, there are currently about 2,800 manufacturers engaged in the production and sales of related products, of which about 300 are OE part suppliers for domestic and international sales, but many of them also produce AM products for export. The overall revenue of Taiwan's auto parts manufacturing industry has shown steady growth year by year. In 2009, affected by the global financial crisis, it declined by 7.72% for the first time. In 2010, it rebounded significantly. With the limited scale of the automobile market in Taiwan, the expansion of the export market has long been the most important business goal of Taiwanese part and component manufacturers. In recent years, although the domestic market for whole-vehicle has fluctuated, the annual export value of auto parts has continued to expand with accumulated competitive strength. The export value in 2022 was NT$237.3 billion, increased by 5.04%.

Statistic of Taiwanese Auto Part Export Amount

Unit: NT$100 million

Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Amount	2,373	2,208	1,927	2,148	2,147	2,149	2,113	2,145	2,077	1,979
Growth rate	5.04%	14.58%	-10.26%	0.02%	-0.11%	1.70%	-1.47%	3.26%	4.96%	1.60%

Sources: import and export statistics of customs; compiled by the TTVMA.

Based on statistics from the Industrial Technology Research Institute, the production value of exported AM crash parts and components from Taiwan accounts for 60-70% of the total of the world. Among them, AM crash parts and components such as bumpers, sheet metal, rearview mirrors, and rubber/plastic parts account for 85% of the global market, and the bumpers are as high as 90%, in particular.

Taiwanese AM parts manufacturers are mostly export-oriented. Taiwanese AM parts, especially the so-called crash parts (the most frequently replaced items after a car crash, such as front and rear bumpers, lights, radiator grilles, doors and hoods and other sheet metal parts), are well accepted in the international market.

The Company's main products - front and rear bumpers and radiator grilles are the most easily damaged parts after a car crash. Before the US economy fully recovers, consumers are unwilling to replace more expensive parts from the original makers, and help the market of automobile after-sales maintenance.

Some of our products have passed CAPA (Certified Automotive Parts Association) certification, and with strict quality, making our products more competitive.

The auto parts industry in Taiwan has a complete supply chain, most of which belong to small and medium-sized enterprises. The industry has the advantages of small-quantity with a large variety and flexible manufacturing. In recent years, manufacturers have continuously invested in research and development, improved production processes, and introduced smart manufacturing. They have international competitiveness and the potential to enter the supply chain of international automakers. Manufacturers are good at precision machining and rubber/plastic injection molding, and a relatively high proportion of them focus on the aftermarket of parts. They enter the international automakers' OEM system through overseas investment in plant establishment, network construction, marketing bases, international technical cooperation, and joint ventures, to position the global market. Whether for after-sales service or OEM, Taiwanese manufacturers have accumulated considerable achievements.

In 2022, when global trade declined, exports from Taiwan reached US$479.52 billion, a 7.4% increase from US$446.46 billion in 2021. In 2022, the proportion of Taiwan's exports to the US rose from 10.5% to 15.7%, and the trade surplus with the US was USD29.414 billion, a record high. The strengths of Taiwan are the after-sales maintenance parts, such as lights and bumpers. Benefiting from the continuous increase in the vehicle parc in the US, and Taiwan's bulk of crash parts exported have passed the US CAPA certification, the sales to the US have continued to increase. After the U.S.-China trade war, although the pandemic has been under control in China, issues such as labor wages and environmental protection regulations remain, triggering the auto parts industry to withdraw production bases from China, and the overall supply chain restructuring will focus on regionalization and localization more.

2. Development trends of products

(1) To meet the development trend of increasing requirements for automobile safety standards by the public, the Company has introduced a specialty digital control welding machine, to stabilize product quality by increasing the number of bonding points between the main bodies and reinforcing

components

(2) Aligning with the world's environmental protection trends, the main raw materials of our products are PP (environmental label No. 5) and ABS (environmental label No. 7). These two materials can be recycled and reused, to avoid the utilization of non-recyclable raw materials affecting the environment.

3. Competition

Taiwan is currently the largest exporter of the AM market. Because the Company's flexible production is superior to its peers, it actively develops product completeness, and strives to meet customer satisfaction at once. The quality, delivery, and cost control are also important indicators for the Company to make efforts, and it will continue to increase the number of product certifications to gain stronger competitiveness.

(III) Overview of the company's technologies and its research and development work

1. Overview of R&D

The Company is a professional manufacturer of plastic automotive parts, manufacturing products with stable quality. The quality is under control, and the physical and chemical properties such as impact resistance and tensile strength of the products for realizing the keys to quality-assurance of products. Not only our products must serve the functions of assembled cars, but also be able to withstand various weathers and pass tests recognized internationally to certify the quality and performance of our products are similar to those of the original manufacturers. Also, we continue to improve our automated process to reduce labor costs and mitigate the impact of the low birth rate. Through equipment optimization and the introduction of new processes, we expect to be able to increase capacity and improve production yields. In the next three years, according to our short- and medium-term plans, we will be purchasing new equipment and upgrading existing equipment in our plants to equip with automation, IOT, big data collection, and AI, so as to equip our production line with intelligent technology and functions, moving forwards Industry 4.0. And in October 2019, the R&D center was formally established.

Currently, the automatic storage system has been introduced to save labor, space occupied, and increase the coverage of production line automation, improve process efficiency, stabilize quality and effectively control the consumption of raw materials.

2. Technological level of operated business

The Company is a professional manufacturer of auto parts. Our products not only meet the basic functions of assembled cars, but also meet the requirements to withstand various weathers. Therefore, in addition to meeting the quality requirements of ISO, its physical properties such as impact resistance and tensile strength, are also essential. Hence, the Company actively introduces the CAPA certification system for products. All products that pass the CAPA certification must pass through the laboratories approved by CAPA. Through a series of tests compliant with internationally recognized ASTM test methods, their physical properties are close to the original manufacturers. And there are test items approved by TAF, such as polymer and composite materials, tensile test, impact test, plastic electroplating film thickness, tensile test, impact test, and the approved items are gradually added.

3. R&D plans

(1) In October 2019, the R&D center was formally established. Actively engaged in the R&D and patent positioning of automation equipment and process improvement

(2) Continue to improve the process and introduce automation equipment, to elevate the quality and yield of each process to achieve the goal of high yield and high productivity.

(3) Import mold flow analysis to improve mold mechanism and shorten molding time.

(4) Continue to increase the number of CAPA certifications.

4. Study of future development policies:

(1) The mold development process has been introduced with the latest computer-aided system, to reduce the mold-making time, for facilitating the introduction of products rapidly to the market for obtaining the best business opportunities and profits.

(2) The innovation of product raw material formula takes the core value of eco-friendliness, and the Company is committed to researching and developing new materials meeting high environmental protection requirements and high performance, to obtain the greatest advantages of products in regards to innovative production and manufacturing.

(3) To cope with the labor shortage due to the low domestic birth rate, the production lines are fully equipped with automatic equipment, which reduces the demand for manpower in the initial stage, while creating high-efficiency and high-quality products.

(4) Internally, the efficiency of production management is strengthened through continuous internal improvement processes, to optimize the production process and product quality on an ongoing basis, reduce production costs and optimize product quality.

(5) To allow the swift verification of various quality items, the laboratory was established to conduct instant quality monitoring of the physical properties such as impact resistance and tensile strength as well as the related chemical properties of the product body, and to conduct quality improvement activities with efficient production processes. To make the Company's various quality data more credible, it is actively planning the international certification of ISO 17025 for the internal laboratory.

5. R&D personnel and their experiences and educational background

(Parent-only) Unit: persons; year

Year / Education	2018	2019	2020	2021	2022	2023 up to March 31
Graduate schools	0	5	4	5	7	6
Bachelors Degree	7	11	8	6	7	5
Senior high school	0	0	0	1	1	1
Total	7	16	12	12	15	12
Average years of service	2.85	1.68	3	2.67	1.8	2.5

(Consolidated) Unit: persons; year

Year / Education	2018	2019	2020	2021	2022	2023 up to March 31
Graduate schools	0	5	4	5	7	6
Bachelors Degree	15	20	14	14	14	8
Senior high school	1	3	0	2	2	1
Total	16	28	18	21	23	15
Average years of service	2.04	1.64	2.7	2.19	2.04	2.34

6. R&D expenses invested in the five recent years

Unit: NT$ thousand; %

Year / Item	2018	2019	2020	2021	2022
Parent-only R&D expenses (A)	20,794	27,074	22,060	29,595	53,029
Parent-only net revenue (B)	1,490,731	1,486,171	1,264,279	1,134,285	1,259,707
(A) / (B) weight %	1.39	1.82	1.74	2.61	4.21

Year / Item	2018	2019	2020	2021	2022
Consolidated R&D expenses (A)	38,919	34,048	31,247	37,564	70,601
Consolidated net revenue (B)	2,854,734	2,654,787	2,120,901	1,918,100	2,020,758
(A) / (B) weight %	1.36	1.29	1.47	1.96	3.49

7. Technologies or products successfully developed in the five most recent years:

(1) Large workpiece protective conveyor.

(2) Improve the automation of assembly, grinding, and spraying processes.

(3) The automatic crop of woven fabrics.

(4) Intelligent welding and assembly of accessories.

(5) Mechanical cutting and drilling are replaced by laser optical cutting and drilling.

(6) The total number of CAPA-certified plastic products continues to increase.

(IV) Long- and short-term business development plans

1. Short-term business development plans (competitive edges)

(1) Improve the Company’s reputation and expand new customer sources by participating in foreign exhibitions.

(2) The stable quality meeting customers’ requirements.

(3) Establish an independent training system

(4) Strengthen automated production equipment to increase productivity.

(5) Accelerate products’ passage of the CAPA certification system, improve customers’ confidence in products, and increase sales.

(6) Establish a complete mold development system to shorten the time to market.

2. Long-term business development plans

(1) Build the automatic warehouse equipment for inventory.

(2) Expand new plant buildings to increase production capacity.

(3) Increase product mix and increase market share.

(4) Expand the market to achieve global sales.

(5) Establish a wastewater recycling plant.

II. Analysis of the market as well as the production and marketing situation

(I) Geographic areas where the main products are sold

1. Market analysis Unit: NT$ thousand

Year / Area for sales		2021 Amount	2021 %	2022 Amount	2022 %
Domestic sales (Note 2)		461,148	40.66	511,503	40.60
Export sales	Americas	608,406	53.64	690,970	54.85
	Asia	46,329	4.08	33,849	2.69
	Europe	3,794	0.33	2,317	0.19
	Africa	4,761	0.42	7,821	0.62
	Oceania	9,847	0.87	13,247	1.05
	Subtotal	673,137	59.34	748,204	59.40
Total		1,134,285	100.00	1,259,707	100.00

Note 1: The table above is the parent-only information of Y.C.C.

Note 2: Domestic sales include indirect export sales which are sold to domestic trading companies.

Year / Area for sales	2021 Amount	2021 %	2022 Amount	2022 %
Taiwan	466,118	24.30	505,937	25.03
Americas	619,495	32.30	721,323	35.70
Asia	773,371	40.32	701,213	34.70
Europe	54,355	2.83	84,414	4.18
Africa	4,761	0.25	7,871	0.39
Total	1,918,100	100.00	2,020,758	100.00

Note: The table above is the consolidated information.

2. Market share

According to the statistics of the Customs Administration, the total export value of auto parts - bumpers and the parts thereof in 2021 and 2022 were NT$7,913,755 thousand and NT$9,797,076 thousand; based on the figures, and the Company’s share in the Taiwanese export market was about 8.51% and 9.60% during the same period.

3. Demand and supply conditions for the market in the future, and the growth potential

As the demands for automobiles in emerging markets, such as China, India, Brazil, Russia and the ASEAN have been increasing year by year, the market scale has very promising prospect of development in emerging regions. It is mentioned in the article “View the Development of Auto AM from the Sheet Metal Structure Parts” published in the journal, *Mechanical Industry*, issue 280, that roughly 40% of total expenses spent by the owner of a car, from purchase to scrapping, is used for after-service. Upon the end of the warranty, any car accident goes to the service markets of maintenance and insurance companies. The auto parts required for the after market inherently grows simultaneously. It is obvious that in the future, with more than 1 billion vehicle parc around the world, the AM market will create a huge business opportunity.

Insurers have successively developed CAPA (Certified Automotive Parts Association) to seek high-quality AM parts suppliers. Meanwhile, they have added instructions on the contracts to explain the insurance claim settlement method, with differential rates adopted to increase the insurance premium rate for designated OEM parts. This approach will lead to an increase in demand for certified AM parts from insurers, providing new opportunities for the future growth of the AM market.

With favorable conditions including diversified development, flexible production, and industrial clustering effects, Taiwan’s auto parts industry still maintains a comparative advantage that cannot be substituted by other countries. After 33 years of efforts and growth, the Company has already occupied a place among its peers currently, regardless of the market share or customer satisfaction. In the future, we will continue to develop new product items, obtain product certifications from various countries, and actively expand potential markets, to strive to move towards the goal of global positioning and marketing, as well as increasing market share.

Demands for Taiwanese manufacturers of AM automotive parts and components have been increasing as they have both quality certifications and reasonable prices. Compared to the continued sluggishness in the consumption power of the new car market, which is unfavorable to Taiwanese OEMs and OES manufacturers of related auto parts, the number of existing cars retained in the US continues to grow, which is, in turn, beneficial to Taiwanese manufacturers in the supply chain of related parts of the automotive after market (AM).

PwC released the “Digital Auto Report 2020: Navigating through a post-pandemic world,” which estimated in a survey, that the number of vehicle parc in the EU (the number of cars registered locally) will decline slightly (an estimated is decreased by 0.5% per year) as of 2035. In 2020, the EU was still the market with the largest vehicle parc in the world (302 million units). By 2035, the vehicle parc in the EU will drop to 281 million, after 350 million in China (estimated annual growth of 3.9%) and 332 million (annual growth of 1.1%) in the US. The momentums driving the growth of the total number of vehicles in the US and China include the demand for economic liquidity after the outbreak of the pandemic, the tendency of enterprises to build new fleets with high annual mileage, and the replacement of old cars with new ones. Hsu, Chien-Yen, CPA of PwC Taiwan for the automotive and parts industry services, analyzed that when the direction of vehicle development is gradually inclining to smart applications and electric vehicles, Taiwan will benefit from the advantages of the information and communication industry and with its unique advantages established in the automotive electronic components, to become a key player in the international automobile manufacturing supply chain. Based on the data of the Ministry of Economic Affairs, the total production value of the vehicle industry in Taiwan has continuously grown, reaching NT$560.9 billion from January to September 2022, accounting for about 4.30% of the total production value of the manufacturing industry in Taiwan, increased by 7.22%. It is an extremely important industry in Taiwan.

4. Competitive edges

(1) Diversified product categories to meet market demands.

(2) The ratio of in-house manufactured products is high, and the quality is strictly controlled.

(3) Check the quality and stable supply of raw materials.

(4) The processes are automated, reducing human factors and manpower problems.

(5) With the ability of in-house mold making and the number of molds in a certain scale.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors

① The products are very diversified, with efforts of providing customers with high-quality products.

② The cumulative number of CAPA-certified products has increased year by year, which helps to underline the Company's quality level and is positive for product sales. And the products are deeply recognized, accepted and trusted by customers.

③ Maintain long-term good partnerships with raw material suppliers, with a stable supply relationship and source of raw materials.

(2) Negative factors and response to such factors

① Product prices continue to decline due to price-cutting competition in the market. Failure to effectively control costs or expand markets will affect profitability.

Response to such factors

a. Grasp market development trends and accommodate the market demands, and develop new products in a timely manner, for improving customer satisfaction and product competitiveness.

b. Continue to increase product items to expand market customer bases and increase sales revenue.

c. Improve the manufacturing process with the integration of automation, while elevating production efficiency and quality, so that production will be more economical in scale, thereby reducing production costs.

② Labor shortage and increase in labor cost.

Response to such factors

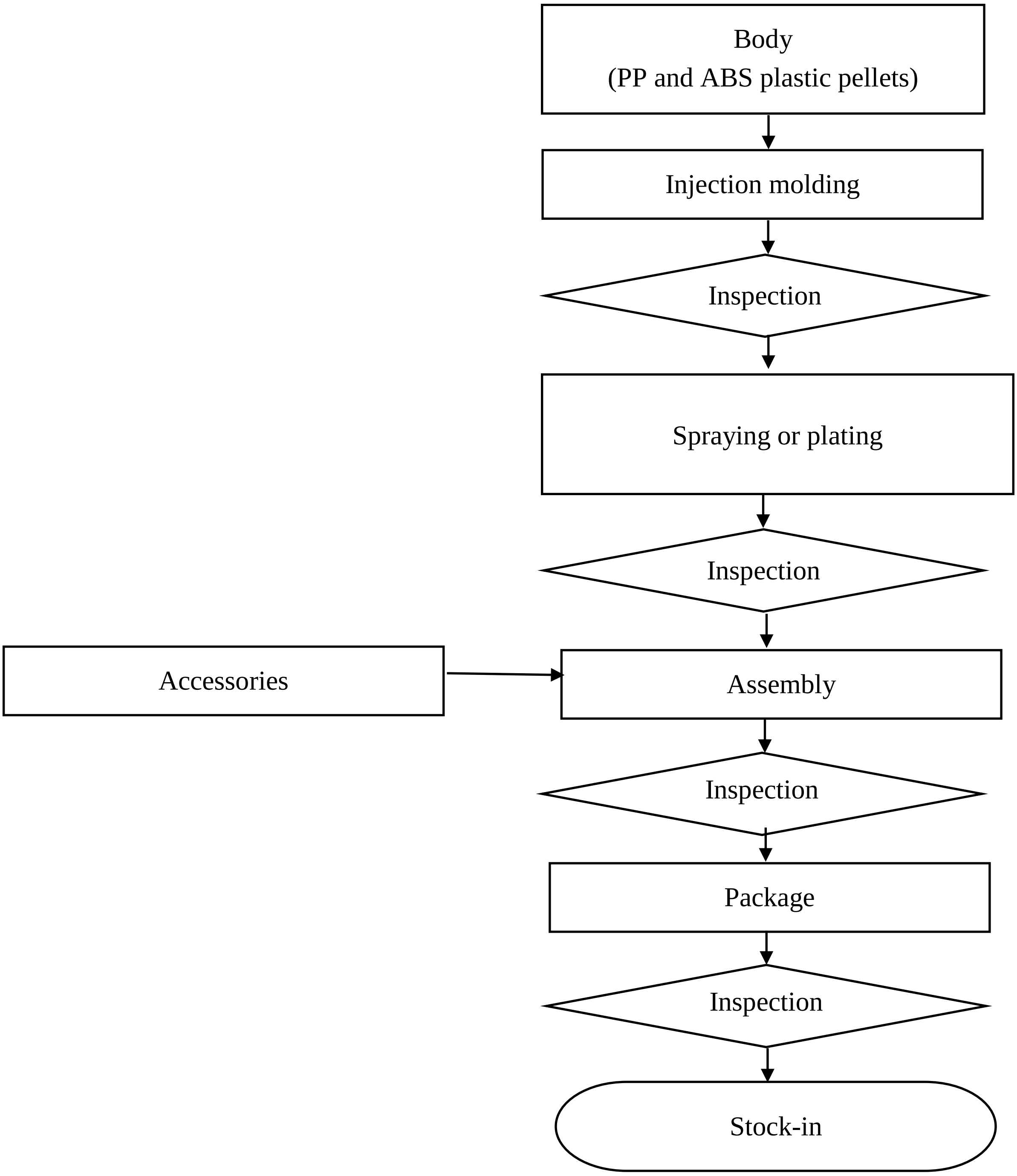
a. Streamline manpower and improve manpower quality.

b. Integration with automated processes.

(II) Usage and manufacturing processes for the company's main products.

1. Key usages of main products

Main product	Main usage
Bumpers	For the overall appearance of a vehicle, and maintaining driving safety.
Radiator grilles	Improving aesthetics, and allowing air to flow into the engine compartment for cooling.



(III) Supplies of major raw materials

Main raw materials	Supplier	Supply situation
ABS pellets	TAITA CHEMICAL COMPANY, LIMITED	Stable source with good quality
PP pellets	Formosa Chemicals & Fibre Corporation.	Stable source with good quality

(IV) List of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. List all suppliers accounting for 10% or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage, and the reason for increases or decreases

Unit: NT$ thousand

Item	2021				2022				Q1 2023			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name (Note)	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1									Group B	25,530	14.65%	None
1	Others (percentage of annual net purchases lower than 10%)	771,503	100%	None	Others (percentage of annual net purchases lower than 10%)	725,238	100%	None	Others (percentage of annual net purchases lower than 10%)	59,145	85.35%	None
	Net purchase	771,503	100%		Net purchase	725,238	100%		Net purchase	174,178	100%	

2. List all customers accounting for 10% or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each, and the reason for increases or decreases

Unit: NT$ thousand

Item	2021				2022				Q1 2023			
	Name (Note)	Amount	Percentage of annual net sales	Relationship with the issuer	Name (Note)	Amount	Percentage of annual net sales	Relationship with the issuer	Name (Note)	Amount	Percentage of annual net sales	Relationship with the issuer
1	Group A	382,202	19.93%	None	Group A	464,885	23.01%	None	Group A	92,916	19.66%	None
2	Others (percentage of annual net sales lower than 10%)	1,535,898	80.07%	None	Others (percentage of annual net sales lower than 10%)	1,555,873	76.99%	None	Others (percentage of annual net sales lower than 10%)	379,692	80.34%	None
	Net sales	1,918,100	100%		Net sales	2,020,758	100%		Net sale	472,608	100%	

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT$ thousand

Year / Production volume and value	2021			2022		
Main product	Production capacity (Note)	Production volume	Production value	Production capacity (Note)	Production volume	Production value
Motor parts	19,584,920	16,866,611	1,676,882	17,376,252	14,144,521	1,706,613
Others			4,962			320,000
Total			1,681,844			2,026,613

(Note): 1 Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

2. If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT$ thousand

Year	2021				2022			
Sales value and volume	Domestic sales		Export sales		Domestic sales		Export sales	
Main product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Motor parts	15,391,256	1,172,100	1,247,998	733,476	11,234,736	1,164,230	1,523,656	848,796
Others		12,534				7,732		-
Total		1,184,634		733,476		1,171,962		848,796

III. The number of employees employed for the 2 most recent fiscal years

Year		2021	2022	2023 As of March 31
Employees Number	Managerial Officers	37	34	33
	Direct personnel	253	222	222
	Indirect personnel	223	197	190
	Total	513	453	445
Average age		37.33	38.5	38.5
Average years of service (Note 1)		3.44	4.275	4.48
Education Distribution Ratio (Note 2)	PhD	0.13%	0.4%	0.4%
	Masters Degree	1.7%	1.08%	0.93%
	Bachelors Degree	37.61%	39.49%	36.74%
	Senior high school	24.73%	21.87%	23.96%
	Below senior high school	35.83%	37.16%	37.97%

Note 1: Foreign laborers are not included in the average years of service.

Note 2: Foreign laborers are not included in education distribution.

IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid) and the total amount of disposition: none

(II) Possible expenses that could be incurred in the future and measures being or to be taken.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefit plans

(1) Establish the Employee Welfare Committee pursuant to laws, to contribute the employee welfare funds on schedule, and be responsible for the planning and implementation of various welfare affairs; such as gift money for three major festivals, birthday gift money, wedding and funeral subsidies, injury and disaster allowances, discounts in contracted merchants, employee travel, and recreational activities.

(2) Free meals for employees, free uniforms, annual regular health examinations, education subsidies for children, breastfeeding rooms, Family days, and the implementation of health promotion programs.

(3) Performance bonus depending on operating conditions, and the profit-sharing system.

(4) To seek employee benefits, assist employees to save for a long time, enjoy retirement with dignity, and enable employees to hold the Company's shares, for sharing the gains from earnings and rising share price, as well as for the solid development of the Company's equity on a firm foundation, the employees have voluntarily formed the "Employee Shareholding Association of Y.C.C.." It is agreed to deliver the reward allocated by the Company to the Wealth Management and Trust Department of President Securities Co., Ltd., to manage and utilize for the benefit of all employees, for securing their stable lives and life quality after retirement or in case they become unable to work.

2. Continuing education and training system

(1) Orientation: when new recruits report to work, they must receive an orientation to understand the Company's regulations and culture in advance.

(2) On-the-job training: before the end of a year, each department submits the education and training plan for the next year based on the department's personnel training needs. After being aggregated and submitted by the Management Department, these will serve as the basis of the Company's education and training programs.

(3) External training: the personnel of specific units may apply for external training and education if required by their jobs (such as professional certificate training, and dedicated training), and the certificates or reports are submitted after the training as the reference for education and training.

(4) Education and training: to establish a safe and healthy working environment, safety and health management is implemented, with regular employee firefighting education and training held, and regular inspections of related equipment.

The Company's education and promotions of safety in the most recent three years

Year	Times for education and training per person	Hours of education and training per person
2020	545	380
2021	550	370
2022	583	739

3. Retirement system and its implementation

(1) The Company established the Labor Retirement Reserve Fund Supervision Committee in July 1997, and formulated the committee's charter and labor retirement procedures. to contribute the retirement reserve fund to be deposited in the specific account for the labor retirement reserve fund with the Trust Department of the Bank of Taiwan.

(2) Since July 1, 2005, the Company has contributed 6% of the total salary to the employee's individual account with the Labor Insurance Bureau on a monthly basis, pursuant to the Labor Pension Act.

4. The agreement between labor and management, and various measures adopted to protect various rights and interests of employees.

(1) The Company's implementation complies with various labor-related laws and regulations, to handle labor and health insurance for workers, and contribute pensions, to protect employees' rights and interests.

(2) The Company values the safety and health of employees, and regularly invites doctors to plants to provide medical and health-related consultations for employees. The health lectures are held from time to time, with the AED devices installed in plant areas and the office building.

(3) All operations of the Company comply with the Labor Standards Act, so up to now, there have been no labor disputes. The employees may reflect on issues they encounter both in work and personal lives at any time through the Company's formal and informal communication channels, so that both parties better understand each other, build consensus and create a win-win situation.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

During the two most recent fiscal years and up to the annual report publication date, there has been none of material labor dispute or labor negotiation.

VI. Cyber security management

(I) The Company has an information security management unit in place, evaluating and reviewing information security policies, approving various information security matters, promoting security policies, reviewing corrective and preventive measures, and responding to information security crisis incidents, to prevent incidents like damage, theft, leakage, tampering, misuse and infringement.

(II) The Company’s cyber security policies and guidelines are as follows:

1. The information related to the Company’s business activities must comply with the information security management regulations, to ensure the confidentiality of the information and protect the confidential information of the Company and individuals.
2. Ensure the integrity and availability of the Company’s business-related information.
3. Outsourced manufacturers shall comply with the provisions of this policy and related procedures, and shall not use without authorization, or misuse the Company’s various information assets.
4. Improve information security protection capabilities to achieve the goal of sustainable business operations.

(III) The specific management programs for cyber security are as follows:

1. The Company rents the HiNet enterprise information security service, and adopts advanced information security firewalls, anti-virus software, three data backup methods and other information security protection mechanisms, to prevent illegal intrusion into the Company from the risk of trade secrets and personal information leakage.
2. The information unit strengthens the employees’ awareness regarding the information security crisis, and regularly promotes information security precautions (e.g. only software with legal copyrights may be used; avoid downloading software from unknown sources online).
3. The access of the data center is under control, requiring identifiable ID cards for access, to achieve the purpose of security control. The external people must be accompanied by the information personnel, and leave the records of access, to visit the data center.
4. Limit the number of people go online, and require authentication to access the Internet. The old operating system computers or servers with security concerns are being replaced gradually.

(IV) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken.

The Company has established a comprehensive network and computer information security management system, to maintain the security of information and computer systems within the Company. During the most recent year and up to the publication date of the annual report, no major hacker attack was encountered, and thus no loss due to major cyber security incidents. However, to protect the Company’s operating data from being hacked, we continue to strengthen the relevant information security measures, such as continuing to conduct phishing email drills to improve employees’ awareness of email security; we also plan to enhance the local network management and control, divide the networks for the office and plants, to prevent computer virus spread across the plant areas. The effectiveness of information security management measures can only be ensured through continuous testing, evaluation of network and system architecture, and refinement of security management measures.

VII. Important contracts

The supply and sales contracts, technical cooperation contracts, construction contracts, long-term borrowing contracts and other important contracts that are effectively valid, but due within a year, and enough to affect the investors’ rights and interests, are as follows:

Nature of contract	Counterparty	Starting and end date of the contract	Key content	Restrictive clauses
Long-term secured borrowings	Bank of Taiwan	2016.1.6~2031.1.6	Mortgage loan	None
Mid-Term borrowings	One Bank	2016.8.31~2023.2.15	Credit loans	None
Mid-Term borrowings	Bank of Taiwan	2018.11.26~2023.11.26	Credit loans	None
Investments from returning Taiwanese companies	Bank of Taiwan	2019.12.26~2026.12.26	Credit loans	None
Investments from returning Taiwanese companies	Bank of Taiwan	2019.12.26~2026.12.26	Mortgage loan	None
Investments from returning Taiwanese companies	Bank of Taiwan	2019.12.26~2029.12.26	Mortgage loan	None

Six. Overview of Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed balance sheets and statements of comprehensive income - International Financial Reporting Standards (IFRSs)

1. Consolidated financial report:

Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Item \ Year		Financial information for the last 5 years					Financial information for the current year up to March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		2,505,618	1,930,263	2,035,739	1,825,688	2,081,014	1,965,154
Property, plant and equipment		3,054,786	2,616,905	2,767,101	2,830,766	2,974,815	2,972,734
Intangible assets		163,668	198,354	8,203	11,147	5,016	4,268
Other assets		600,815	603,027	487,358	384,264	476,625	472,716
Total assets		6,324,877	5,348,549	5,298,401	5,051,865	5,537,470	5,414,872
Current liabilities	Before dividend	1,734,453	1,105,758	1,102,423	916,228	1,164,994	1,164,994
	After dividend	1,882,701	1,254,006	1,250,671	1,064,476	1,164,994	1,164,994
Non-current liabilities		1,148,117	644,902	610,317	585,379	610,645	581,392
Total liabilities	Before dividend	2,882,570	1,750,660	1,712,740	1,501,607	1,746,386	1,746,386
	After dividend	3,030,818	1,898,908	1,860,988	1,649,855	1,746,386	1,746,386
Equity attributable to owners of the parent		3,285,582	3,485,966	3,470,017	3,443,404	3,714,309	3,564,394
Share capital		741,389	741,389	741,389	741,389	741,239	741,239
Capital surplus		1,188,790	1,193,024	1,193,259	1,193,349	1,193,349	1,193,349
Retained earnings	Before dividend	1,443,462	1,671,560	1,641,106	1,629,232	1,730,631	1,730,634
	After dividend	1,295,214	1,523,312	1,492,858	1,480,984	1,730,631	1,730,634
Other equity interest		(88,059)	(119,481)	(105,211)	(120,040)	(109,142)	(100,825)
Treasury shares		-	(526)	(526)	(526)	0	-
Non-controlling interests		156,735	111,923	155,644	106,854	101,240	104,092
Total equity	Before dividend	3,442,317	3,597,889	3,585,661	3,550,258	3,668,486	3,668,488
	After dividend	3,294,069	3,449,641	3,437,413	3,402,010	3,668,486	3,668,488

2. Consolidated financial report

Condensed Statement of Comprehensive Income - International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Item \ Year	Financial information for the last 5 years					Financial information for the current year up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	2,854,734	2,654,787	2,021,901	1,918,100	2,020,758	472,608
Gross profit	746,941	805,086	637,503	445,576	530,462	134,880
Operating profit and loss	386,884	476,973	350,443	174,489	180,002	81,203
Non-operating income and expenses	(12,680)	(13,947)	(171,746)	(4,083)	347,221	4,382
Profit before tax	374,204	463,026	178,697	170,406	527,223	85,585
Current net income from continuing operations	284,560	372,828	119,613	127,699	400,993	66,418
Loss from discontinued operations	-	-	-	-	0	-
Net income (loss) for the period	284,560	372,828	119,613	127,699	400,993	66,418
Other comprehensive income for the current period (net after tax)	(49,543)	(35,927)	16,407	(14,854)	12,546	8,891
Total comprehensive income in the current period	235,017	336,901	136,020	112,845	413,539	75,309
Net income attributable to parent company shareholders	307,904	376,363	117,619	135,753	408,560	64,140
Net income attributable to non-controlling interests	(23,344)	(3,535)	1,934	(8,054)	(7,567)	2,278
Total comprehensive income attributable to owners of parent	259,358	344,924	132,064	121,545	419,153	72,457
Total comprehensive income, attributable to non-controlling interests	(24,341)	(8,023)	3,956	(8,700)	(5,614)	2,852
Earnings per share	4.15	5.08	1.59	1.83	5.51	0.87

3. Parent-company only financial report:

Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Year Item		Financial information for the last 5 years				
		2018	2019	2020	2021	2022
Current assets		1,887,675	1,428,797	1,513,402	1,456,605	1,798,825
Property, plant and equipment		2,055,661	2,052,791	2,132,603	2,140,379	2,281,091
Intangible assets		-	3,724	7,105	11,147	4,085
Other assets		1,078,098	1,093,654	844,660	867,097	883,359
Total assets		5,021,434	4,578,966	4,970,770	4,475,228	4,967,360
Current liabilities	Before dividend	1,007,230	572,076	423,710	447,374	643,585
	After dividend	1,155,478	720,324	571,958	595,622	865,957
Non-current liabilities		728,622	520,924	604,043	584,450	609,466
Total liabilities	Before dividend	1,735,852	1,093,000	1,027,753	1,031,824	1,253,051
	After dividend	1,884,100	1,241,248	1,176,753	1,180,072	1,475,423
Share capital		741,389	741,389	741,389	741,389	741,239
Capital surplus		1,188,790	1,193,024	1,193,259	1,193,349	1,193,349
Retained earnings	Before dividend	1,443,462	1,671,560	1,641,106	1,629,232	1,888,863
	After dividend	1,295,214	1,523,312	1,492,858	1,480,984	1,666,491
Other equity interest		(88,059)	(119,481)	(105,211)	(120,040)	(109,142)
Treasury shares		-	(526)	(526)	(526)	0
Total equity	Before dividend	3,285,582	3,485,966	3,470,017	4,475,228	3,714,309
	After dividend	3,137,334	3,337,718	3,321,769	4,326,980	3,491,937

4. Parent-company only financial report:

Condensed Statement of Comprehensive Income - International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Year / Item	Financial information for the last 5 years				
	2018	2019	2020	2021	2022
Operating revenue	1,490,731	1,486,171	1,264,279	1,134,285	1,259,707
Gross profit	665,267	690,570	500,490	388,505	472,869
Operating profit and loss	468,462	497,221	333,625	222,187	240,798
Non-operating income and expenses	(72,922)	(31,508)	(157,134)	(43,750)	293,956
Profit before tax	395,540	465,713	176,491	178,437	534,754
Current net income from continuing operations	307,904	376,363	117,679	135,753	408,560
Loss from discontinued operations	-	-	-	-	0
Net income (loss) for the period	307,904	376,363	117,679	135,753	408,560
Other comprehensive income for the current period (net after tax)	(48,546)	(31,439)	14,385	(14,208)	10,593
Total comprehensive income in the current period	259,358	344,924	132,064	121,545	419,153
Earnings per share	4.15	5.08	1.59	1.83	5.51

II. Names of the attesting CPAs and audit opinions

Year	Name of accounting firm	Names of CPAs	Audit opinion	Reason for replacing CPA
2018	Deloitte Taiwan	Wu, Li-Dong; Yen, Hsiao-Fang	Unqualified opinion	Change of internal administrative organization
2019	Deloitte Taiwan	Wu, Li-Dong; Yen, Hsiao-Fang	Unqualified opinion	
2020	PwC Taiwan	Yu-Chuang; Liu, Mei-Lan	Unqualified opinion	Coping with the internal management needs of the Company
2021	PwC Taiwan	Yu-Chuang; Liu, Mei-Lan	Unqualified opinion	
2022	PwC Taiwan	Yu-Chuang; Liu, Mei-Lan	Unqualified opinion	

III. Financial analysis for the last five years

(I) Financial Analysis - International Financial Reporting Standards (IFRSs)

1. Consolidated financial report

Financial analysis - International Financial Reporting Standards (IFRSs)

Item (Note) / Year			Financial analysis for the last 5 years					Current year up to March 31, 2022
			2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets		45.58	32.73	32.33	29.72	31.10	32.25
	Ratio of long-term capital to property, plant and equipment		145.14	157.85	147.46	146.10	148.79	142.96
Solvency (%)	Current ratio		144.46	174.56	184.66	199.26	187.26	168.68
	Quick ratio		117.99	142.77	145.47	153.99	148.96	130.7
	Interest coverage ratio		9.62	14.85	9.97	9.20	20.11	21.97
Operating efficiency	Accounts receivable turnover (times)		3.53	3.27	2.85	3.17	3.45	3.15
	Average cash collection days		103	112	128.07	115.14	106	115.87
	Inventory turnover (times)		5.24	4.86	4.24	3.89	3.88	3.44
	Accounts payable turnover (times)		4.34	4.47	4.06	4.75	5.22	4.2
	Average inventory turnover days		70	75	86.08	93.83	94	106.1
	Property, plant and equipment turnover(times)		0.91	0.94	0.79	0.69	0.70	0.64
	Total asset turnover(times)		0.44	0.45	0.40	0.37	0.38	0.65
Profitability	Return on total assets (%)		4.92	6.79	2.49	2.75	7.97	5.09
	Return on equity (%)		8.81	11.01	3.44	3.58	10.89	7.1
	Ratio of income before tax to paid-in capital (%) (Note 6)	Operating profit	52.18	64.34	47.27	23.54	43.82%	43.82
		Net income before tax	50.47	62.45	24.10	22.98	46.18%	46.18
	Net profit margin (%)		9.97	14.04	5.64	6.66	19.84	14.05
	Earnings per share (NT$)		4.15	5.08	1.59	1.83	5.51	0.87
Cash flow	Cash flow ratio (%)		44.35	58.24	59.7	46.38	67.27	62.53
	Cash flow adequacy ratio(%)		101.87	106.48	143.18	159.56	165.90	158.8
	Cash reinvestment ratio (%)		9.30	7.66	7.49	3.90	7.90	6.77
Degree of leverage	Operating leverage		1.91	1.68	1.89	2.99	3.09	2.16
	Financial leverage		1.11	1.07	1.05	1.12	1.17	1.05
	Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.) 1. Cash flow ratio, and the cash reinvestment ratio increased year-on-year, mainly due to the increased cash flow from operating activities, resulting from the increased net profit before tax due to the appreciation of the exchange rate. 2. Times interest earned, return on assets, return on equity, net profit rate and EPS increased year-on-year, mainly due to the increased net profit resulting from the USD appreciation during the year.							

Note: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average net equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (net income after tax-preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is a loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company’s shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

2. Parent-company only financial report

Financial analysis - International Financial Reporting Standards (IFRSs)

Item (Note)			Fiscal year: Financial Information for the Most Recent Five Years 2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets		34.57	23.87	22.85	23.06	25.23
	Ratio of long-term capital to property, plant and equipment		195.28	195.19	191.04	188.18	189.55
Solvency (%)	Current ratio		187.41	249.76	357.18	325.59	279.50
	Quick ratio		167.35	218.51	307.52	275.68	246.38
	Interest coverage ratio		22.60	37.09	23.04	23.17	48.92
Operating efficiency	Accounts receivable turnover (times)		6.10	5.45	5.11	6.02	5.78
	Average cash collection days		60	67	71	61	63.00
	Inventory turnover (times)		4.21	4.39	4.34	3.95	4.09
	Accounts payable turnover (times)		4.37	5.83	5.44	5.70	5.08
	Average inventory turnover days		87	83	84	92	89.00
	Property, plant and equipment turnover (times)		0.72	0.72	0.6	0.53	0.57
	Total asset turnover (times)		0.29	0.31	0.28	0.25	0.27
Profitability	Return on assets (%)		6.26	7.99	2.68	3.14	8.83
	Return on equity (%)		9.53	11.12	3.38	3.93	11.42
	Ratio of income before tax to paid-in capital (%) (Note 6)	Operating profit	63.19	67.07	45.00	29.97	32.49
		Net income before tax	53.35	62.82	23.81	24.07	72.14
	Net profit margin (%)		20.65	25.32	9.31	11.97	32.43
	Earnings per share (NT$)		4.15	5.08	1.59	1.83	5.51
Cash flow	Cash flow ratio (%)		74.03	100.72	138.11	84.92	118.07
	Cash flow adequacy ratio(%)		196.22	212.85	240.75	219.87	208.66
	Cash reinvestment ratio (%)		9.89	6.89	6.58	3.39	8.40
Degree of leverage	Operating leverage		1.52	1.47	1.69	2.21	2.20
	Financial leverage		1.03	1.02	1.01	1.03	1.04

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

I. Cash flow ratio, and the cash reinvestment ratio increased year-on-year, mainly due to the increased cash flow from operating activities, resulting from the increased net profit before tax due to the appreciation of the exchange rate.

II. Times interest earned, net profit margin, EPS, and the cash reinvestment ratio increased year-on-year, mainly due to the increased net profit resulting from the USD appreciation during the year.

Note: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average net equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (net income after tax-preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is a loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

IV. The review report of the financial reports of the most recent year by the review committee

Audit Committees' Review Report

We have reviewed the Company's 2022 financial statements, business report and earnings distribution proposal. The Board retained PricewaterhouseCoopers to audit the 2022 financial statements and issue a review report on their unqualified opinion.

We are responsible for supervision the procedures of financial reporting.

The communication with CPAs regarding 2022 financial statements is as follows:

1. CPAs' responsibilities for the audit of the financial statements
2. Scope and period of audit
3. Major accounting estimate and accounting principles
4. Material findings in the audit
5. Statement of independence
6. Key audit matter
7. Eligibility Assessment

We found no misstatements in the 2022 financial statements, business report and earnings distribution proposal and has issued the report as presented above in accordance with Article 219 of the Company Act.

Yours sincerely,
For
2023 General Shareholders' Meeting of Y.C.C. Parts MFG Co., Ltd.

Convener of the Auditing Committee: Hung-Lung Huang
Lung-Fa Hsieh
Kuo-Hua Chang
Chin-Feng Kuo

March 13, 2023

V. Financial reports of the most recent year (refer to P.93 to P.177)

VI. The parent-only financial reports audited and attested by CPAs of the most recent year (refer to P178 to P284)

VII. Any financial distress experienced by the Company or affiliated enterprise and impacts on the Company's financial position during the current fiscal year up to the date of publication of the annual report: None

Seven. Financial Status, Review and Analysis of Operating Results, and Risks

I. Financial status:

I. The main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	2,081,014	1,825,688	255,326	13.99%
Property, plant and equipment	2,974,815	2,830,766	144,049	5.09%
Intangible assets	5,016	11,147	(6,131)	-55.00%
Other assets	476,625	384,264	92,361	24.04%
Total assets	5,537,470	5,051,865	485,605	9.61%
Current liabilities	1,111,276	916,228	195,048	21.29%
Non-current liabilities	610,645	585,379	25,266	4.32%
Total liabilities	1,721,921	1,501,607	220,314	14.67%
Equity attributable to owners of the parent	3,714,309	3,443,404	270,905	7.87%
Share capital	741,239	741,389	(150)	-0.02%
Capital surplus	1,193,349	1,193,349	0	0.00%
Retained earnings	1,888,863	1,629,232	259,631	15.94%
Other equity interest	(109,142)	(120,040)	10,898	-9.08%
Non-controlling interests	101,240	106,854	(5,614)	-5.25%
Total equity	3,815,549	3,550,258	265,291	7.47%

Reasons and impacts of important items changed (change between two consecutive periods reaches 20%, and the amount of change reaches NT$10 million or more) are analyzed and described below:

1. The increase in other assets year-on-year was mainly due to the increase in prepaid equipment which resulted from more new equipment during the period.
2. The increase in current liabilities year-on-year was mainly due to the increase in income tax liabilities which resulted from the increase in pre-tax net profit, and since 2023, principals of some loans are being repaid, resulting in an increase in the repayment amount due within one year.

II. Future measures to be taken in response to the material effect: None.

II. Financial performance:

The main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the company’s financial operations as well as measures to be taken in response

(I) Comparison and analysis of financial performance

Unit: NT$ thousand

Item \ Year	2022	2021	Amount increase (decreased)	Change %
Net operating revenues	2,020,758	1,918,100	102,658	5.35%
Operating costs	1,490,296	1,472,524	17,772	1.21%
Gross profit	530,462	445,576	84,886	19.05%
Operating expenses	350,460	271,087	79,373	29.28%
Net operating profit	180,002	174,489	5,513	3.16%
Non-operating income and expenses	347,221	(4,083)	351,304	-8604.07%
Profit before tax	527,223	170,406	356,817	209.39%
Income tax expenses	126,230	42,707	83,523	195.57%
Net profit of the year	400,993	127,699	273,294	214.01%
Other comprehensive income	12,546	(14,854)	27,400	-184.46%
Total comprehensive income in the current year	413,539	112,845	300,694	266.47%
Reasons and impacts of important items changed (change between two consecutive periods reaches 20%, and the amount of change reaches NT$10 million or more) are analyzed and described below: The operating expenses of the period increased year-on-year, which was mainly due to the increase in certification expenses, increase in salaries, and increase in related expenses such as adding experimental equipment during the period. The increase in non-operating income and expenses year-on-year was mainly due to the large appreciation of the USD during the year, resulting in an increase in exchange gains from last year. Net profit before tax, income tax expenses, net profit for the year, and total comprehensive income for the year increased year-on-year, mainly due to the increase in exchange gains. The increase in other comprehensive income year-on-year was mainly due to changes in exchange differences from the translation of financial statements of foreign operations.				

(II) The sales volume forecast and the basis therefore, describe the effect upon the company’s financial operations as well as measures to be taken in response: with the continuous growth of the demands in the after market, the Company will continue to develop more complete product items and actively expand new markets. The sales amount in the coming year shall be able to maintain the trend of continuous growth.

III. Cash flow:

Describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year.

(I) Analysis of the change in cash flows in the most recent fiscal year

Unit: NT$ thousand

Year / Item	2022	2021	Ratio of increase (decrease) (%)
Cash flow ratio (%)	67.27	46.38	45%
Cash flow adequacy ratio(%)	165.90	159.56	4%
Cash reinvestment ratio (%)	7.90	3.9	103%

Explanation: The increase in the cash reinvestment ratio year-on-year was mainly due to the increase in net profit before tax. The reason for the increase was the increase in non-operating gains due to the appreciation of the USD.

(II) Remedial measures of insufficient cash: None.

(III) Liquidity analysis for the coming year

Unit: NT$ thousand

Beginning balance of cash ①	Expected net cash flow from operating activities for the whole year ②	Expected net cash flow from investing and financing activities ③	Expected cash surplus (deficit) amount ①＋②-③	Financing of expected cash deficits	
				for the next year	Financing plan
1,036,374	674,455	(508,428)	1,202,401	—	—

Analysis of changes in cash flows:

Operating activities: with the continuous growth of orders and the increase in shipments, the profit increased. It is estimated that the net cash inflow from operating activities for the whole year will be NT$674,455 thousand.

Investing and financing activities: Continuous purchase of fixed assets, such as molds, machinery equipment, repayment of bank borrowings, and distribution of cash dividends, resulting in a net cash outflow of NT$508,428 thousand in investing and financing activities.

IV. Material capital expenditures in the last year and impacts on the financial position and business performance: None.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year：None.

VI. Analysis and assessment of risks

(I) The effect upon the company’s profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

0. Interest rate fluctuations

The Company’s interest expenses in 2022 and 2021 were NT$18,575 thousand and NT$26,327 thousand, respectively, accounting for 0.97% and 1.30% of the operating revenue of each year, or accounting for 10.90% and 4.99% of the pre-tax net profit, respectively. Therefore, changes in interest rates have no significant impact on the Company. In the future, the Company will adjust the fund utilization in a timely manner depending on changes in financial interest rates, to reduce the impact of changes in interest rates on the Company's profit and loss.

1. Exchange rate fluctuation

   The Company's foreign currency sales are mainly denominated in USD. The Company's exchange gains and losses from exchange rate changes in 2021 and 2022 were exchange losses of NT$60,045 thousand and exchange gains of NT$306,502 thousand, accounting for -34.41% and 170.28% of the annual operating profit, respectively. Therefore, changes in the exchange rate of TWD to USD have a certain degree of impact on the Company. To cope with the risks of exchange rate changes on the Company's profit and loss, the Company will closely monitor the information related to exchange rate fluctuations, grasp exchange rate movement in real time, and adjust foreign currency assets and liabilities in a timely manner based on the global macroeconomy, exchange rates, and future capital needs, to avoid the risk of exchange rate changes and reduce the impact of exchange rate changes on the Company's profit and loss.

2. Inflation

   According to the wholesale price index and the consumer price index of December 2022 announced by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rates were 7.14% and 2.71%, respectively, and there has been no risk of significant inflation. The Company has not sustained any major impact due to inflation, and the Company's quotations to customers and suppliers are mostly adjusted with the market movements; hence no major impact is expected.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. Based on prudent principles and pragmatic business philosophy, the Company does not engage in high-risk, high-leverage investments except for the development of its own business.
2. During the most recent year up to the publication date, every endorsement/guarantee, and loaning of funds were announced and reported pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies In addition, the Company has the "Operational Procedures for Loaning Funds to Others, and Endorsements/Guarantees" as the basis of related operations.
3. The main purpose of the Company's derivative trading is to avoid the risk generated by exchange rate changes, to which the foreign currency deposits are exposed, and it is handled pursuant to the Company's "Operational Procedures for Acquisition or Disposal of Assets."

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. Future R&D plans

   (I) Mold development for main products.

   (II) Design and development of various appearance parts and other products.

   (III) Integrate all production processes of soft and hard capsule products

   (IV) Establish a laboratory and obtain TAF certification.

2. Expenditures expected for research and development work

The amount of the Company's estimated investment in research and development expenses is budgeted gradually based on the development progress of new products and new technologies. In the future, with the growth of turnover, the annual research and development expenses will be gradually increased to support future research and development plans, and increase the Company's market competitiveness. In 2023, it is estimated to invest NT$ 65,000 thousand in research and development.

(IV) Effects on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

In addition to operating pursuant to the relevant domestic and foreign laws and regulations, the Company also monitors the development trend of domestic and foreign policies and changes in laws and regulations, consulting relevant professionals, to take countermeasures immediately, to reduce the impact of changes in laws and policies on the Company's operations.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

The Company is a professional manufacturer of auto parts. Changes in technologies have no impact on production materials and processes. On top of continuing to develop various molds to meet market demands, the Company also continues to maintain stable but flexible financial management to meet the challenges of changes in technologies and industry, while maintaining a competitive advantage; hence, changes in technology and industry have not had any major impact on the Company.

(VI) Effects on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has always insisted on the operating principle of being ethical and professional, valued market and product development, strengthened internal management, and committed to improving product quality and customer satisfaction, as the top priority. As of now, no incidents that might affect the corporate image have occurred.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being taken or to be taken.

The Company builds warehouses for semi-finished products and finished products, to accommodate the improvement of efficiency and production capacity, and enhance the overall planning and storage location, to address the issue of insufficient storage space for finished products.

Along with the development of new molds, molding equipment and spraying equipment aligning to the processes of new products are increased, to meet the Company's needs for the ideal overall planning.

The production lines and output are expanded, storage spaces increased, production capacity improved to meet customers' needs for the Company, to exert overall production and management efficiency; which enables a smoother production process, and to exert the overall production and management efficiency.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being taken or to be taken.

1. Purchases

The Company’s largest raw material supplier is Formosa Chemicals & Fibre Corporation, and its purchase ratio higher than 10%.. They are a long-term partner with a good relationship, and supply products with stable quality. Currently, there are many suppliers of plastic pellets in Taiwan, such as Sin Jiuh Ho Plastic and Formosa Plastics. The Company may change the supplier at any time, so there is no excessive consolidation of supply that may cause risk of supply.

2. Sales

The Company’s product sales are mainly in the after market (referred to as the AM market). The sales ratio of one customer, A Group, in the last two years was higher than 10%. The Company has worked with A Group for a long time with good relationships and solidified an existing customer base; the sales amounts from remaining customers are relatively scattered, and there is no major risk.

(X) Effects upon and risks to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being taken or to be taken: None.

(XI) Effects upon and risks to the company associated with any change in governance personnel or top management, and mitigation measures being taken or to be taken: during the most recent year and up to the publication date of the annual report, there has been no change in governance personnel or top management, and thus not applicable.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders’ equity or the prices of the company’s securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other material risks and countermeasures: None.

VII. Other important matters: None.

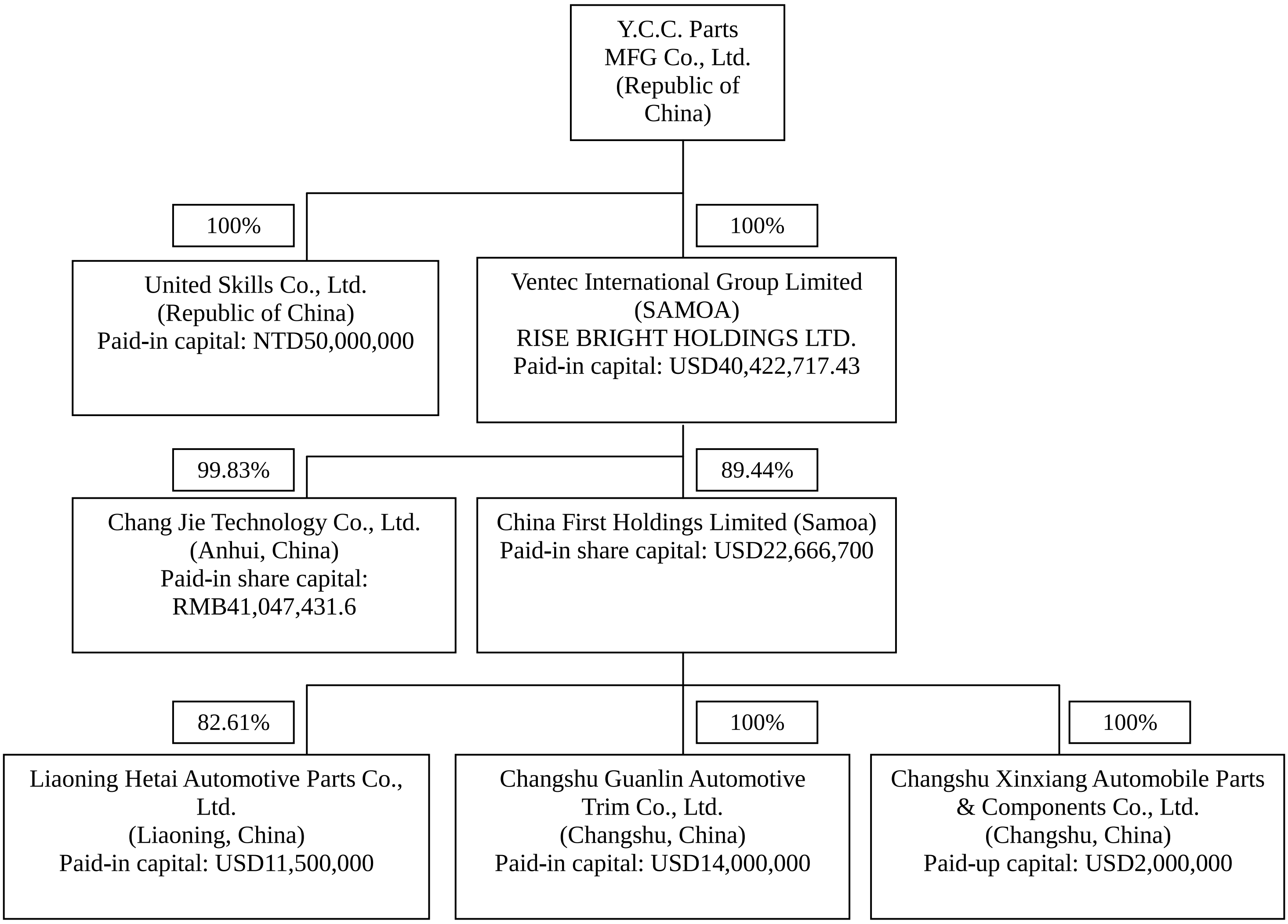
Eight. Special Disclosure

I. Information related to the company's affiliates

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates

Y.C.C. Parts MFG Co., Ltd.
Organizational chart of affiliates



2. .Basic information about affiliates

December 31, 2022 Unit: NT$thousand

Company name	Date of incorporation	Address	Paid-in capital	Main business activities or products
Ventec International Group Limited (SAMOA)	2015.04.28	Offshore office, P.O. Box 1225, Apia, Samoa	USD 40,423	Holding company
United Skills Co., Ltd.	2015.08.17	No.8, Xingye Rd., Neighborhood 25, Lukang Township, ChangHua County	NTD 50,000	Automobiles and Parts Manufacturing
China First Holdings Limited (Samoa)	2003.10.16	Offshore office, P.O. Box 217, Apia, Samoa	USD 22,667	Holding company
Changshu Guanlin Automotive Trim Co., Ltd.	2004.11.15	No. 8, Nanxin Rd., South Park, Southeast Development District, Changshu City, Jiangsu Province	USD 14,000	Injection molding and surface spraying of automotive airbag caps, production and sales of various automotive decorative parts, electronic and plastic components, among other things.
Liaoning Hetai Automotive Parts Co., Ltd.	2015.07.29	No. 1289, Yuan-Yi Street, Taiwan Industrial Park, Tieling, Tieling City, Liaoning Province	USD 11,500	Parts of airbags, including the air-filling system, injection molding and surface coating of airbag caps, interior and exterior decorative parts, and electronic equipment system.
Changshu Xinxiang Automobile Parts & Components Co., Ltd.	2019.03.07	Building 4, No. 8, Nanxin Rd., Changkuan Industrial Park, Changsu City, Suzhou City	USD2,000	Manufacture and sales of auto parts, interior and exterior decorative parts, electronic system accessories, injection molds, gauges, and fixtures.
Chang Jie Technology Co., Ltd.	2019.11.19	No. 19, Shipai Avenue, Huaining County, Anqing City, Anhui Province	RMB 41,047	Injection molding and surface spraying of automotive airbag caps, production and sales of various automotive decorative parts, and automated production equipment for spraying.

3. Information of the same shareholders presumed to have control or affiliating relationship: None.
4. Transactions and processing among the affiliates: None.
5. Information of the directors, supervisors and general managers of the affiliates

December 31, 2022 Unit: shares

Company name	Title	Name or name of a legal representative	Shareholding	
			Shares	Shareholding (%)
Ventec International Group Limited (SAMOA)	Director	Shih-Yun Lin	-	-
United Skills Co., Ltd.	Chairman Director Director Supervisor	Shih-Yun Lin Yi-Hung Lin Hao-Chen Lin Shu-Mei Liu	-	-
China First Holdings Limited (Samoa)	Director Director Director	Shih-Yun Lin Yi-Hung Lin Jui-Tse Lin	-	-
Changshu Guanlin Automotive Trim Co., Ltd.	Chairman Director Director Director Director Supervisor	Shu-Mei Liu Shih-Yun Lin Yi-Hung Lin Hao-Chen Lin Jui-Tse Lin Yen, Jing-Quan	-	-
Liaoning Hetai Automotive Parts Co., Ltd.	Chairman Director Director Director Supervisor	Shu-Mei Liu Yi-Hung Lin Shih-Yun Lin Jui-Tse Lin Hao-Chen Lin	-	-
Changshu Xinxiang Automobile Parts & Components Co., Ltd.	Chairman Director Director Supervisor	Shu-Mei Liu Yi-Hung Lin Shih-Yun Lin Hao-Chen Lin	-	-
Chang Jie Technology Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor Supervisor	Shih-Yun Lin Yi-Hung Lin Jui-Tse Lin Hao-Chen Lin Wei-Yang Shen Yen, Jing-Quan Tsai, Yi-Hua Wang, Wei-Chuan	-	-

6.Operation overview of affiliates

(I) Financial status and operating performance of each affiliate:

December 31, 2022 Unit: NT$thousand

Company name	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue	Net operating profit	Income and loss of the period (after tax)
Ventec International Group Limited (SAMOA)	US40,423	US21,074	US3,956	US17,118	US522	(US13)	(US3,032)
United Skills Co., Ltd.	NT50,000	NT48,447	NT163	NT48,285	NT-	(NT-831)	(NT1,334)
China First Holdings Limited (Samoa)	US22,667	US17,176	US101	US17,075	US103	US11	(US2,679)
Changshu Guanlin Automotive Trim Co., Ltd.	US14,000	RMB148,971	RMB98,453	RMB50,517	RMB83,298	(RMB16,861)	(RMB19,119)
Liaoning Hetai Automotive Parts Co., Ltd.	US11,500	RMB121,331	RMB61,901	RMB59,430	RMB88,050	RMB3,178	RMB1,162
Changshu Xinxiang Automobile Parts & Components Co., Ltd.	US2,000	RMB14,356	RMB107	RMB14,249	RMB-	(RMB1,763)	RMB322
Chang Jie Technology Co., Ltd.	RMB41,047	RMB45,144	RMB10,563	RMB34,581	RMB4,625	(RMB3,996)	(RMB3,780)

(II) Consolidated financial statements of affiliates: please refer to P. 93 to P. 177

(III) Relationship Report: None

II. Private placements of securities in the most recent year and as of the printing date of the annual report: None.

III. Shares of the Company that are held or disposed of by a subsidiary in the most recent year and as of the printing date of the annual report: None.

IV. Other supplementary information: None.

Nine. Any event which has a material impact on shareholders' equity or securities prices, as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, in the most recent year and as of the printing date of the annual report: None.

Y.C.C. PARTS MFG. CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, ” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Y.C.C. PARTS MFG. CO. LTD.
Representative:
March 13, 2023

To the Board of Directors and Shareholders of Y.C.C. Parts Mfg. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Y.C.C. Parts Mfg. Co., Ltd. and subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(29); and for details of operating revenue, please refer to Note 6(18). The Group is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

The sales revenue recognition involves the use of several manual judgements and procedures. As a result, the timing of sales revenue recognition may be inappropriate. Therefore, we included the cut-off of sales revenue recognition as one of the key areas of focus for this year.

How our audit addressed the matter:

Our audit procedures in relation to the above key audit matter included:

1. Understanding and evaluating the operating procedures and internal controls over sales revenue, and assessing the effectiveness on how the management controls the timing of recognizing sales revenue.
2. Examined the transaction documents to ensure that transactions had been recorded in the proper period for a certain period around the balance sheet date.

Assessment of allowance for inventory valuation loss

Description

For the accounting policy of inventory assessment, please refer to Note 4(14); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5; and for details of allowance for inventory valuation losses, please refer to Note 6(5). The Group is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses were NT$ 385,108 thousand and NT$ 84,916 thousand, respectively.

The Group is primarily engaged in manufacturing and trading automobile parts. Inventories that are over a certain age and separately recognised as impaired inventories are stated at the lower of cost and net realisable value. Those inventory items separately identified as obsolete and damaged are corroborated against supporting documents in recognising valuation losses. Considering that the Group's inventories were material to its financial statements, and the determination of net realisable value as at balance sheet date involved judgements and estimates, we identified the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter:

Our audit procedures in relation to the above key audit matter included:

1. Obtained an understanding of the nature of the Group's business and industry and assessed the reasonableness of provision policies in the determination of allowance for inventory valuation losses.
2. Reviewed the Group's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Obtained the Group's inventory aging report and verified dates of movements with supporting

documents. Ensured the proper categorisation of inventory aging report in accordance with the Group's policy.

4. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Y.C.C. Parts Mfg. Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, 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 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 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.

Wang, Yu-Chuan	Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

	Assets	Notes	December 31, 2022 AMOUNT		%	December 31, 2021 AMOUNT		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,036,374	19	$	635,392	13
1110	Financial assets at fair value through profit or loss - current	6(2)		129,623	2		117,251	2
1136	Current financial assets at amortised cost	6(3)		-	-		199,416	4
1150	Notes receivable, net	6(4)		27,081	1		55,055	1
1170	Accounts receivable, net	6(4)		534,281	10		441,993	9
1200	Other receivables			10,366	-		10,792	-
130X	Inventories	6(5)		300,192	5		313,690	6
1470	Other current assets	8		43,097	1		52,099	1
11XX	**Total current Assets**			2,081,014	38		1,825,688	36
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(6)		75,247	1		48,308	1
1535	Non-current financial assets at amortised cost	6(3) and 8		300	-		300	-
1600	Property, plant and equipment	6(7) and 8		2,974,815	54		2,830,766	56
1755	Right-of-use assets	6(8) and 8		140,906	3		140,137	3
1760	Investment property, net	8		14,713	-		15,477	-
1780	Intangible assets			5,016	-		11,147	-
1840	Deferred income tax assets	6(25)		107,967	2		108,171	2
1900	Other non-current assets	6(9)		137,492	2		71,871	2
15XX	**Total non-current assets**			3,456,456	62		3,226,177	64
1XXX	**Total assets**		$	5,537,470	100	$	5,051,865	100

(Continued)

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 261,721	5	$ 264,320	5
2110	Short-term notes and bills payable	6(11)	-	-	50,000	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	12,111	-
2130	Current contract liabilities	6(19)	14,852	-	17,912	-
2150	Notes payable		179,968	3	92,502	2
2170	Accounts payable		141,453	2	157,602	3
2200	Other payables	6(12)	197,101	4	145,514	3
2230	Current income tax liabilities	6(25)	143,864	3	68,729	2
2320	Long-term liabilities, current portion	6(13)	169,662	3	105,835	2
2399	Other current liabilities, others	6(8)	2,655	-	1,703	-
21XX	**Total current Liabilities**		1,111,276	20	916,228	18
	Non-current liabilities					
2540	Long-term borrowings	6(13)	566,370	10	540,190	11
2560	Current tax liabilities-non current	6(25)	28,511	1	31,538	1
2570	Deferred income tax liabilities	6(25)	513	-	-	-
2600	Other non-current liabilities	6(8)(14)	15,251	-	13,651	-
25XX	**Total non-current liabilities**		610,645	11	585,379	12
2XXX	**Total Liabilities**		1,721,921	31	1,501,607	30
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Share capital - common stock		741,239	13	741,389	15
	Capital surplus	6(17)				
3200	Capital surplus		1,193,349	22	1,193,349	24
	Retained earnings	6(18)				
3310	Legal reserve		343,211	6	329,574	6
3320	Special reserve		120,040	2	105,211	2
3350	Unappropriated retained earnings		1,425,612	26	1,194,447	24
	Other equity interest					
3400	Other equity interest		(109,142)	(2)	(120,040)	(3)
3500	Treasury shares	6(16)	-	-	(526)	-
31XX	**Equity attributable to owners of the parent**		3,714,309	67	3,443,404	68
36XX	**Non-controlling interests**		101,240	2	106,854	2
3XXX	**Total equity**		3,815,549	69	3,550,258	70
	Significant events after the balance sheet date	9				
3X2X	**Total liabilities and equity**		$ 5,537,470	100	$ 5,051,865	100

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	4(19)	$ 2,020,758	100	$ 1,918,100	100
5000	Operating costs	6(5)(23)(24)	(1,490,296)	(74)	(1,472,524)	(77)
5900	Net operating margin		530,462	26	445,576	23
	Operating expenses	6(23)(24)				
6100	Selling expenses		(126,108)	(6)	(113,494)	(6)
6200	General and administrative expenses		(136,240)	(7)	(115,548)	(6)
6300	Research and development expenses		(70,601)	(3)	(37,564)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(17,511)	(1)	(4,481)	-
6000	Total operating expenses		(350,460)	(17)	(271,087)	(14)
6900	Operating profit		180,002	9	174,489	9
	Non-operating income and expenses					
7100	Interest income		18,751	1	2,584	-
7010	Other income	6(20)	33,458	1	21,917	1
7020	Other gains and losses	6(21)	321,339	16	(10,009)	-
7050	Finance costs	6(22)	(26,327)	(1)	(18,575)	(1)
7000	Total non-operating income and expenses		347,221	17	(4,083)	-
7900	**Profit before income tax**		527,223	26	170,406	9
7950	Income tax expense	6(25)	(126,230)	(6)	(42,707)	(2)
8200	**Profit for the year**		$ 400,993	20	$ 127,699	7

(Continued)

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(15)	($ 381)	-	$ 776	-
8316	Total expenses, by nature	6(6)	7,008	-	(3,933)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		76	-	(155)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		6,703	-	(3,312)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		5,843	-	(11,542)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		5,843	-	(11,542)	(1)
8300	**Total other comprehensive income (loss) for the year**		$ 12,546	-	($ 14,854)	(1)
8500	**Total comprehensive income for the year**		$ 413,539	20	$ 112,845	6
	Profit (loss), attributable to:					
8610	Owners of parent		$ 408,560	20	$ 135,753	7
8620	Non-controlling interests		(7,567)	-	(8,054)	-
	Total		$ 400,993	20	$ 127,699	7
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		$ 419,153	20	$ 121,545	6
8720	Non-controlling interests		(5,614)	-	(8,700)	-
	Total		$ 413,539	20	$ 112,845	6
	Basic earnings per share	6(26)				
9750	Basic earnings per share		$ 5.51		$ 1.83	
9850	Diluted earnings per share		$ 5.50		$ 1.83	

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
Year 2021												
Balance at January 1, 2021		$ 741,389	$ 1,193,259	$ 317,795	$ 119,480	$ 1,203,831	($ 75,596)	($ 29,615)	($ 526)	$ 3,470,017	$ 115,644	$ 3,585,661
Profit (loss) for the year		-	-	-	-	135,753	-	-	-	135,753	(8,054)	127,699
Other comprehensive income (loss)	6(6)	-	-	-	-	621	(10,896)	(3,933)	-	(14,208)	(646)	(14,854)
Total comprehensive income		-	-	-	-	136,374	(10,896)	(3,933)	-	121,545	(8,700)	112,845
Appropriation and distribution of 2020 earnings	6(18)											
Legal reserve		-	-	11,779	-	(11,779)	-	-	-	-	-	-
Special reserve		-	-	-	(14,269)	14,269	-	-	-	-	-	-
Cash dividends		-	-	-	-	(148,248)	-	-	-	(148,248)	-	(148,248)
Acquisition of non-controlling interests in subsidiaries		-	90	-	-	-	-	-	-	90	(90)	-
Balance at December 31, 2021		$ 741,389	$ 1,193,349	$ 329,574	$ 105,211	$ 1,194,447	($ 86,492)	($ 33,548)	($ 526)	$ 3,443,404	$ 106,854	$ 3,550,258
Year 2022												
Balance at January 1, 2022		$ 741,389	$ 1,193,349	$ 329,574	$ 105,211	$ 1,194,447	($ 86,492)	($ 33,548)	($ 526)	$ 3,443,404	$ 106,854	$ 3,550,258
Profit (loss) for the year		-	-	-	-	408,560	-	-	-	408,560	(7,567)	400,993
Other comprehensive income (loss)	6(6)	-	-	-	-	(305)	3,890	7,008	-	10,593	1,953	12,546
Total comprehensive income (loss)		-	-	-	-	408,255	3,890	7,008	-	419,153	(5,614)	413,539
Appropriation and distribution of 2021 earnings	6(18)											
Legal reserve		-	-	13,637	-	(13,637)	-	-	-	-	-	-
Special reserve		-	-	-	14,829	(14,829)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(148,248)	-	-	-	(148,248)	-	(148,248)
Retirement of treasury shares	6(16)	(150)	-	-	-	(376)	-	-	526	-	-	-
Balance at December 31, 2022		$ 741,239	$ 1,193,349	$ 343,211	$ 120,040	$ 1,425,612	($ 82,602)	($ 26,540)	$ -	$ 3,714,309	$ 101,240	$ 3,815,549

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 527,223	$ 170,406
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(23)	362,608	334,048
Depreciation expense - right-of-use assets	6(23)	6,383	5,698
Amortisation expense	6(23)	7,087	7,483
Expected credit impairment loss	12(2)	17,511	4,481
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(39,275)	(47,204)
Interest expense	6(22)	26,327	18,575
Interest income		(18,751)	(2,584)
Government grant revenues	6(14)	(1,099)	(966)
Dividend income	6(20)	(4,958)	(4,111)
Proceeds from disposal of property, plant and equipment	6(21)	(3,798)	(4,528)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		27,974	(25,502)
Accounts receivable, net		(109,799)	145,184
Other receivables		2,445	(7,515)
Inventories		13,498	(10,936)
Other current assets		7,000	9,589
Changes in operating liabilities			
Contract liabilities - current		(3,060)	(2,265)
Notes payable		(15,488)	(25,990)
Accounts payable		(16,149)	(93,501)
Other payables		(1,620)	(3,985)
Other current liabilities		(677)	190
Net defined benefit liability		409	(209)
Cash inflow generated from operations		783,791	466,358
Interest received		16,732	2,886
Interest paid		(26,212)	(18,678)
Dividend received		4,958	4,111
Income taxes paid		(31,677)	(25,903)
Net cash flows from operating activities		747,592	428,774

(Continued)

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss	6(27)	($ 102,240)	($ 121,127)
Decrease in financial assets at amortised cost		199,416	65,268
Acquisition of property, plant and equipment	6(27)	(365,716)	(306,802)
Proceeds from disposal of property, plant and equipmentt		5,040	7,667
Payment for capitalized interest	6(7)	(1,193)	(1,972)
Acquisition of intangible assets		(937)	(6,868)
Decrease in other financial assets		2,002	24,738
Increase in other non-current assets		(34,707)	973
Increase in refundable deposits		(1,797)	(17)
Proceeds from disposal of financial assets at fair value through profit or loss		95,485	57,760
Net cash flows used in investing activities		(204,647)	(280,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(28)	289,015	987,609
Decrease in short-term borrowings	6(28)	(298,582)	(1,054,832)
Decrease in short-term notes and bills payable	6(28)	(50,000)	50,000
Proceeds from long-term borrowings	6(28)	192,540	75,860
Repayments of long-term borrowings	6(28)	(105,835)	(143,101)
Increase in refundable deposits	6(28)	132	-
Repayments of principal portion of lease liabilities	6(28)	(2,668)	(594)
Cash dividends paid	6(28)	(148,248)	(148,248)
Net cash flows used in financing activities		(123,646)	(233,306)
Effect of exchange rate changes on cash and cash equivalents		(18,317)	(22,106)
Net increase (decrease) in cash and cash equivalents		400,982	(107,018)
Cash and cash equivalents at beginning of year		635,392	742,410
Cash and cash equivalents at end of year		$ 1,036,374	$ 635,392

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

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

History and Organisation

Y.C.C. PARTS MFG. CO., LTD. (the "Company") was incorporated in March 1986 and has been listed
on the Taiwan Stock Exchange since April 2012. The Company and its subsidiaries (collectively referred
herein as the "Group") are primarily engaged in manufacturing and trading automobile parts, import and export as well as operating and reinvesting related businesses.

The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

Application of New Standards, Amendments and Interpretations

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standard Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

Summary of Significant Accounting Policies

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

Compliance statement

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

Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets at fair value through other comprehensive income.
   (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

Basis of consolidation

A. Basis for preparation of consolidated financial statements:
   (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.
   (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
   (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is

recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%) December 31, 2022	Ownership(%) December 31, 2021	Description
The Company	RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	Holding company and selling interior and exterior accessories of automobiles	100.00%	100.00%	Note
The Company	UNITED SKILLS CO., LTD. (UNITED SKILLS)	Manufacturing automobiles and their parts	100.00%	100.00%	
RISE BRIGHT	CHINA FIRST HOLDINGS LTD. (CHINA FIRST)	Holding company and selling interior and exterior accessories of automobiles	89.44%	89.44%	
RISE BRIGHT	CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	Producing and selling interior and exterior accessories of automobiles	99.83%	99.83%	Note
CHINA FIRST	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	
CHINA FIRST	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD. (LIAONING HETAI)	Producing and selling interior and exterior accessories of automobiles	82.61%	82.61%	
CHINA FIRST	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	

Note : The Board of Directors resolved to increase its capital in the subsidiary, Rise Bright Holdings Ltd., in the amount of US$5,300 thousand (NT$158,179 thousand) on November 12, 2021, and then reinvested in Chang Jie Technology Co., Ltd.. The capital was remitted in December 2021. Due to the original shareholders of Chang Jie Technology Co., Ltd. not subscribing proportionately, Rise Bright Holdings Ltd.'s shareholding ratio increased to 99.83%.

C. Subsidiaries not included in the consolidated financial statements：None.

D. Adjustments for subsidiaries with different balance sheet dates： None.

E. Significant restrictions：None.

F. Subsidiaries that have non-controlling interests that are material to the Group：None.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

   (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

   The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

   (a) The objective of the Group's business model is achieved by collecting contractual cash flows.

   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

Accounts and notes receivable

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

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

Impairment of financial assets

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

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

Leasing arrangements (lessor) – operating leases

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Except for the same types of inventory, the item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any

change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 20 years
Machinery and equipment	2 ~ 15 years
Molding equipment	2 ~ 12 years
Transportation equipment	5 ~ 10 years
Furniture equipment	2 ~ 5 years
Other equipment	2 ~ 20 years

<u>Leasing arrangements (lessee)－right-of-use assets/ lease liabilities</u>

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

   (a) The amount of the initial measurement of lease liability;

   (b) Any lease payments made at or before the commencement date;

   (c) Any initial direct costs incurred by the lessee.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

<u>Investment property</u>

A. An investment property is stated initially at its cost and measured subsequently using the cost model. Land use right is depreciated on a straight-line basis over its contract of 50 years signed with the government of Changshu City, Jiangsu Province, People's Republic of China; buildings and structures are depreciated on a straight-line basis over its estimated useful life of 20 years.

B. Starting from 2019, an investment property acquired from lease is initially measured at cost (including the amount of the initial measurement of lease liability, lease payments made before the commencement date, initial direct costs and estimated costs of restoring the underlying asset net of lease incentives receivable) and subsequently measured at cost, net of accumulated depreciation and impairment, thereby adjusting remeasurements of lease liabilities.

Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Acquisition prices in the business combination are calculated based on the acquisition price. The excess of the acquisition price over the fair value of the identifiable assets acquired is recorded as goodwill.

Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the eqtity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Borrowings

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

Notes and accounts payable

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

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

Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

Derecognition of financial liabilities

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

Offsetting financial instruments

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

Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

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

Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

<u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

<u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities.

<u>Revenue recognition</u>

Sales of goods

A. The Group manufactures and sells automobiles parts products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, 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, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue was recognized based on the contract price net of sales discount. Goods are often sold with sales discounts and allowances based on future estimated sales volume. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 120 days after the delivery date. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

Critical judgements in applying the Group's accounting policies

None.

Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As net realisable value of inventories is estimated at the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated selling expenses, the estimates are based on current market conditions and historical sales experience of similar products and the result of the estimates might be significantly influence by changes in market conditions.

As of December 31, 2022, the carrying amount of inventories was $300,192.

Details of Significant Accounts

Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 331	$ 356
Time deposits	126,158	129,327
Checking accounts and demand deposits	755,859	477,775
Short-term notes and bills - Re-Purchase	154,026	27,934
	$ 1,036,374	$ 635,392
Interest rate range		
Time deposits	0.85%~4.35%	0.07%~0.41%

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

B. The time deposits maturing over three months and time deposits that are restricted and are not held for the purpose of meeting short-term cash commitments were presented as 'financial assets at amortised cost'. Refer to Note 6(3) for details.

C. Information about the financial assets at amortised cost that were pledged to others as collaterals is provided in Notes 6(3) and 8.

Financial assets and liabilities at fair value through profit or loss - current

Items	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 108,476	$ 103,910
Valuation adjustment	18,582	13,341
Total	$ 127,058	$ 117,251
Financial assets (liabilities) held for trading		
Foreign exchange swap contracts	$ 2,565	($ 12,111)
Total financial assets at fair value through profit or loss	$ 129,623	$ 117,251
Total financial liabilities at fair value through profit or loss	$ -	($ 12,111)

A. The Group recognised financial assets and liabilities at fair value through profit or loss of \$39,275 and \$47,204 for the years ended December 31, 2022 and 2021, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

	December 31, 2022	
Derivative financial assets (liabilities)	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 26,100 thousand	2022.12.05 ~ 2023.01.30

Derivative financial assets (liabilities)	December 31, 2021	
	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 78,240 thousand	2021.09.03 ~ 2022.06.06

C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits maturing over three months	$ -	$ 18,967
USD bonds sold under repurchase agreement	-	180,449
	$ -	$ 199,416
Non-current items		
Restricted time deposits	$ 300	$ 300

A. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were $300 and $199,716, respectively.

B. Information about the financial assets at amortised cost that were pledged to others as collateral is provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 27,225	$ 55,217
Less: Allowance for uncollectible accounts	(144)	(162)
	$ 27,081	$ 55,055

	December 31, 2022	December 31, 2021
Accounts receivable	$ 598,967	$ 489,954
Less: Allowance for uncollectible accounts	(64,686)	(47,961)
	$ 534,281	$ 441,993

A. The aging analysis of notes receivable and accounts receivable are as follows:

	December 31, 2022	
	Notes receivable	Accounts receivable
Not past due	$ 27,225	$ 481,130
1~60 days	-	52,368
61~120 days	-	10,909
121~180 days	-	4,968
181-240 days	-	3,226
Over 241 days	-	46,366
	$ 27,225	$ 598,967

	December 31, 2021	
	Notes receivable	Accounts receivable
Not past due	$ 55,217	$ 424,119
1~60 days	-	45,462
61~120 days	-	4,590
121~180 days	-	2,750
181-240 days	-	324
Over 241 days	-	12,709
	$ 55,217	$ 489,954

As of December 31, 2022 and 2021, the ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balances of accounts receivable and notes receivable from contracts with customers amounted to $635,490 and $29,632, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable and accounts receivable were $27,081and $55,055 as well as $534,281 and $441,993, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	$ 107,144	($ 33,281)	$ 73,863
Work in progress	50,090	(4,319)	45,771
Semi-finished goods	11,167	(2,400)	8,767
Finished goods	204,095	(42,981)	161,114
Merchandise	12,612	(1,935)	10,677
Total	$ 385,108	($ 84,916)	$ 300,192

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	$ 98,198	($ 30,162)	$ 68,036
Work in progress	40,802	(3,192)	37,610
Semi-finished goods	16,621	(5,587)	11,034
Finished goods	220,493	(31,282)	189,211
Merchandise	7,799	-	7,799
Total	$ 383,913	($ 70,223)	$ 313,690

The cost of inventories recognised as expense for the period :

	Year ended December 31,	
	2022	2021
Cost of goods sold	$ 1,472,571	$ 1,470,893
Unallocated fixed overheads	325	520
Loss on scrapping inventory	5,983	1,669
Loss on market value decline and obsolete and slow-moving inventories	13,872	286
Gain on physical inventory	(2,455)	(844)
	$ 1,490,296	$ 1,472,524

Non-current financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	$ 101,787	$ 81,856
Valuation adjustment	(26,540)	(33,548)
	$ 75,247	$ 48,308

A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $75,247 and $48,308 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 7,008	($ 3,933)
Dividend income recognised in profit or loss held at end of period	$ -	$ 2,993

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $75,247 and $48,308, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

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Property, plant and equipment

	Year ended December 31, 2022					
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	$ 956,365	$ -	$ -	$ -	$ -	$ 956,365
Buildings and structures	1,551,839	7,136	(6,343)	59,079	6,036	1,617,747
Machinery and equipment	1,247,878	93,130	(45,400)	43,475	6,773	1,345,856
Molding equipment	1,950,026	153,167	(12,639)	45,554	659	2,136,767
Transportation equipment	32,421	6,051	(3,220)	-	29	35,281
Furniture equipment	3,153	373	(57)	-	16	3,485
Other equipment	181,171	8,436	(9,065)	7,637	1,104	189,283
Unfinished construction and equipment under acceptance	255,075	153,559	-	(81,699)	1,422	328,357
	$ 6,177,928	$ 421,852	($ 76,724)	$ 74,046	$ 16,039	$ 6,613,141
Accumulated Depreciation						
Buildings and structures	($ 831,855)	($ 69,602)	$ 6,343	$ -	($ 1,872)	($ 896,986)
Machinery and equipment	(803,344)	(99,635)	44,877	-	(2,452)	(860,554)
Molding equipment	(1,547,657)	(170,953)	12,639	-	(264)	(1,706,235)
Transportation equipment	(27,784)	(2,282)	3,220	-	(18)	(26,864)
Furniture equipment	(2,564)	(309)	57	-	(9)	(2,825)
Other equipment	(133,958)	(18,711)	8,346	-	(539)	(144,862)
	(3,347,162)	($ 361,492)	$ 75,482	$ -	($ 5,154)	(3,638,326)
Total	$ 2,830,766					$ 2,974,815

	Year ended December 31, 2021					
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	$ 956,365	$ -	$ -	$ -	$ -	$ 956,365
Buildings and structures	1,548,691	9,153	(5,018)	1,196	(2,183)	1,551,839
Machinery and equipment	1,207,914	50,718	(75,157)	66,316	(1,913)	1,247,878
Molding equipment	1,678,794	204,190	(956)	68,134	(136)	1,950,026
Transportation equipment	32,456	-	(24)	-	(11)	32,421
Furniture equipment	3,195	104	(140)	-	(6)	3,153
Other equipment	181,056	6,747	(7,541)	1,662	(753)	181,171
Unfinished construction and equipment under acceptance	259,837	69,554	-	(73,756)	(560)	255,075
	$ 5,868,308	$ 340,466	($ 88,836)	$ 63,552	($ 5,562)	$ 6,177,928
Accumulated Depreciation						
Buildings and structures	($ 767,777)	($ 69,487)	$ 5,019	$ -	$ 390	($ 831,855)
Machinery and equipment	(779,366)	(96,946)	72,062	-	906	(803,344)
Molding equipment	(1,402,903)	(145,766)	956	-	56	(1,547,657)
Transportation equipment	(25,534)	(2,280)	25	-	5	(27,784)
Furniture equipment	(2,449)	(259)	140	-	4	(2,564)
Other equipment	(123,178)	(18,379)	7,495	-	104	(133,958)
	(3,101,207)	($ 333,117)	$ 85,697	$ -	$ 1,465	(3,347,162)
	$ 2,767,101					$ 2,830,766

A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

B. Transfers for the period were from prepayments for business facilities.

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	December 31, 2022	December 31, 2021
Amount capitalised	$ 1,193	$ 1,972
Range of the interest rates for capitalisation	0.95%	0.81%

Lease transactions – lessee

A. The Group leases various assets including land, structures and transportation equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes. Upon expiry of the lease, the terms of lease agreements do not give priority rights to renew the lease or purchase the property.

B. Short-term leases with a lease term of 12 months or less comprise certain buildings. Low-value assets comprise transportation equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 134,276	$ 136,195
Transportation equipment (Business vehicles)	6,630	3,942
	$ 140,906	$ 140,137

	Year ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 4,115	$ 4,051
Transportation equipment (Business vehicles)	2,268	1,647
	$ 6,383	$ 5,698

D. For the year ended December 31, 2022, the additions to right-of-use assets were $4,956. For the year ended December 31, 2021, there were no additions to right-of-use assets.

E. Information on profit or loss in relation to lease contracts are as follows:

	Year ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 98	$ 28
Expense on short-term lease contracts	$ 622	$ 827
Expense on leases of low-value assets	$ 760	$ 567

F. As of December 31, 2022 and 2021, the balances of lease liabilities -current and lease liabilities - non-current are as follows (shown as other current liabilities - others and other non-current liabilities):

	December 31, 2022	December 31, 2021
Lease liabilities - current	$ 2,228	$ 601
Lease liabilities - non-current	$ 4,465	$ 1,736

For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were $4,149 and $2,016 respectively.

G. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for business facilities and construction	$ 129,261	$ 65,368
Guarantee deposits paid	4,092	2,295
Others	4,139	4,208
	$ 137,492	$ 71,871

Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Unsecured borrowings	$ -	$ 41,525
Secured borrowings	261,721	222,795
	$ 261,721	$ 264,320
Interest rate range	4.35%	1.99%~4.35%

Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Notes payable	$ -	$ 50,000
Interest rate range	-	0.86%

Other payable

	December 31, 2022	December 31, 2021
Machinery and equipment payable	$ 65,309	$ 48,234
Salaries and bonus payable	45,061	33,865
Employees’ compensation payable	7,360	6,529
Transportation fee payable	7,011	6,260
Directors’ remuneration payable	5,661	4,017
Securities expense payable	1,383	3,573
Others	65,316	43,036
	$ 197,101	$ 145,514

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Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	December 31, 2022	
Long-term bank borrowings				
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	$	13,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly		6,662
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only		48,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period		235,764
Secured borrowings	From December 26, 2019 to December 26, 2026	Principal and interest are repayable monthly after a 3-year grace period;interest is repayable monthly;principal is repayable monthly in 48 installments		368,000
Secured borrowings	From December 26, 2019 to September 16, 2029	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 51 installments with a 3-year grace period on principal only		64,000
			$	736,259
Less: Current portion			(	169,662)
Less: Discount on government grants			(	227)
			$	566,370
Interest rate range			1.13%~1.66%	

Type of borrowings	Borrowing period	Repayment term	December 31, 2021
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	$ 63,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	33,330
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	18,300
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	264,931
Secured borrowings	From December 26, 2019 to December 16, 2028	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	269,160
			$ 649,554
Less: Current portion			(105,835)
Less: Discount on government grants			(3,529)
			$ 540,190
Interest rate range			0.75%~1.00%

Government grants

As of December 31, 2022, the Group obtained government concessional loans under the "Action

Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" from the Bank of Taiwan in the amounts of $432,000 and $48,000, respectively, for supporting capital expenditure and working capital. Such loans will mature in December 2029 and December 2026, respectively. The fair values for the loans were $424,231 and $47,217, respectively which were calculated at a market rate of 1.25%. The differences between the acquired amount obtained and the fair value were $7,769 and $723, respectively, which were deemed as a low interest loan subsidy from government and recognised in deferred revenue (shown as other non-current liabilities). The deferred revenue is reclassified to other income on a straight-line basis over their estimated useful life during the period of paying interest. The realised deferred government grants revenue were $1,099 and $966, respectively, for the years ended December 31, 2022 and 2021.

Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance

with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	20,037	18,546
Fair value of plan assets	(14,153)	(12,865)
Net defined benefit liability	$ 5,884	$ 5,681

(c) Movements in net defined benefit liabilities are as follows:

	Year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 18,546	($ 12,865)	$ 5,681
Interest expense (income)	93	(65)	28
	18,639	(12,930)	5,709
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,017)	(1,017)
Change in financial assumptions	(331)	-	(331)
Experience adjustments	1,729	-	1,729
	1,398	(1,017)	381
Pension fund contribution	-	(206)	(206)
Balance at December 31	$ 20,037	($ 14,153)	$ 5,884

	Year ended December 31, 2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 19,078	($ 12,412)	$ 6,666
Interest expense (income)	71	(47)	24
	19,149	(12,459)	6,690
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(173)	(173)
Change in demographic assumptions	276	-	276
Change in financial assumptions	(130)	-	(130)
Experience adjustments	(749)	-	(749)
	(603)	(173)	(776)
Pension fund contribution	-	(233)	(233)
Balance at December 31	$ 18,546	($ 12,865)	$ 5,681

(d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.13%	0.50%
Future salary increases	2.50%	2.25%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 209)	$ 215	$ 208	($ 204)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 130)	$ 403	$ 393	($ 122)

The sensitivity analysis above is based on other condition that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to $ 204.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 4.2 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the

"New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China subsidiaries, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2022 and 2021 were both 16%. Other than the monthly contributions, the Group has no further obligations.

(c) For the aforementioned pension plan, the Group recognised pension costs of $15,652 and $14,052 for the years ended December 31, 2022 and 2021, respectively.

<u>Share capital</u>

A. As of December 31, 2022, the Company's authorised capital was $1,000,000, constituting 100,000 thousand shares and the paid-in capital was $741,239 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. The Company reacquired treasury shares in 2018. After a comprehensive consideration of the stock price and as the treasury shares were not reissued to the employees within three years from the reacquisition date, the treasury shares reacquired to be reissued to employees were retired and registered pursuant to the Article 28-2 of Securities and Exchange Act. The capital reduction amounted to $150 consisting of 15 thousand shares retired. The paid-in capital before and after the capital reduction was $741,389 and $741,239, respectively.

C. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	Number of thousand shares	Number of thousand shares
At January 1 and December 31	74,124	74,124

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2022		December 31, 2021	
company holding the shares	Reason for reacquisition	thousand shares	Carrying amount	thousand shares	Carrying amount
The Company	To be reissued to employees	-	$ -	15	$ 526

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

Capital surplus

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

	December 31, 2022	December 31, 2021
Used to offset deficits, distributed as cash dividends or transferred to share capital (Note 1)		
Additional paid-in capital in excess of par-ordinary share	$ 1,163,298	$ 1,163,298
Difference between consideration and carrying amount of subsidiaries acquired	$ 2,125	$ 2,125
Used to offset accumulated deficits only (Note 2)		
Changes in ownership interests in subsidiaries	$ 27,926	$ 27,926

Note 1: Such capital surplus can be used in offsetting deficit and distributed as cash dividends or transferred to capital provided that the Company has no deficit. However, the amount that can be transferred to capital is limited to a certain percentage of paid-in capital every year.

Note 2: Such capital surplus arises from the effect of changes in ownership interests in subsidiaries under equity transactions when there is no actual acquisition or disposal of subsidiaries by the Company, or from changes in capital surplus of subsidiaries.

Retained earnings

A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as follows: 10% as legal reserve, and appropriate or reverse for special reserve until the legal reserve equals the Company's paid-in capital. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting.

B. The Company retains some earnings after taking into account the environment, growth stage and long-term financial plan of the Company, and the reminder along with the accumulated unappropriated earnings of prior years can be distributed as shareholders' bonus, of which the cash bonus shall exceed 20% of total shareholders' bonus, by the Board of Directors depending on the current capital position and the economic development.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2021 and 2020 earnings had been resolved at the shareholders' meeting on May 27, 2022 and August 30, 2021, respectively. Details are summarized below:

	Year ended December 31			
	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	$ 13,637		$ 11,779	
Special reserve appropriated (reversed)	14,829		(14,269)	
Cash dividend	148,248	$ 2.00	148,248	$ 2.00

F. The appropriations of 2022 earnings have been approved by the Board of Directors during their meetings on March 13, 2023. Details are summarised below:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 40,788	
Special reserve	(10,898)	
Cash dividends	222,372	$ 3.00

G. Refer to Note 6 (24) for further information relating to employees' compensation and directors' remuneration.

Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue primarily from the transfer of goods at a point in time in the following products:

	Year ended December 31, 2022		
	Domestic operating entities	Overseas operating entities	Total
Auto parts	$ 1,238,624	$ 762,272	$ 2,000,896
Others	7,732	12,130	19,862
	$ 1,246,356	$ 774,402	$ 2,020,758

	Year ended December 31, 2021		
	Domestic operating entities	Overseas operating entities	Total
Auto parts	$ 1,072,371	$ 787,960	$ 1,860,331
Others	33,498	24,271	57,769
	$ 1,105,869	$ 812,231	$ 1,918,100

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - advance sales receipts	$ 14,852	$ 17,912	$ 20,177

For the the years ended December 31, 2022 and 2021, revenue recognised that were included in the contract liability balance at the beginning of the period amounted to $6,503 and $5,580, respectively.

Other income

	Year ended December 31,	
	2022	2021
Rent income	$ 8, 139	$ 6, 662
Dividend income	4, 958	4, 111
Other income	20, 361	11, 144
	$ 33, 458	$ 21, 917

Other gains and losses

	Year ended December 31,	
	2022	2021
Gains on disposal of property, plant and equipment	$ 3,798	$ 4,528
Foreign exchange gains (losses)	306,502	(60,045)
Gains on financial assets and liabilities at fair value through profit or loss	39,275	47,204
Other losses	(28,236)	(1,696)
	$ 321,339	($ 10,009)

Finance costs

	Year ended December 31,	
	2022	2021
Interest expense	$ 27, 520	$ 20, 547
Less: Capitalisation of qualifying assets	(1, 193)	(1, 972)
	$ 26, 327	$ 18, 575

Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expense	$ 338,281	$ 334,796
Depreciation charges on property, plant and equipment	361,492	333,117
Depreciation charges on right-of-use assets	6,383	5,698
Depreciation charges on investment property	1,116	931
Amortisation	7,087	7,483
	$ 714,359	$ 682,025

Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	$ 278,344	$ 274,299
Labour and health insurance fees	19,029	22,539
Pension costs	15,858	14,076
Other personnel expenses	25,050	23,882
	$ 338,281	$ 334,796

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1%~3% for employees' compensation and no higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2022 and 2021, the accrued employees' compensation and directors' remuneration were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Employees' compensation	$ 7,360	$ 4,670
Directors' remuneration	5,661	4,017
	$ 13,021	$ 8,687

For the years ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on 1.32% and 2.5% as well as 1.02% and 2.15%, respectively, of distributable profit of current year as of the end of reporting period.

C. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Income tax

A. Income tax expense

(a)Components of income tax expense

	Year ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the period	$ 125,431	$ 36,174
Prior year income tax under (over)estimation	6	(428)
Origination and reversal of temporary differences	793	6,961
Income tax expense	$ 126,230	$ 42,707

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	$ 76	($ 155)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 79,244	$ 18,876
Expenses disallowed by tax regulation	4,431	408
Tax exempt income by tax regulation	(2,097)	(6,428)
Temporary differences not recognized as deferred tax assets	18,073	15,749
Taxable loss not recognised as deferred tax assets	26,573	14,846
Change in assessment of realisation of deferred tax assets	-	(316)
Prior year income tax overestimation	6	(428)
Income tax expense	$ 126,230	$ 42,707

C. Details of the Group’s applicable tax rate are as follows:

Entity	Tax application and applicable tax rate
Taiwan parent company and Taiwan subsidiaries	Applicable tax rate:20%
Other China subsidiaries	Applicable tax rate:25%

D. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Deferred tax assets:					
Allowance for inventory valuation and obsolescence losses	$ 9,876	$ 2,336	$ -	$ 198	$ 12,410
Allowance for bad debts	6,484	560	-	169	7,213
Unrealised exchange loss	4,284	(588)	-	-	3,696
Losses on valuation of financial instruments at fair value through profit or loss	2,422	(2,422)	-	-	-
Defined benefit plan	1,325	150	76	-	1,551
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	-	80,563
Others	3,217	(530)	-	(153)	2,534
	$ 108,171	($ 494)	$ 76	$ 214	$ 107,967
Deferred tax liabilities:					
Gains on valuation of financial instruments at fair value through profit or loss	$ -	($ 513)	$ -	$ -	($ 513)
	$ 108,171	($ 1,007)	$ 76	$ 214	$ 107,454

	2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Deferred tax assets:					
Allowance for inventory valuation and obsolescence losses	$ 9,401	$ 548	$ -	($ 73)	9,876
Allowance for bad debts	5,727	815	-	(58)	6,484
Unrealised exchange loss	8,890	(4,606)	-	-	4,284
Losses on valuation of financial instruments at fair value through profit or loss	5,461	(3,039)	-	-	2,422
Defined benefit plan	1,522	(42)	(155)	-	1,325
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	-	80,563
Others	3,723	(558)	-	52	3,217
	$ 115,287	($ 6,882)	($ 155)	($ 79)	$ 108,171

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Assessed	$ 70,910	$ 70,910	2028
2019	Assessed	35,075	35,075	2029
2020	Assessed	21,699	21,699	2030
2021	Assessed	59,507	59,507	2031
2022	Amount estimated to file	106,559	106,559	2032
		$ 293,750	$ 293,750	

December 31, 2021				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Assessed	$ 70,910	$ 70,910	2028
2019	Assessed	35,075	35,075	2029
2020	Assessed	21,699	21,699	2030
2021	Amount estimated to file	59,507	59,507	2031
		$ 187,191	$ 187,191	

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 330,629	$ 240,253

G. The Company's and domestic subsidiaries' income tax returns through 2020 have been assessed and approved by the Tax Authority.

As of December 31, 2022, relevant information of current income tax liabilities and non-current income tax liabilities is as follows:

H.

	December 31, 2022		December 31, 2021	
	Income tax payable		Income tax payable	
	Current (within one year)	Non-current (over one year)	Current (within one year)	Non-current (over one year)
2019	$ -	$ -	$ 11,681	$ -
2020	21,025	10,513	21,025	31,538
2021	11,999	17,998	36,003	-
2022	110,840	-	-	-
	$ 143,864	$ 28,511	$ 68,709	$ 31,538

(a) The Company incurred an income tax of $35,997 from the 2021 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2020), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.11004575510 issued by the Ministry of Finance, R.O.C. on September 3, 2021.

(b) The Company incurred an income tax of $63,075 from the 2020 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2019), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020.

(c) The Company incurred an income tax of $48,654 from the 2019 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2018), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020.

Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 408,560	74,124	$ 5.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	408,560	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	212	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 408,560	74,336	$ 5.50

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 135,753	74,124	$ 1.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	135,753	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	161	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 135,753	74,285	$ 1.83

The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will all be distributed in the form of shares.

Supplemental cash flow information

A. Investing activities with partial cash payments:

		Year ended December 31, 2022
Purchase of property, plant and equipment	$	421,852
Add: Opening balance of payable on equipment and construction		48,234
Ending balance of prepayments for business facilities		129,261
Less: Ending balance of payable on equipment and construction	(	65,309)
Ending balance of notes payable	(	102,954)
Opening balance of prepayments for business facilities	(	65,368)
Cash paid during the year	$	365,716

		Year ended December 31, 2021
Purchase of property, plant and equipment	$	404,018
Add: Opening balance of payable on equipment and construction		34,547
Ending balance of prepayments for business facilities		65,368
Less: Ending balance of payable on equipment and construction	(	48,234)
Ending balance of notes payable		-
Opening balance of prepayments for business facilities	(	148,897)
Cash paid during the year	$	306,802

B. Investing activities with partial cash payments :

		Year ended December 31, 2022
Purchase of financial assets at fair value through profit or loss	$	100,050
Add: Opening balance of securities payables (shown as other payables)		3,573
Less: Ending balance of securities payables (shown as other payables)	(	1,383)
Cash paid during the year	$	102,240

		Year ended December 31, 2021
Purchase of financial assets at fair value through profit or loss	$	124,700
Add: Opening balance of securities payables (shown as other payables)		-
Less: Ending balance of securities payables (shown as other payables)	(	3,573)
Cash paid during the year	$	121,127

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Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non-current)	Dividends payable	Liabilities from financing activities gross
At January 1, 2022	$ 264,330	$ 50,000	$ 646,025	$ 929	$ 2,337	$ -	$ 963,621
Changes in cash flow from financing activities	(9,567)	(50,000)	86,705	(132)	(2,668)	(148,248)	(123,910)
Impact of changes in foreign exchange rate	4,311	-	-	24	-	-	4,335
Changes in other non-cash items	2,647	-	3,302	-	7,024	148,248	161,221
At December 31, 2022	$ 261,721	$ -	$ 736,032	$ 821	$ 6,693	$ -	$ 1,005,267

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non-current)	Dividends payable	Liabilities from financing activities gross
At January 1, 2021	$ 333,396	$ -	$ 712,560	$ 935	$ 2,931	$ -	$ 1,049,822
Changes in cash flow from financing activities	(67,223)	50,000	(67,241)	-	(594)	(148,248)	(233,306)
Impact of changes in foreign exchange rate	(1,965)	-	(329)	(6)	-	-	(2,300)
Changes in other non-cash items	112	-	1,035	-	-	148,248	149,395
At December 31, 2021	$ 264,320	$ 50,000	$ 646,025	$ 929	$ 2,337	$ -	$ 963,611

Related Party Transactions

Key management compensation

	Year ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 28,614	$ 21,122
Post-employment benefits	24	20
	$ 28,638	$ 21,142

Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment	$ 1,237,237	$ 1,191,921	Short-term borrowings and long-term borrowings
Right-of-use assets	77,852	79,307	Short-term borrowings
Investment property	14,813	15,477	Short-term borrowings
Financial assets at amortised cost - non-current	300	300	Natural gas for manufacturing
Other financial assets (shown as other current assets)	-	1,475	Guarantee for acceptance bill
Total	$ 1,330,202	$ 1,288,480	

Significant Contingent Liabilities and Unrecognised Contract Commitments

Contingencies

None.

Commitments

As at December 31, 2022 and 2021, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were $517,281 and $327,900, respectively.

Significant Disaster Loss

None.

Significant Events after the Balance Sheet Date

None.

Others

Capital management

A. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns for shareholders and to optimise the balance of liabilities and equity.

B. The Group's capital structure comprises net liabilities (borrowings net of cash and cash equivalents) and equity (common shares, capital surplus, retained earnings, other equity interest and non-controlling interests).

C. The Group has no obligation to comply with any external capital requirements.

D. The key management of the Group monitors the capital structure every year, including capital costs and related risks, and the Group may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds based on the advices from the management.

Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 129,623	$ 117,251
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 75,247	$ 48,308
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,036,374	$ 635,392
Financial assets at amortised cost	300	199,716
Notes receivable	27,081	55,055
Accounts receivable	534,281	441,993
Other receivables	10,366	10,792
Other financial assets - current	-	1,475
Guarantee deposits paid	4,092	2,295
	$ 1,612,494	$ 1,346,718

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 12,111
Financial liabilities at amortised cost		
Short-term borrowings	$ 261,721	$ 264,320
Short-term notes and bills payable	-	50,000
Notes payable	179,968	92,502
Accounts payable	141,453	157,602
Other payables	197,101	145,514
Long-term borrowings (including current portion)	736,032	646,025
Guarantee deposits received	821	929
	$ 1,517,096	$ 1,356,892
Lease liabilities (including current portion)	$ 6,693	$ 2,337

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used for hedging exchange rate risk arising from export proceeds by using forward foreign exchange contracts.

(b) The Company treasury performs the financial risk management for each business unit. The treasury operates in domestic and international financial markets through planning and coordination, as well as monitors and manages the financial risks related to the Group's operation based on internal risk reports about exposure to risk with the analysis of the extent and width of risk.

The Board of Directors of the Group supervises the compliance by the management with financial risk policy and procedure, and reviews the appropriateness of structure of financial risk related to the Company. The internal auditors act as supervisors to assist the Board of Directors of the Company by conducting regular and irregular reviews, and report the results to the Board of Directors.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the United States Dollar and Chinese Renminbi. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. The companies within the Group are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable United States Dollar and Chinese Renminbi expenditures. Entities of the Group use natural hedge to decrease the risk exposure in the foreign currency through the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the Company's

functional currency: New Taiwan Dollars; certain subsidiaries' functional currency: New Taiwan Dollars, United States Dollar and Chinese Renminbi). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 29,014	27.68	$ 803,097
Financial liabilities			
Monetary items			
USD : RMB	$ 1,500	6.37	$ 41,532

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 36,581	30.71	$ 1,123,403
USD : RMB	287	6.96	8,807
Financial liabilities			
Monetary items			
USD : RMB	$ 2,720	30.71	$ 83,531

The Group conducts foreign exchange swap contracts. Foreign currency amount is the notional principal. Exchange rate is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

iv. The total exchange gain (loss), including realised and unrealised, arising from significant
foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to 306,502 and ($60,045), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 8,031	$ -
Financial liabilities			
Monetary items			
USD : RMB	1%	$ 415	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 11,234	$ -
USD : RMB	1%	88	
Financial liabilities			
Monetary items			
USD : RMB	1%	$ 835	$ -

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets (liabilities) at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, per-tax profit for the the years ended December 31, 2022 and 2021 would have decreased/increased by $3,918 and $1,173, respectively, as a result of losses/gains on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $701 and $483 respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and United States Dollars.

ii. If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $998 and $914, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts credit risk management procedure to assess whether there has been a

significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 3 months based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. In line with credit risk management procedure, the default occurs when the contract payments are past due over 180 days.

v. Impairment loss is assessed and recognized when there is objective evidence that individual receivables cannot be recovered. The Group used historical and timely information to establish loss rate of remaining receivables and used the forecastability to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, accumulated loss allowance provided for individually assessed receivables amounted to $29,383 and $29,840, respectively. The Group used the forecastability to adjust historical and timely information to assess the default possibility of remaining receivables (including notes receivables). On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
December 31, 2021							
Expected loss rate	0%-3%	3%-10%	30%-35%	40%-50%	100%	100%	
Total book value	$ 449,496	$ 45,462	$ 4,590	$ 2,750	$ 324	$ 12,709	$515,331
Loss allowance	(1,271)	(1,344)	(1,383)	(1,252)	(324)	(12,709)	(18,283)
	$ 448,225	$ 44,118	$ 3,207	$ 1,498	$ -	$ -	$ 497,048

	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
December 31, 2022							
Expected loss rate	0%~1%	1%~10%	30%~50%	30%~50%	100%	100%	
Total book value	$ 508,355	$ 52,368	$ 10,777	$ 4,804	$ 1,414	$ 19,091	$596,809
Loss allowance	(2,044)	(4,291)	(5,735)	(2,872)	(1,414)	(19,091)	(35,447)
	$ 506,311	$ 48,077	$ 5,042	$ 1,932	$ -	$ -	$ 561,362

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022		
	Notes receivable	Accounts receivable	Total
At January 1	$ 162	$ 47,961	$ 48,123
Provision for (reversal of) impairment loss	(18)	17,529	17,511
Written-Off		(424)	(424)
Effect of foreign exchange	-	(380)	(380)
At December 31	$ 144	$ 64,686	$ 64,830

	2021		
	Notes receivable	Accounts receivable	Total
At January 1	$ 79	$ 43,832	$ 43,911
Provision for (reversal of) impairment loss	83	4,398	4,481
Effect of foreign exchange	-	(269)	(269)
At December 31	$ 162	$ 47,961	$ 48,123

(c) Liquidity risk

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

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Fixed rate:		
Expiring within one year	$ -	$ 300,000
Expiring beyond one year	-	192,540
Floating rate:		
Expiring within one year	303,089	-
	$ 303,089	$ 492,540

iii. The table below analyses the Group’s non-derivative financial liabilities and net-settled

or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Short-term borrowings	$266,464	$ -	$ -	$ -	$ -	$ 266,464
Notes payable	179,968	-	-	-	-	179,968
Accounts payable	141,453	-	-	-	-	141,453
Other payables	197,101	-	-	-	-	197,101
Lease liability	2,299	1,739	1,630	1,177	-	6,845
Long-term borrowings (including current portion)	176,790	155,796	153,963	183,047	92,287	761,883

Derivative financial assets:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Foreign exchange swap contracts	$ 2,565	$ -	$ -	$ -	$ -	$ 2,565

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Short-term borrowings	$266,230	$ -	$ -	$ -	$ -	$ 266,230
Short-term notes and bills payable	50,000	-	-	-	-	50,000
Notes payable	92,502	-	-	-	-	92,502
Accounts payable	157,602	-	-	-	-	157,602
Other payables	145,514	-	-	-	-	145,514
Lease liability	622	622	622	519	-	2,385
Long-term borrowings (including current portion)	111,089	87,286	90,462	206,968	174,650	670,455

Derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Foreign exchange swap contracts	$ 12,111	$ -	$ -	$ -	$ -	$ 12,111

Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and over-the-counter stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of financial instruments not measured at fair value are approximate to their fair value, including cash and cash equivalents, notes receivable, accounts receivable other receivables, financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable other payables, long-term borrowings (including current portion) , guarantee deposits received and lease liabilities (including current portion).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021, are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 127,059	$ 2,564	$ -	$ 129,623
Financial assets at fair value through other comprehensive income - Equity securities	$ 75,247	$ -	$ -	$ 75,247

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 117,251	$ -	$ -	$ 117,251
Financial assets at fair value through other comprehensive income - Equity securities	$ 48,308	$ -	$ -	$ 48,308
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 12,111	$ -	$ 12,111

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Foreign exchange swap contracts are usually valued based on the current foreign exchange swap rate.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from

Level 3.

Supplementary Disclosures

Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

Major shareholders information: Please refer to table 8.

Segment Information

General information

The information provided to the Chief Operating Decision-Maker to allocate resources and evaluate segment performance focuses on area of operations. The Group is primarily engaged in the manufacture of parts for the interior and exterior of automobiles and manages the business from a geographic perspective due to the different characteristics in culture, environment and economic condition although the manufacturing process and marketing strategy are the same throughout the operations. The reportable segments are as follows:

Domestic operation area - domestic consolidated entities.

Foreign operation area - foreign consolidated entities.

Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted profit from operations. This measurement basis excludes the effects of non- recurring expenditure from the operating segments.

Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments are as follows:

	Segment revenue		Segment income (loss)	
	Year ended December 31,2022	Year ended December 31,2021	Year ended December 31,2022	Year ended December 31,2021
Domestic operation entities	$ 1,251,975	$ 1,100,787	$ 229,043	$ 215,135
Foreign operation entities	785,354	841,714	(76,067)	(79,618)
Others	19,862	57,769	(414)	6,256
Inter-segment eliminations	(36,433)	(82,170)	27,440	32,716
Total amount from continuing operations	$ 2,020,758	$ 1,918,100	$ 180,002	$ 174,489
Interest income			18,751	2,584
Rent income			8,139	6,662
Dividend income			4,958	4,111
Other income - others			20,361	11,144
Foreign exchange gain (loss)			306,502	(60,045)
Gain on financial assets and liabilities at fair value through profit or loss			39,275	47,204
Gain on disposal of property, plant and equipment			3,798	4,528
Other losses			(28,236)	(1,696)
Finance costs			(26,327)	(18,575)
Profit before income tax			$ 527,223	$ 170,406

Information on products

Please refer to Note 6 (22) for the related information.

Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	2022				2021			
	Revenue		Non-current assets		Revenue		Non-current assets	
Taiwan	$	1,246,356	$	2,421,925	$	1,105,869	$	2,211,289
China		755,770		846,932		805,900		855,814
Others		18,632		-		6,331		-
	$	2,020,758	$	3,268,857	$	1,918,100	$	3,067,103

Revenue was calculated based on geographic location of segments. Non-current assets were classified based on geographic location of assets, including property, plant and equipment, intangible assets and other non-current assets but excluding financial instruments, guarantee deposits paid and deferred income tax. Geographical information for the years ended December 31, 2022 and 2021 is stated as above.

Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,					
	2022			2021		
	Revenue		Segment	Revenue		Segment
A Group	$	464,885	Domestic operations	$	382,202	Domestic operations
B customer		110,706	Foreign operations		53,332	Foreign operations
	$	575,591		$	435,534	

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Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (Note 6,7 and 8)	Actual amount drawn down (Note 2)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	$ 322,455	$ 107,485	$ 107,485	1.40%	2	$ -	Operating capital	$ -	N	$ -	$ 371,430	$ 1,485,723	Notes 5 and 7
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	347,210	193,660	61,420	4.35%	2	-	Operating capital	-	N	-	371,430	1,485,723	Notes 6 and 8
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	255,664	127,832	127,885	4.35%	2	-	Operating capital	-	N	-	371,430	1,485,723	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Balance at December 31, 2022 and actual amount drawn down were calculated at the USD and RMB buying and selling spot exchange rate of 30.71 and 4.408 on December 31, 2022.

Note 3: Limit on total loans granted to others by the Company is 40% of the net assets and limit on loans granted to a single party is 10% of the net assets.

Note 4: The nature of the loan are as follows:

(1) Fill in '1' for business transaction.

(2) Fill in '2' for short-term financing.

Note 5: The maximum outstanding balance of loans granted to o RISE BRIGHT HOLDINGS LTD. by Y.C.C. amounted to NT$322,455. This is because the amount of NT$322,455 includes NT$214,970 that was matured on May 27, 2022. The remaining total facility was NT$107,485.

Note 6: The maximum outstanding balance of loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. by Y.C.C. amounted to NT$347,210. This is because the amount of NT$347,210 includes NT$92,130 that was matured on March 16, 2022 and the amount of NT$61,420 was paid off on January 28, 2022. Meanwhile, a new facility of NT$30,710 and NT$132,240 that were added at the Board of Directors' meeting on March 10, 2022 and November, 11, 2022 respectively. The remaining total facility was NT$193,660.

Note 7: Loans granted to RISE BRIGHT HOLDINGS LTD. approved by the Board of Directors amounted to US$3,500 thousand.

Note 8: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US$2,000 thousand and RMB$ 30,000 thousand.

Note 9: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to RMB$ 29,000 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantees amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	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	Footnote
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	3	$ 742,861	$ 76,775	$ -	$ -	-	0.00%	$ 1,485,723	Y	N	Y	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the Company is classified into the following three categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed company.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

Note 3: The Company's limit on total endorsements/guarantees is 40% of net assets and limit on endorsements/guarantees provided for a single party is 20% of net assets.

Note 4: Balance at December 31, 2022 and actual amount drawn down were calculated at the USD buying and selling spot exchange rate of 30.71 on December 31, 2022.

Note 5: Endorsements and guarantees to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US$3,000 thousand.

Unused amount of US$1,000 thousand has been cancelled by the Board of Directors on August 9, 2022.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Current financial assets at fair value through profit or loss	443,000	$ 27,517	0.53%	$ 19,004	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Current financial assets at fair value through profit or loss	2,518,000	25,540	1.52%	62,572	
Y.C.C. PARTS MFG. CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	67,000	1,030	0.08%	1,022	
Y.C.C. PARTS MFG. CO., LTD.	LASTER TECH CO., LTD.	N	Current financial assets at fair value through profit or loss	40,000	1,381	0.04%	1,380	
Y.C.C. PARTS MFG. CO., LTD.	SHUN ON ELECTRONIC CO., LTD.	N	Current financial assets at fair value through profit or loss	73,000	3,342	0.05%	2,329	
Y.C.C. PARTS MFG. CO., LTD.	NUUO INC.	N	Current financial assets at fair value through profit or loss	5,071	278	0.04%	181	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	833,000	37,716	0.24%	29,238	
UNITED SKILLS CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	355,000	5,132	0.42%	5,415	
UNITED SKILLS CO., LTD.	EVERGREEN MARINE CO., LTD.	N	Current financial assets at fair value through profit or loss	10,000	1,590	0.00%	1,630	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,228	0.02%	1,220	
UNITED SKILLS CO., LTD.	SHIEH YIH MACHINERY INDUSTRY CO., LTD.	N	Current financial assets at fair value through profit or loss	62,000	680	0.04%	651	
UNITED SKILLS CO., LTD.	COWEALTH MEDICAL HOLDING CO., LTD.	N	Current financial assets at fair value through profit or loss	68,000	2,038	0.09%	1,690	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	551	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	5,000	235	0.00%	175	
			Valuation adjustment		18,582		$ 127,058	
					$ 127,058			
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Non-current financial assets at fair value through other comprehensive income	855,000	$ 81,856	1.02%	$ 36,680	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Non-current financial assets at fair value through other comprehensive income	1,552,000	19,931	0.94%	38,567	
			Valuation adjustment		(26,540)		$ 75,247	
					$ 75,247			

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate (Note 4)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 5)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	Subsidiary	$ 136,280	-	$ -	-	$ -	$ -	Note 2
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	117,991	10.00	-	-	430	-	Note 3

Note 1: The transactions were eliminated when preparing the consolidated financial statements.

Note 2: It pertains to principal and interest aggregating to $129,474 from loans to the subsidiary and sales of equipment amounting to $6,806 shown as other receivables.

Note 3: It pertains to principal and interest aggregating to $108,388 from loans to the subsidiary and sales of equipment and products amounting to $9,603 shown as other receivables.

Note 4: Only accounts receivable was used for the calculation of turnover rate.

Note 5: Subsequent collection is the amount collected as of February 28, 2023.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Other receivables	$ 117,991	Based on the contract	2.00%
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Revenue	13,351	Based on the contract	0.70%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	67,233	Based on the contract	1.20%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables	136,280	Based on the contract	2.40%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivables	11,080	Based on the contract	0.20%
1	CHANG JIE TECHNOLOGY CO., LTD.	Y.C.C. PARTS MFG. CO., LTD.	2	Contract Liabilities	11,758	Based on the contract	0.20%
1	CHANG JIE TECHNOLOGY CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	3	Accounts receivables	10,168	Based on the contract	0.20%
2	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	3	Other receivables	22,650	Based on the contract	0.40%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, and subsidiaries or between subsidiaries refer to it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amount that did not reach $10 million or more will not be disclosed.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investees

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	December 31, 2022	ended December 31, 2022	Footnote
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Manufacturing vehicles and their parts	$ 50,000	$ 50,000	5,000	100.00%	$ 48,285	($ 1,334)	($ 1,334)	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	525,692	(90,367)	(90,367)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	468,991	(79,855)	(71,422)	Subsidiary (Note)

Note: The company does not hold any share in the investee because the investee is a limited company.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the Year ended December 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan of Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnte
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and electronic plastic parts	$ 423,150	2	$ 827,609	$ -	$ -	$ 827,609	($ 84,618)	89.44%	($ 75,682)	$ 199,392	$ -	Note 3 Note 7
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD.	Injecting and surface coating parts of air bags with inflation system,covers, interior and exterior accessories of air bag and electronic equipment systems	347,588	2	268,009	-	-	268,009	5,141	73.89%	3,799	160,080	-	Note 4
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	Manufacturing and selling parts, interior and exterior accessories and electronic system parts of automobiles and molds, gauges, clamps and jigs for injection	60,450	2	63,055	-	-	63,055	1,425	89.44%	1,275	56,241	-	Note 5
CHANG JIE TECHNOLOGY CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and automatic production equipments for spraying	176,406	2	177,602	-	-	177,602	(16,730)	99.83%	(16,702)	152,090	-	Note 6

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in existing companies in the third area, RISE BRIGHT HOLDINGS LTD. and CHINA FIRST HOLDINGS LTD. , which then invested in the investee in Mainland China.

(3) Others.

Note 2: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 3: Paid-in capital is US$14,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$26,300 thousand.

Note 4: Paid-in capital is US$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$8,591 thousand.

Note 5: Paid-in capital is US$2,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$2,000 thousand.

Note 6: Paid-in capital is US$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$6,070 thousand.

Note 7: 'Investment income (loss) recognised by the Company for the Year ended December 31, 2022 was based on the financial statements that were reviewed by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Y.C.C. PARTS MFG. CO., LTD.	$ 1,336,275	$ 1,337,564	$ 2,228,585

Note 1: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 2: Calculation for ceiling on investments in Mainland China (60% of net assets) is based on MOEA "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area".

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US$42,961 thousand. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) was US$42,951 thousand.

Note 4: The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) to CHANG JIE TECHNOLOGY CO., LTD. was RMB$10,000 thousand.

There is US$10 thousand difference with MOEA due to exchange rate fluctuations. Paid-in capital is US$1,560 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$1,570 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	11,791,000	15.90%
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	10,731,000	14.47%
HE HAN INVESTMENT CO.,LTD	7,586,503	10.23%
RU HAN INVESTMENT CO.,LTD	5,964,420	8.04%
HUANG KAI INVESTMENT CO.,LTD	5,791,500	7.81%

Description: If the company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(1) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.
The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form because of a different calculation basis.

(2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data that was disclosed was the settlor's separate account for the fund set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to the Market Observation Post System.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Y.C.C. Parts Mfg. Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Y.C.C. Parts Mfg. Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(28); and for details of operating revenue, please refer to Note 6(19). The Company is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms. The sales revenue recognition involves the use of several manual judgements and procedures. As a result, the timing of sales revenue recognition may be inappropriate, which also affected the Company's subsidiary accounted for using equity method. Therefore, we included the cut-off of sales revenue recognition as one of the key areas of focus for this year.

How our audit addressed the matter:

Our audit procedures in relation to the above key audit matter included:

3. Understanding and evaluating the operating procedures and internal controls over sales revenue, and assessing the effectiveness on how the management controls the timing of recognizing sales revenue.
4. Examined the transaction documents to ensure that transactions had been recorded in the proper period for a certain period around the balance sheet date.

Assessment of allowance for inventory valuation loss

Description

For the accounting policy of inventory assessment, please refer to Note 4(13); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5; and for details of allowance for inventory valuation losses, please refer to Note 6(6). The Company is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses were NT$ 188,867 thousand and NT$ 30,598 thousand, respectively.

The Company is primarily engaged in manufacturing and trading automobile parts. Inventories that are over a certain age and separately recognised as impaired inventories are stated at the lower of cost and net realisable value. Those inventory items separately identified as obsolete and damaged are corroborated against supporting documents in recognising valuation losses. Considered that the Company's inventories were material to its financial statements, and the determination of net realisable value in the balance sheet date involved judgements and estimates, which also affected the Company's subsidiary accounted for using equity method. We identified the assessment of allowance for inventory valuation losses a key audit matter.

<u>How our audit addressed the matter:</u>

Our audit procedures in relation to the above key audit matter included:

5. Obtained an understanding of the nature of the Company's business and industry and assessed the reasonableness of provision policies in the determination of allowance for inventory valuation losses.
6. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
7. Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report in accordance with the Company's policy.
8. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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:

7. 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.
8. 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 Company's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 Company'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 parent company only 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.

Wang, Yu-Chuan　　　　Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Y.C.C. PARTS MFG. CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT		December 31, 2022 %	December 31, 2021 AMOUNT		December 31, 2021 %
Current assets							
Cash and cash equivalents	6(1)	$	905,487	18	$	508,757	11
Current financial assets at fair value through profit or loss	6(2)		118,291	2		113,654	3
Current financial assets at amortised cost	6(4)		-	-		180,449	4
Notes receivable, net	6(5)		14,275	-		16,066	-
Accounts receivable, net	6(5)		227,195	5		167,171	4
Accounts receivable due from related parties, net	7(2)		27,489	1		21,967	1
Other receivables			3,712	-		8,164	-
Other receivables due from related parties	7(2)		317,288	6		233,495	5
Current inventories	6(6)		158,269	3		177,125	4
Other current assets	7(2)		26,819	1		29,757	1
Total current assets			1,798,825	36		1,456,605	33
Non-current assets							
Non-current financial assets at fair value through other comprehensive income	6(3)		75,247	1		48,308	1
Non-current financial assets at amortised cost	6(4) and 8		300	-		300	-
Investments accounted for using equity method	6(7)		573,977	12		661,787	15
Property, plant and equipment	6(8) and 8		2,281,091	46		2,140,379	48
Right-of-use assets	6(9)		6,630	-		3,942	-
Deferred tax assets	6(26)		94,477	2		94,895	2
Other non-current assets	6(10)		136,813	3		69,012	1
Total non-current assets			3,168,535	64		3,018,623	67
Total assets		$	4,967,360	100	$	4,475,228	100

(Continued)

Y.C.C. PARTS MFG. CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
Current liabilities					
Short-term notes and bills payable	6(11)	$ -	-	$ 50,000	1
Current financial liabilities at fair value through profit or loss	6(2)	-	-	12,111	-
Current contract liabilities	6(19)	2,811	-	2,485	-
Notes payable		179,943	4	92,502	2
Accounts payable		12,954	-	24,588	1
Other payables	6(12)	132,118	3	90,541	2
Current tax liabilities	6(26)	143,864	3	68,709	2
Long-term liabilities, current portion	6(13)	169,662	3	105,835	2
Other current liabilities, others	6(9)	2,233	-	603	-
Total current liabilities		643,585	13	447,374	10
Non-current liabilities					
Long-term borrowings	6(13)	566,370	11	540,190	12
Income tax liabilities - non-current	6(26)	28,511	1	31,538	1
Deferred tax liabilities		513	-	-	-
Other non-current liabilities	6(9)(14)(15)	14,072	-	12,722	-
Total non-current liabilities		609,466	12	584,450	13
Total liabilities		1,253,051	25	1,031,824	23
Equity					
Share capital	6(16)				
Ordinary share		741,239	15	741,389	17
Capital surplus	6(17)				
Capital surplus		1,193,349	24	1,193,349	27
Retained earnings	6(18)				
Legal reserve		343,211	7	329,574	7
Special reserve		120,040	2	105,211	2
Unappropriated retained earnings		1,425,612	29	1,194,447	27
Other equity interest					
Other equity interest		(109,142)	(2)	(120,040)	(3)
Treasury shares	6(16)	-	-	(526)	-
Total equity		3,714,309	75	3,443,404	77
Significant contingent liabilities and unrecognised contract commitments	9				
Total liabilities and equity		$ 4,967,360	100	$ 4,475,228	100

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(19) and 7(2)	$ 1,259,707	100	$ 1,134,285	100
Operating costs	6(6)(24)(25) and 7(2)	(786,838)	(63)	(745,780)	(66)
Gross profit from operations		472,869	37	388,505	34
Operating expenses	6(24)(25)				
Selling expenses		(91,298)	(7)	(81,162)	(7)
Administrative expenses		(83,849)	(7)	(54,867)	(5)
Research and development expenses		(53,029)	(4)	(29,595)	(2)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(3,895)	-	(694)	-
Total operating expenses		(232,071)	(18)	(166,318)	(14)
Net operating income		240,798	19	222,187	20
Non-operating income and expenses					
Interest income	6(20) and 7(2)	21,893	2	9,218	1
Other income	6(21) and 7(2)	41,769	3	36,894	3
Other gains and losses	6(22)	331,936	26	(13,246)	(1)
Finance costs	6(23)	(9,941)	(1)	(5,986)	(1)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	(91,701)	(7)	(70,630)	(6)
Total non-operating income and expenses		293,956	23	(43,750)	(4)
Profit before income tax		534,754	42	178,437	16
Income tax expense	6(26)	(126,194)	(10)	(42,684)	(4)
Profit from continuing operations		408,560	32	135,753	12
Profit		$ 408,560	32	$ 135,753	12
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurements of defined benefit plans	6(15)	($ 381)	-	$ 776	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	7,008	1	(3,933)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	76	-	(155)	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss		6,703	1	(3,312)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation		3,890	-	(10,896)	(1)
Total components of other comprehensive income that will be reclassified to profit or loss		3,890	-	(10,896)	(1)
Other comprehensive (loss) income		$ 10,593	1	($ 14,208)	(1)
Total comprehensive income		$ 419,153	33	$ 121,545	11
Basic earnings per share	6(27)				
Basic earnings per share		$	5.51	$	1.83
Diluted earnings per share		$	5.50	$	1.83

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital surplus, additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Year 2021										
Balance at January 1, 2021		$ 741,389	$ 1,193,259	$ 317,795	$ 119,480	$ 1,203,831	($ 75,596)	($ 29,615)	($ 526)	$ 3,470,017
Profit for the year		-	-	-	-	135,753	-	-	-	135,753
Other comprehensive income (loss) for the year	6(3)	-	-	-	-	621	(10,896)	(3,933)	-	(14,208)
Total comprehensive income (loss)		-	-	-	-	136,374	(10,896)	(3,933)	-	121,545
Appropriation and distribution of 2020 earnings	6(18)									
Legal reserve		-	-	11,779	-	(11,779)	-	-	-	-
(Reversal of) Special reserve		-	-	-	(14,269)	14,269	-	-	-	-
Cash dividends		-	-	-	-	(148,248)	-	-	-	(148,248)
Acquisition of non-controlling interests in subsidiaries	6(7)	-	90	-	-	-	-	-	-	90
Balance at December 31, 2021		$ 741,389	$ 1,193,349	$ 329,574	$ 105,211	$ 1,194,447	($ 86,492)	($ 33,548)	($ 526)	$ 3,443,404
Year 2022										
Balance at January 1, 2022		$ 741,389	$ 1,193,349	$ 329,574	$ 105,211	$ 1,194,447	($ 86,492)	($ 33,548)	($ 526)	$ 3,443,404
Profit for the year		-	-	-	-	408,560	-	-	-	408,560
Other comprehensive income (loss) for the year	6(3)	-	-	-	-	(305)	3,890	7,008	-	10,593
Total comprehensive income		-	-	-	-	408,255	3,890	7,008	-	419,153
Appropriation and distribution of 2021 earnings	6(18)									
Legal reserve		-	-	13,637	-	(13,637)	-	-	-	-
(Reversal of) Special reserve		-	-	-	14,829	(14,829)	-	-	-	-
Cash dividends		-	-	-	-	(148,248)	-	-	-	(148,248)
Decrease in treasury shares		(150)	-	-	-	(376)	-	-	526	-
Balance at December 31, 2022		$ 741,239	$ 1,193,349	$ 343,211	$ 120,040	$ 1,425,612	($ 82,602)	($ 26,540)	$ -	$ 3,714,309

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 534,754	$ 178,437
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(24)	276,987	260,624
Depreciation expense - right-of-use assets	6(9)(24)	2,268	1,647
Amortization expense		9,779	6,108
Expected credit impairment loss	12(2)	3,895	694
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(22)	(38,008)	(47,257)
Interest expense	6(23)	9,941	5,986
Interest income	6(20)	(21,893)	(9,218)
Government grant	6(14)	(1,099)	(966)
Dividend income	6(21)	(4,958)	(4,111)
Share of loss (profit) of associates accounted for under equity method	6(7)	91,701	70,630
Gain on disposal of property, plant and equipment	6(22)	(3,550)	(3,455)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,791	(8,151)
Accounts receivable		(63,919)	11,146
Accounts receivable-related parties		(5,522)	(10,766)
Other receivables		6,471	(5,122)
Other receivables-related parties		(3,718)	5,604
Inventories		18,856	(11,805)
Other current assets		2,938	(270)
Changes in operating liabilities			
Contract liabilities - current		326	791
Notes payable		(15,513)	(17,205)
Accounts payable		(11,634)	(10,137)
Other payables		(13,598)	7,068
Other current liabilities		2	(153)
Net defined benefit liability		202	(209)
Cash inflow generated from operations		776,499	419,910
Interest received		19,874	9,581
Interest paid		(9,809)	(4,014)
Dividend received		4,958	4,111
Income taxes paid		(31,622)	(25,868)
Net cash flows from operating activities		759,900	403,720

(Continued)

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss	6(28)	($ 78,280)	($ 117,477)
Proceeds from disposal of financial assets at fair value through profit or loss		77,419	57,760
Decrease in financial assets at amortised cost		180,449	76,335
Decrease (increase) in other receivables due from related parties		(80,075)	65,826
Acquisition of investments accounted for under equity method	6(7)	-	(158,179)
Acquisition of property, plant and equipment	6(28)	(309,651)	(211,586)
Payment for capitalized interests	6(8)	(1,193)	(1,972)
Gain on disposal of property, plant and equipment		4,073	5,300
Acquisition of intangible assets		(861)	(5,435)
Increase in other non-current assets		(22,101)	(2,130)
Increase in guarantee deposits		(1,809)	-
Net cash flows used in investing activities		(232,029)	(291,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		15,000	730,000
Decrease in short-term borrowings		(15,000)	(730,000)
Increase in short-term notes and bills payable	6(29)	(50,000)	50,000
Proceeds from long-term borrowings	6(29)	192,540	75,860
Repayments of long-term borrowings	6(29)	(105,835)	(108,334)
Repayment of principal portion of lease liabilities	6(29)	(2,668)	(594)
Cash dividends paid	6(29)	(148,248)	(148,248)
Net cash flows used in financing activities		(114,211)	(131,316)
Effect of exchange rate changes on cash and cash equivalents		(16,930)	(9,142)
Net increase (decrease) in cash and cash equivalents		396,730	(28,296)
Cash and cash equivalents at beginning of year		508,757	537,053
Cash and cash equivalents at end of year		$ 905,487	$ 508,757

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

Y.C.C. PARTS MFG. CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

History and Organisation

Y.C.C. PARTS MFG. CO., LTD. (the "Company") was incorporated in March 1986 and has been listed on the Taiwan Stock Exchange since April 2012. The Company is primarily engaged in manufacturing and trading automobiles parts, import and export as well as operating and reinvesting related businesses.

The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorized for issuance by the Board of Directors on March 13, 2023.

Application of New Standards, Amendments and Interpretations

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16 , 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

Summary of Significant Accounting Policies

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

Compliance statement

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

Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange
rate at the date of that balance sheet;

ii.Income and expenses for each statement of comprehensive income are translated at average
exchange rates of that period; and

iii.All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
   (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

   The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:
   (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

Accounts and notes receivable

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

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

Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

Leasing arrangements (lessor)－operating leases

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Except for the same types of inventory, the item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Investments accounted for using equity method-subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. If the Company loses significant influence over the subsidiary, the amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 20 years
Machinery and equipment	2 ~ 15 years
Molding equipment	2 ~ 12 years
Transportation equipment	5 ~ 10 years
Furniture equipment	2 ~ 5 years
Other equipment	2 ~ 20 years

Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

Borrowings

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

Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

Derecognition of financial liabilities

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

Offsetting financial instruments

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

Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii.Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii.Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

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

<u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities.

Revenue recognition

Sales of goods

A. The Company manufactures and sells automobiles parts products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue was recognized based on the contract price net of sales discount. Goods are often sold with sales discounts and allowances based on future estimated sales volume. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 60 to 120 days after the delivery date. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

Critical judgements in applying the Company's accounting policies

None.

Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As net realisable value of inventories is estimated at the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated selling expenses, the estimates are based on current market conditions and historical sales experience of similar products and the result of the estimates might be significantly influence by changes in market conditions.

As of December 31, 2022, the carrying amount of inventories was $158,269.

Details of Significant Accounts

Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 198	$ 138
Checking accounts and demand deposits	27,404	46,109
Time deposits	723,859	434,576
Short-term notes and bills - Re-Purchase	154,026	27,934
	$ 905,487	$ 508,757
Interest rate range		
Time deposits	0.95%~4.35%	0.07%~0.30%

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

B. The time deposits maturing over three months and time deposits that are restricted and are not held for the purpose of meeting short-term cash commitments were presented as 'financial assets at amortised cost'. Refer to Note 6(4) for details.

C. Information about the financial assets at amortised cost that were pledged to others as collaterals is provided in Note 8.

Financial assets and liabilities at fair value through profit or loss - current

Items	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 96,804	$ 100,259
Valuation adjustment	18,922	13,395
Total	$ 115,726	$ 113,654
Financial assets (liabilities) held for trading		
Foreign exchange swap contracts	$ 2,565	($ 12,111)
Total amount of fiancial assets at fair value through profit or loss	$ 118,291	$ 113,654
Total amount of fiancial liabilities at fair value through profit or loss	$ -	($ 12,111)

A. The Company recognised financial assets and liabilities at fair value through profit of $38,008 and $47,257 for the years ended December 31, 2022 and 2021, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Company does not adopt hedge accounting are as follows:

Derivative financial assets (liabilities)	December 31, 2022	
	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 26,100 thousand	2022.12.05 ~ 2023.01.30

Derivative financial assets (liabilities)	December 31, 2021	
	Contract amount (Notional principal)	Maturity period
Foreign exchange swap contracts	USD 78,240 thousand	2021.09.03 ~ 2022.06.06

The Company entered into cross currency swap contracts to hedge risk arising from the changes in currency rates of assets and liabilities denominated in foreign currencies. However, the forward exchange contracts did not meet the criteria for hedge accounting.

C. The Company has no financial assets and liabilities at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

Financial assets at fair value through other comprehensive income-non-current

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	$ 101,787	$ 81,856
Valuation adjustment	(26,540)	(33,548)
	$ 75,247	$ 48,308

A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $75,247 and $48,308 as at December 31, 2022 and 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive loss	$ 7,008	($ 3,933)
Cumulative gains reclassified to retained earnings due to derecognition	$ -	$ 2,993

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were $75,247 and $48,308, respectively.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
USD bonds sold under repurchase agreement	$ -	$ 180,449
Non-current items		
Restricted time deposits	$ 300	$ 300

A. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $300 and $180,749, respectively.

B. Information about the financial assets at amortised cost that were pledged to others as collateral is provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 14,419	$ 16,228
Less: Allowance for uncollectible accounts	(144)	(162)
	$ 14,275	$ 16,066

	December 31, 2022	December 31, 2021
Accounts receivable	$ 234,306	$ 170,793
Less: Allowance for uncollectible accounts	(7,111)	(3,622)
	$ 227,195	$ 167,171

A. The aging analysis of notes receivable and accounts receivable are as follows:

	December 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 14,419	$ 182,842	$ 16,228	$ 120,940
1~60 days	-	41,634	-	43,529
61~120 days	-	8,926	-	4,582
121~180 days	-	-	-	158
Over 241 days	-	904	-	1,584
	$ 14,419	$ 234,306	$ 16,228	$ 170,793

As of December 31, 2022 and 2021, the ageing analysis was based on past due date and invoice date.

B. As of December 31, 2022 and 2021, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balances of accounts receivable and notes receivable from contracts with customers amounted to $182,022 and $7,944, respectively.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s notes receivable and accounts receivable were $14,275 and $16,066 as well as $227,195 and $167,171, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	$ 39,303	($ 9,385)	$ 29,918
Work in progress	6,801	(1,187)	5,614
Semi-finished goods	3,727	(1,563)	2,164
Finished goods	138,650	(18,463)	120,187
Merchandise	386	-	386
Total	$ 188,867	($ 30,598)	$ 158,269

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	$ 34,456	($ 5,689)	$ 28,767
Work in progress	8,144	(1,463)	6,681
Semi-finished goods	3,545	(1,883)	1,662
Finished goods	149,223	(9,885)	139,338
Merchandise	677	-	677
Total	$ 196,045	($ 18,920)	$ 177,125

The cost of inventories recognised as expense for the period:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	$ 777,199	$ 742,976
Unallocated fixed overheads	-	328
Loss on market value decline and obsolete and slow-moving inventories	11,678	2,641
Gain on physical inventory	(2,436)	(780)
Loss on scrapping inventory	397	615
	$ 786,838	$ 745,780

Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries		
RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT	$ 525,692	$ 612,168
UNITED SKILLS CO., LTD. (UNITED SKILLS)	48,285	49,619
	$ 573,977	$ 661,787

A. To meet the development requirement of the Company's overall operation, the Board of Directors resolved to increase its capital in the subsidiary, Rise Bright Holdings Ltd., in the amount of US$5,300 thousand (NT$158,179 thousand) on November 12, 2021, and then reinvested in Chang Jie Technology Co., Ltd. without proportion to its ownership, resulting in an increase in capital surplus in the amount of $90 thousand. The payment for the investment was remitted in December 2021.

B. Share of profit or loss of subsidiaries accounted for using equity method is evaluated based on each investee's audited financial statements for the corresponding period. For the years ended December 31, 2022 and 2021, the Company recognised loss in the amount of $91,701 thousand and $70,630 thousand, respectively.

C. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

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Property, plant and equipment

	Year ended December 31, 2022				
	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 956,365	$ -	$ -	$ -	$ 956,365
Buildings and structures	1,174,953	-	-	42,421	1,217,374
Machinery and equipment	767,115	68,559	(30,433)	3,388	808,629
Molding equipment	1,909,813	144,299	-	45,553	2,099,665
Transportation equipment	29,929	6,051	(3,220)	-	32,760
Furniture equipment	2,119	322	-	-	2,441
Other equipment	144,789	3,429	(289)	6,910	154,839
Unfinished construction and equipment under acceptance	171,389	137,687	-	(40,397)	268,679
	$ 5,156,472	$ 360,347	($ 33,942)	$ 57,875	$ 5,540,752
Accumulated Depreciation					
Buildings and structures	($ 742,283)	($ 50,201)	$ -	$ -	($ 792,484)
Machinery and equipment	(598,423)	(55,509)	29,911	-	(624,021)
Molding equipment	(1,531,873)	(159,012)	-	-	(1,690,885)
Transportation equipment	(26,216)	(1,916)	3,220	-	(24,912)
Furniture equipment	(1,954)	(102)	-	-	(2,056)
Other equipment	(115,344)	(10,247)	288	-	(125,303)
	($ 3,016,093)	($ 276,987)	$ 33,419	$ -	($ 3,259,661)
Total	$ 2,140,379				$ 2,281,091

	Year ended December 31, 2021				
	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 956,365	$ -	$ -	$ -	$ 956,365
Buildings and structures	1,174,953	-	-	-	1,174,953
Machinery and equipment	825,287	1,483	(62,494)	2,839	767,115
Molding equipment	1,656,627	185,156	-	68,030	1,909,813
Transportation equipment	29,929	-	-	-	29,929
Furniture equipment	2,119	-	-	-	2,119
Other equipment	138,897	4,230	-	1,662	144,789
Unfinished construction and equipment under acceptance	164,544	61,784	-	(54,939)	171,389
	$ 4,948,721	$ 252,653	($ 62,494)	$ 17,592	$ 5,156,472
Accumulated Depreciation					
Buildings and structures	($ 690,862)	($ 51,421)	$ -	$ -	($ 742,283)
Machinery and equipment	(599,270)	(59,802)	60,649	-	(598,423)
Molding equipment	(1,394,356)	(137,517)	-	-	(1,531,873)
Transportation equipment	(24,376)	(1,840)	-	-	(26,216)
Furniture equipment	(1,883)	(71)	-	-	(1,954)
Other equipment	(105,371)	(9,973)	-	-	(115,344)
	($ 2,816,118)	($ 260,624)	$ 60,649	$ -	($ 3,016,093)
Total	$ 2,132,603				$ 2,140,379

A. Transfers for the period were from inventories and prepayments for business facilities.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	December 31, 2022	December 31, 2021
Amount capitalised	$ 1,193	$ 1,972
Range of the interest rates for capitalisation	0.95%	0.81%

Lease transactions – lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes. Upon expiry of the lease, the terms of lease agreements do not give priority rights to renew the lease or purchase the property.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Transportation equipment (Business vehicles)	$ 6,630	$ 3,942

	Years ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Transportation equipment (Business vehicles)	$ 2,268	$ 1,647

C. For the year ended December 31, 2022, the costs of additions to right-of-use assets were $4,956.

D. Information on profit or loss in relation to lease contracts are as follows:

	Years ended December 31,	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 98	$ 28
Expense on leases of low-value assets	$ 33	$ 20

E. As of December 31, 2022 and 2021, the balances of lease liabilities -current and lease liabilities - non-current are as follows :

	December 31, 2022	December 31, 2021
Lease liabilities - current	$ 2,228	$ 601
Lease liabilities - non-current	$ 4,465	$ 1,736

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $2,799 and $642, respectively.

Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for business facilities	$ 124,734	$ 53,320
Guarantee deposits paid	3,854	2,045
Other non-current assets-others	8,225	13,647
	$ 136,813	$ 69,012

Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ -	$ 50,000
Interest rate range	-	0.86%

The abovementioned commercial paper payable was guaranteed by International Bills Finance Corporation

Other payables

	December 31, 2022	December 31, 2021
Salaries and bonus payable	$ 38,944	$ 22,524
Machinery and equipment payable	44,189	25,033
Employees' compensation payable	7,360	6,529
Directors' remuneration payable	5,661	4,017
Securities expense payable	1,383	3,573
Utilities expense payable	4,188	3,544
Payables on insurance premiums	1,266	1,199
Others	29,127	24,122
	$ 132,118	$ 90,541

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Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	December 31, 2022
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a year grace period on principal only	$ 13,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	6,662
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	48,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	235,764
Secured borrowings	From December 26, 2019 to December 26, 2026	Principal and interest are repayable monthly after a 3-year grace period;interest is repayable monthly; principal is repayable monthly in 48 installments	368,000
Secured borrowings	From December 26, 2019 to December 26, 2029	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 51 installments with a 3-year grace period on principal only	64,000
			$ 736,259
Less: Current portion			(169,662)
Less: Discount on government grants			(227)
			$ 566,370
Interest rate range			1.13%~1.66%

Type of borrowings	Borrowing period	Repayment term	December 31, 2021
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a year grace period on principal only	$ 63,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	33,330
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	18,300
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	264,931
Secured borrowings	From December 26, 2019 to December 26, 2028	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	269,160
			$ 649,554
Less: Current portion			(105,835)
Less: Discount on government grants			(3,529)
			$ 540,190
Interest rate range			0.75%~1.00%

Government grants

As of December 31, 2022, the Company acquired government concessional loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” from Bank of Taiwan in the amounts of $432,000 and $48,000, respectively, for supporting capital expenditure and working capital. Such loans will mature in December 2029 and December 2026, respectively. The fair values for the loans were $424,231 and $47,277, respectively which were calculated at a market rate of 1.25%. The differences between the acquired amount and the fair value were $7,769 and $723, respectively, which were deemed as a low interest loan subsidy from government and recognised in deferred revenue (shown as other non-current liabilities). The deferred revenue is reclassified to other income on a straight-line basis over their estimated useful life during the period of paying interest. The realised deferred government grants revenue were $1,099 and $966, respectively, for the years ended December 31, 2022 and 2021.

Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 20,037	$ 18,546
Fair value of plan assets	(14,153)	(12,865)
Net defined benefit liability	$ 5,884	$ 5,681

(c) Movements in net defined benefit liabilities are as follows:

	Year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 18,546	($ 12,865)	$ 5,681
Interest expense (income)	93	(65)	28
	18,639	(12,930)	5,709
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,017)	(1,017)
Change in financial assumptions	(331)	-	(331)
Experience adjustments	1,729	-	1,729
	1,398	(1,017)	381
Pension fund contribution	-	(206)	(206)
Balance at December 31	$ 20,037	($ 14,153)	$ 5,884

	Year ended December 31, 2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 19,078	($ 12,412)	$ 6,666
Interest expense (income)	71	(47)	24
	19,149	(12,459)	6,690
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(173)	(173)
Change in demographic assumptions	276	-	276
Change in financial assumptions	(130)	-	(130)
Experience adjustments	(749)	-	(749)
	(603)	(173)	(776)
Pension fund contribution	-	(233)	(233)
Balance at December 31	$ 18,546	($ 12,865)	$ 5,681

(d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.13%	0.5%
Future salary increases	2.50%	2.25%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 209)	$ 215	$ 208	($ 204)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 130)	$ 403	$ 393	($ 122)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to $204.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 4.2 years.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the

"New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were $5,966 and $5,813 respectively.

Share capital

A. As of December 31, 2022, the Company's authorised capital was $1,000,000, constituting 100,000 thousand shares and the paid-in capital was $741,239 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. The Company reacquired treasury shares in 2018. After a comprehensive consideration of the stock price and as the treasury shares were not reissued to the employees within three years from the reacquisition date, the treasury shares reacquired to be reissued to employees were retired and registered pursuant to the Article 28-2 of Securities and Exchange Act. The capital reduction amounted to $150 consisting of 15 thousand shares retired. The paid-in capital before and after the capital reduction was $741,389 and $741,239, respectively.

C. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	Number of thousand shares	Number of thousand shares
At January 1 and December 31	74,124	74,124

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2022		December 31, 2021	
company holding the shares	Reason for reacquisition	thousand shares	Carrying amount	thousand shares	Carrying amount
The Company	To be reissued to employees	-	$ -	15	$ 526

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued to be retired.

Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

Capital surplus

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

	December 31, 2022	December 31, 2021
Used to offset deficits, distributed as cash dividends or transferred to share capital (Note 1)		
Additional paid-in capital in excess of par-ordinary share	$ 1,163,298	$ 1,163,298
Difference between consideration and carrying amount of associates accounted for using equity method	$ 2,125	$ 2,125
Used to offset accumulated deficits only (Note 2)		
Changes in ownership interests in associates accounted for using equity method	$ 27,926	$ 27,926

Note 1: Such capital surplus can be used in offsetting deficit and distributed as cash dividends or transferred to capital provided that the Company has no deficit. However, the amount that can be transferred to capital is limited to a certain percentage of paid-in capital every year.

Note 2: Such capital surplus arises from the effect of changes in ownership interests in subsidiaries under equity transactions when there is no actual acquisition or disposal of subsidiaries by the Company, or from changes in capital surplus of subsidiaries accounted for using equity method.

Retained earnings

A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as follows: 10% as legal reserve, and appropriate or reverse for special reserve until the legal reserve equals the Company's paid-in capital. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting.

B. The Company retains some earnings after taking into account the environment, growth stage and long-term financial plan of the Company, and the reminder along with the accumulated unappropriated earnings of prior years can be distributed as shareholders' bonus, of which the cash bonus shall exceed 20% of total shareholders' bonus, by the Board of Directors depending on the current capital position and the economic development.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriation of 2021 and 2020 earnings have been approved by the stockholders during their meeting on May 27, 2022 and August 30, 2021, respectively. Details are summarised below:

	Years ended December 31,			
	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	$ 13,637		$ 11,779	
Provision for (reversal of) special reserve	14,829		(14,269)	
Cash dividend	148,248	$ 2.00	148,248	$ 2.00

F. The appropriation of 2022 earnings proposed by the Board of Directors on March 13, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 40,788	
special reserve	(10,898)	
Cash dividends	222,372	$ 3.00

G. Refer to Note 6 (25) for further information relating to employees' compensation and directors' and supervisors' remuneration.

Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue primarily from the transfer of goods at a point in time in the following products:

	Years ended December 31,	
	2022	2021
Auto parts	$ 1,251,975	$ 1,100,787
Others	7,732	33,498
	$ 1,259,707	$ 1,134,285

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Contract liabilities - advance sales receipts	$ 2,811	$ 2,485	$ 1,694

For the years ended December 31, 2022 and 2021, revenue recognised that were included in the contract liability balance at the beginning of the period amounted to $2,125 and $1,394, respectively.

Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	$ 11,338	$ 2,143
Interest income from loans to related parties	10,555	7,075
	$ 21,893	$ 9,218

Other income

	Years ended December 31, 2022	Years ended December 31, 2021
Rent income	$ 3,958	$ 3,117
Dividend income	4,958	4,111
Other income - others	32,853	29,666
	$ 41,769	$ 36,894

Other gains and losses

	Years ended December 31, 2022	Years ended December 31, 2021
Gains on disposal of property, plant and equipment	$ 3,550	$ 3,455
Foreign exchange losses	309,933	(63,759)
Losses on financial assets and liabilities at fair value through profit or loss	38,008	47,257
Other losses	(19,555)	(199)
	$ 331,936	($ 13,246)

Finance costs

	Years ended December 31, 2022	Years ended December 31, 2021
Interest expense	$ 11,134	$ 7,958
Less: Capitalisation of qualifying assets	(1,193)	(1,972)
	$ 9,941	$ 5,986

Expenses by nature

	Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	$ 124,988	$ 86,168	$ 211,156
Depreciation charges on property, plant and equipment	264,824	12,163	276,987
Depreciation charges on right-of-use assets	-	2,268	2,268
Amortisation	2,863	6,916	9,779
	$ 392,675	$ 107,515	$ 500,190

	Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense	$ 126,732	$ 57,119	$ 183,851
Depreciation charges on property, plant and equipment	251,183	9,441	260,624
Depreciation charges on right-of-use assets	-	1,647	1,647
Amortisation	3,007	3,101	6,108
	$ 380,922	$ 71,308	$ 452,230

Employee benefit expense

	Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Wages and salaries	$ 101,921	$ 68,540	$ 170,461
Labour and health insurance fees	10,686	3,648	14,334
Pension costs	3,754	2,418	6,172
Directors' remuneration	-	5,121	5,121
Other personnel expenses	8,627	6,441	15,068
	$ 124,988	$ 86,168	$ 211,156

	Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Wages and salaries	$ 105,091	$ 44,594	$ 149,685
Labour and health insurance fees	10,923	4,387	15,310
Pension costs	3,698	2,139	5,837
Directors' remuneration	-	4,482	4,482
Other personnel expenses	7,020	1,517	8,537
	$ 126,732	$ 57,119	$ 183,851

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1%~3% for employees' compensation and no higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the years ended December 31, 2022 and 2021, the accrued employees' compensation and directors' remuneration were as follows:

	Years ended December 31,	
	2022	2021
Employees' compensation	$ 7,360	$ 4,670
Directors' remuneration	5,661	4,017
	$ 13,021	$ 8,687

For the years ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on 1.32% and 2.5% as well as 1.02% and 2.15%, respectively, of distributable profit of current year as of the end of reporting period.

C. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. As at December 31, 2022 and 2021, the Company had 271 and 268 employees, including 4 non-employee directors.

F. Average employee benefit expenses in current and previous years were $772 and $679, respectively.

G. Average employees salaries in current and previous years were $638 and $567, respectively.

H. Adjustments of average employees salaries were 12.5%.

I. The Company has no supervisors as it has set up the audit committee.

J. The directors' emolument includes directors' salaries, transportation allowances and remuneration from earnings. Directors' salaries are determined based on the pay levels in the same industry. Transportation allowances are paid based on their attendance to the board meetings. Directors' remuneration from earnings are appropriated in accordance with the Articles of Incorporation of the Company, which shall be reviewed by the Remuneration Committee, resolved by the Board of Directors and approved at the shareholders' meeting. The salary to an individual director is determined based on each director's performance results assessed according to 'Regulations Governing the Board Performance Evaluation' and then calculated in accordance with the 'Rules for Distribution of Remuneration to Directors'. The salary payments shall be submitted to be reviewed by the Remuneration Committee and resolved by Board of Directors. Managers' and employees' emoluments include salaries, bonuses, employee compensations, pensions, etc. Salaries are determined based on the positions and responsibilities assumed by each manager or employee by reference to the pay levels for the same position in the same industry and the individual's performance results assessed according to 'Regulations Governing Performance Evaluation'. The managers' emolument shall be reviewed by the Remuneration Committee and resolved by the Board of Directors.

Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	$ 125,181	$ 36,200
Prior year income tax under (over)estimation	6	(398)
Total current tax	125,187	35,802
Deferred tax:		
Origination and reversal of temporary differences	1,007	6,882
Total deferred tax	1,007	6,882
Income tax expense	$ 126,194	$ 42,684

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	$ 76	($ 155)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 106,951	$ 35,688
Expenses disallowed by tax regulation	3,261	144
Tax exempt income by tax regulation	(2,097)	(6,428)
Temporary differences not recognised as deferred tax assets	18,073	13,994
Change in assessment of realisation of deferred tax assets	-	(316)
Prior year income tax overestimation	6	(398)
Income tax expense	$ 126,194	$ 42,684

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised exchange loss	$ 4,284	(588)	-	$ 3,696
Inventory valuation loss	3,784	2,336	-	6,120
Losses on valuation of financial instruments at fair value through profit or loss	2,422	(2,422)	-	-
Defined benefit plan	1,325	150	76	1,551
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	80,563
Others	2,517	30	-	2,547
	$ 94,895	($ 494)	$ 76	$ 94,477
Deferred tax liabilities:				
Gains on valuation of financial instruments at fair value through profit or loss	$ -	(513)	-	($ 513)
	$ 94,895	($ 1,007)	$ 76	$ 93,964

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised exchange loss	$ 8,890	($ 4,606)	$ -	$ 4,284
Inventory valuation loss	3,256	528	-	3,784
Losses on valuation of financial instruments at fair value through profit or loss	5,461	(3,039)	-	2,422
Defined benefit plan	1,522	(42)	(155)	1,325
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	80,563
Others	2,240	277	-	2,517
	$ 101,932	($ 6,882)	($ 155)	$ 94,895

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 250,821	$ 160,445

E. The Company's and domestic subsidiaries' income tax returns through 2020 have been assessed and approved by the Tax Authority.

F. As of December 31, 2022, relevant information of current income tax liabilities and non-current income tax liabilities is as follows:

	December 31, 2022		December 31, 2021	
	Income tax payable		Income tax payable	
	Current (Within an year)	Non-current (Over 1 year)	Current (Within an year)	Non-current (Over 1 year)
2019	$ -	$ -	$ 11,681	$ -
2020	21,025	10,513	21,025	31,538
2021	11,999	17,998	36,003	-
2022	110,840	-	-	-
	$ 143,864	$ 28,511	$ 68,709	$ 31,538

(a) The Company incurred an income tax of $35,997 from the 2021 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2020), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No. 11004575510 issued by the Ministry of Finance, R.O.C. on June 3, 2021.

(b) The Company incurred an income tax of $63,075 from the 2020 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2019), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020.

(c) The Company incurred an income tax of $48,654 from the 2019 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2018), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020.

Earnings per share

Earnings per share of ordinary shares:

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 408,560	74,124	$ 5.51
Diluted earnings per share			
Profit for the year	408,560	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	212	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	408,560	74,336	$ 5.50

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 135,753	74,124	$ 1.83
Diluted earnings per share			
Profit for the year	135,753	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	161	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 135,753	74,285	$ 1.83

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Supplemental cash flow information

A. Investing activities with partial cash payments in property, plant and equipment:

	December 31, 2022	December 31, 2021
Purchase of property, plant and equipment	$ 360,347	$ 270,245
Add: Opening balance of payable on equipment and construction	25,033	5,478
Ending balance of prepayments for business facilities	124,734	53,320
Less: Ending balance of payable on equipment and construction	(44,189)	(25,033)
Ending balance of notes payable	(102,954)	-
Opening balance of prepayments for business facilities	(53,320)	(92,424)
Cash paid during the year	$ 309,651	$ 211,586

B. Investing activities with partial cash payments in:

	December 31, 2022	December 31, 2021
Purchase of financial assets at fair value through profit or loss	$ 76,090	$ 121,050
Add: Opening balance of securities payables	3,573	-
Less: Ending balance of securities payables	(1,383)	(3,573)
Cash paid during the year	$ 78,280	$ 117,477

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Changes in liabilities from financing activities

	Short-term notes and bills payable	Long-term borrowings (including current portion)	Dividends payable	Lease liabilities (including non-current)	Liabilities from financing activities-gross
At January 1, 2022	$ 50,000	$ 646,025	$ -	$ 2,337	$ 698,362
Changes in cash flow from financing activities	(50,000)	86,705	(148,248)	(2,668)	(114,211)
Changes in other non-cash items	-	3,302	148,248	7,024	158,574
At December 31, 2022	$ -	$ 736,032	$ -	$ 6,693	$ 742,725

	Short-term notes and bills payable	Long-term borrowings (including current portion)	Dividends payable	Lease liabilities (including non-current)	Liabilities from financing activities-gross
At January 1, 2021	$ -	$ 678,293	$ -	$ 2,931	$ 681,224
Changes in cash flow from financing activities	50,000	(32,474)	(148,248)	(594)	(131,316)
Changes in other non-cash items	-	206	148,248	-	148,454
At December 31, 2021	$ 50,000	$ 646,025	$ -	$ 2,337	$ 698,362

Related Party Transactions

Names of related parties and relationship

Names of related parties	Relationship with the Company
RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	The Company's subsidiary
UNITED SKILLS CO., LTD. (UNITED SKILLS)	The Company's subsidiary
CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	The Company's subsidiary
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU FUTE)	The Company's subsidiary
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	The Company's subsidiary
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD. (LIAONING HETAI)	The Company's subsidiary

Significant related party transactions

A. Operating revenue

	Years ended December 31, 2022	Years ended December 31, 2021
Sales of goods:		
Subsidiaries	$ 13,756	$ 19,566

Goods are sold based on the price that would be available to general customers. The credit terms to related parties and general customer are 30~90 days and 60~120 days after the monthly billings, respectively.

B. Purchases

	Years ended December 31, 2022	Years ended December 31, 2021
Purchases of goods:		
Subsidiaries	$ 5,848	$ 8,227

Goods are purchased based on the price that would be available to general customers. The transaction price and payment terms are not significantly different from those of general suppliers. The payment terms of general manufacturers are prepayments.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
RISE BRIGHT	$ 9,603	$ 9,240
LIAONING HETAI	6,806	6,397
CHANG JIE	11,080	6,330
	$ 27,489	$ 21,967
Other receivables:		
Subsidiaries	$ 17,720	$ 17,636

The receivables from related parties arise mainly from sales of automatic equipment and goods.

Other receivables arise mainly from technical service revenue. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Prepayments (shown as other current assets)

	December 31, 2022	December 31, 2021
CHANG JIE	$ 11,758	$ 16,592

The prepayments mainly represent the purchase of steel products from CHANG JIE.

E. Technical service revenue (shown as other income)

	Years ended December 31,	
	2022	2021
CHANGSHU FUTE	$ 6,756	$ 10,756
Subsidiaries	11,056	10,083
	$ 17,812	$ 20,839

Technical service revenue refers to the supervision services rendered by the Company to CHANGSHU FUTE、LIAONING HETAI and CHANG JIE, including wages and salaries, meal expenses, insurance expenses and other expenses.

F. Loans to/from related parties

(a) Loans to related parties

i. Outstanding balance

	December 31, 2022	December 31, 2021
LIAONING HETAI	$ 127,885	$ 123,056
RISE BRIGHT	107,485	91,344
CHANGSHU FUTE	61,420	-
	$ 296,790	$ 214,400

ii. Interest receivable

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,778	$ 1,459

iii. Interest income

	Years ended December 31,	
	2022	2021
LIAONING HETAI	$ 5,692	$ 4,471
CHANGSHU FUTE	3,389	-
RISE BRIGHT	1,474	2,604
	$ 10,555	$ 7,075

The loans carry interest at 1.40%~4.35% per annum for both the years ended December 31, 2022 and 2021.

G. Endorsements and guarantees provided to related parties

Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 23,862	$ 15,789
Post-employment benefits	24	20
	$ 23,886	$ 15,809

Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment	$ 1,096,571	$ 1,042,303	Short-term borrowings and long-term borrowings
Financial assets at amortised cost - non-current (shown as other non-current assets)	300	300	Natural gas for manufacturing
	$ 1,096,871	$ 1,042,603	

Significant Contingent Liabilities and Unrecognised Contract Commitments

Contingencies

None.

Commitments

As at December 31, 2022 and 2021, the Company's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were $355,775 and $209,859, respectively.

Significant Disaster Loss

None.

Significant Events after the Balance Sheet Date

None.

Others

Capital management

A. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and to optimise the balance of liabilities and equity.

B. The Company's capital structure comprises net liabilities (borrowings net of cash and cash equivalents) and equity (common shares, capital surplus, retained earnings, other equity interest and non-controlling interests).

C. The Company has no obligation to comply with any external capital requirements.

D. The key management of the Company monitors the capital structure every year, including capital costs and related risks, and the Company may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds based on the advices from the management.

Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 118,291	$ 113,654
Financial assets at fair value through other comprehensive income		
Designation of equity instrument instrument	$ 75,247	$ 48,308
Financial assets at amortised cost		
Cash and cash equivalents	$ 905,487	$ 508,757
Financial assets at amortised cost	300	180,749
Notes receivable	14,275	16,066
Accounts receivable (including related parties)	254,684	189,138
Other receivables (including related parties)	321,000	241,659
Guarantee deposits paid	3,854	2,045
	$ 1,499,600	$ 1,138,414

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 12,111
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 50,000
Notes payable	179,943	92,502
Accounts payable	12,954	24,588
Other payables	132,118	90,541
Long-term borrowings (including current portion)	736,032	646,025
	$ 1,061,047	$ 903,656
Lease liabilities (including current portion)	$ 6,693	$ 2,337

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used for hedging exchange rate risk arising from export proceeds by using forward foreign exchange contracts.

(b) The Company treasury performs the financial risk management for each business unit. The treasury operates in domestic and international financial markets through planning and coordination, as well as monitors and manages the financial risks related to the Company's operation based on internal risk reports about exposure to risk with the analysis of the extent and width of risk.

The Board of Directors of the Company supervises the compliance by the management with financial risk policy and procedure, and reviews the appropriateness of structure of financial risk related to the Company. The internal auditors act as supervisors to assist the Board of Directors of the Company by conducting regular and irregular reviews, and report the results to the Board of Directors.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the United States Dollar and Chinese Ren Min Bi. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii.The Company is required to hedge their entire foreign exchange risk exposure with the treasury. Exchange rate risk is measured through a forecast of highly probable United States Dollar and Chinese Ren Min Bi expenditures. Company uses natural hedge to decrease the risk exposure in the foreign currency through the treasury.

iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan Dollars. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 36,581	30.71	$ 1,123,403
RMB : NTD	1,191	4.41	5,252
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	$ 17,118	30.71	$ 525,694

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 29,200	27.68	$ 808,256
RMB : NTD	4,464	4.34	19,374
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	$ 22,116	27.68	$ 612,171

v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $309,933 and ($63,759), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	1%	$	11,234	$	-
RMB : NTD	1%		53		-
Non-monetary items					
Investments accounted for using equity method					
USD : NTD	1%	$	5,257	Not applicable	

	Year ended December 31, 2021				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	1%	$	8,083	$	-
RMB : NTD	1%		194		
Non-monetary items					
Investments accounted for using equity method					
USD : NTD	1%	$	6,122	Not applicable	

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets (liabilities) at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company’s investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, per-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $3,801 and $1,137, respectively, as a result of losses/gains on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $701 and $483, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company’s main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During years ended December 31, 2022 and 2021, the Company’s borrowings at variable rate were mainly denominated in New Taiwan Dollars and United States Dollars.

ii. If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $736 and $650, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Company’s credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 3 months based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. In line with credit risk management procedure, the default occurs when the contract payments are past due over 180 days.

v. The Company used the forecastability to adjust historical and timely information to assess the default possibility of receivables (including notes receivables). On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	1 to 61 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
December 31, 2022							
Expected loss rate	0%~1%	1%~5%	30%~50%	70%~99%	100%	100%	
Total book value	$ 197,261	$ 41,634	$ 8,926	$ -	$ -	$ 904	$ 248,725
Loss allowance	-	(1,493)	(4,858)	-	-	(904)	($ 7,255)
	$ 197,261	$ 40,141	$ 4,068	$ -	$ -	$ -	$ 241,470

	Not past due	1 to 61 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
December 31, 2021							
Expected loss rate	0%~1%	1%~5%	25%~35%	70%~90%	100%	100%	
Total book value	$ 137,168	$ 43,529	$ 4,582	$ 158	$ -	$ 1,584	$ 187,021
Loss allowance	-	(674)	(1,388)	(138)	-	(1,584)	($ 3,784)
	$ 137,168	$ 42,855	$ 3,194	$ 20	$ -	$ -	$ 183,237

vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	December 31, 2022		
	Accounts receivable	Notes receivable	Total
At January 1	$ 3,622	$ 162	$ 3,784
Provision for impairment	3,913	-	3,913
Reversal of an impairment loss		(18)	(18)
Written-off	(424)	-	(424)
At December 31	$ 7,111	$ 144	$ 7,255

	December 31, 2021		
	Accounts receivable	Notes receivable	Total
At January 1	$ 3,011	$ 79	3,090
Provision for impairment	611	83	694
At December 31	$ 3,622	$ 162	$ 3,784

(c) Liquidity risk

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

ii.The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Fixed rate:		
Expiring within one year	$ -	$ 300,000
Expiring beyond one year	-	192,540
	$ -	$ 492,540
Floating rate:		
Expiring within one year	300,000	-
	$ 300,000	$ -

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Notes payable	$179,943	$ -	$ -	$ -	$ -	$ 179,943
Accounts payable	12,954	-	-	-	-	12,954
Other payables	132,118	-	-	-	-	132,118
Lease liabilities	2,299	1,739	1,630	1,177	-	6,845
Long-term borrowings (including current portion)	176,790	155,796	153,963	183,047	92,287	761,883

Non-derivative financial liabilities: December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Short-term notes and bills payable	$ 50,000	$ -	$ -	$ -	$ -	$ 50,000
Notes payable	92,502	-	-	-	-	92,502
Accounts payable	24,588	-	-	-	-	24,588
Other payables	90,541	-	-	-	-	90,541
Lease liabilities	622	622	622	519	-	2,385
Long-term borrowings (including current portion)	111,089	87,286	90,462	206,968	174,650	670,455

Derivative financial liabilities: December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Foreign exchange swap contracts	$ 12,111	$ -	$ -	$ -	$ -	$ 12,111

Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks and over-the-counter stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of financial instruments not measured at fair value are approximate to their fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables(including related parties), financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion) and guarantee deposits received.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 115,727	$ 2,564	$ -	$ 118,291
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 75,247	$ -	$ -	$ 75,247

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 113,654	$ -	$ -	$ 113,654
Financial assets at fair value through other comprehensive income				
- Equity securities	$ 48,308	$ -	$ -	$ 48,308
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss	$ -	$ 12,111	$ -	$ 12,111

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Foreign exchange swap contracts are usually valued based on the current foreign exchange swap rate.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level

Supplementary Disclosures

Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

Major shareholders information: Please refer to table 8.

Segment Information

Not applicable.

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		$ 198
Cash in banks:		
Checking accounts and NTD demand deposits		7,404
Foreign currency demand deposits	USD 651 at exchange rate approximately 1：30.71	20,000
Time deposits	USD 23,400 at exchange rate approximately 1：30.71	718,614
	RMB 1,190 at exchange rate approximately 1：4.408	5,245
Short-term notes and bills - Re-Purchase	USD 5,016 at exchange rate approximately 1：30.71	154,026
		$ 905,487

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Item	Description	Amount	Note
Related parties:		$ 27,489	
Non-related parties:			
A client		$ 84,383	
B client		33,429	
C client		20,216	
D client		11,910	
Others		84,368	None of the balance of each remaining client is greater than 5% of this account balance
		$ 234,306	
Less: Allowance for uncollectible accounts		(7,111)	
		$ 227,195	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount: Cost	Amount: Market Value	Note
Materials:		$ 39,303	$ 39,562	Replacement cost method
Work in progress		6,801	13,052	Net Realisable Value
Semi-finished goods		3,727	17,316	Net Realisable Value
Finished goods		138,650	180,720	Net Realisable Value
Merchandises		386	438	Net Realisable Value
		188,867	$ 251,088	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories		(30,598)		
		$ 158,269		

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name of Financial	Description	Shares	Face Value	Total Amount	Interest Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price	Total Amount	

Information on Financial Assets Measured at Fair Value through profit or loss for the year is provided in 6(3) and table3.

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net			
Nane	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
RISE BRIGHT	-	$ 612,168	-	$ -	-	($ 86,476)	-	100%	$ 525,692	-	$ 525,692	None	Note 1
UNITED SKILLS CO., LTD.	5,000	49,619	-	-	-	(1,334)	5,000	100%	48,285	10	48,285	None	Note 2
		$ 661,787		$ -		($ 87,810)			$ 573,977		$ 573,977		

Note 1: The investee is a limited company without shares. The shareholding ratio is calculated proportionately to the contributed amount.

Note 2: The amounts of shares are expressed in thousands of New Taiwan dollars.

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note

Information on change in property, plant and equipment for the year is provided in Note 6(8).

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
O-Bank	Medium- and long-term borrowings	$ 6,662	2016.08.31-2023.02.15	1.55%	None	
Bank of Taiwan	Medium- and long-term borrowings	13,833	2018.11.26-2023.11.26	1.13%	None	
Bank of Taiwan	Medium- and long-term borrowings	48,000	2019.12.26-2026.12.26	1.13%	None	
Bank of Taiwan	Medium- and long-term borrowings	235,764	2016.01.06-2031.01.06	1.66%	Land	
Bank of Taiwan	Medium- and long-term borrowings	368,000	2019.12.26-2026.12.26	1.13%	Machinery and equipment	
Bank of Taiwan	Medium- and long-term borrowings	64,000	2019.12.26-2029.12.26	1.13%	Building	
		736,259				
Less: Long-term borrowings, current portion		(169,662)				
Less: Government grant discounts		(227)				
		$ 566,370				

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Volume	Amount	Note
Auto parts	1,456,000	$ 1,263,168	
Others		7,732	None of the balance of each remaining item is greater than 5% of this account balance
		1,270,900	
Less: Sales discounts and allowances as well as sales returns		(11,193)	
		$ 1,259,707	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF COST OF GOOD SOLD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount
Beginning inventories	$ 677
Add: Purchase for the year	6,237
Less: Ending inventories	(386)
Cost of goods purchased and sold	6,528
Beginning raw materials	34,456
Add: Purchase for the year	273,983
Gain on physical inventory for raw materials	3,763
Transferred from work in progress	1,255
Less: Ending inventories	(39,303)
Transfer to various expenses	(3,557)
Raw materials used	270,597
Add: Direct labor	85,682
Manufacturing expense	413,803
Manufacturing cost	770,082
Add: Beginning work in progress	11,689
Purchase for the year	314
Less: Ending work in progress	(10,528)
Loss on physical inventory for work in progress	(275)
Loss on disposals	(143)
Transferred to various expenses	(1,778)
Work in progress sold	(15)
Cost of finished goods	769,346
Add: Beginning finished goods	149,223
Less: Ending finished goods	(138,650)
Transferred to various expenses	(3,779)
Transferred to property, plant and equipment	(4,318)
Loss on physical inventory for finished goods	(1,052)
Loss on scrapping of finished goods	(254)
Cost of goods manufactured and sold	770,516
Cost of goods purchased and sold	6,528
Loss on slow-moving inventories and valuation loss	11,678
Gain on physical inventories	(2,436)
Loss on scrapping of inventories	397
Gain on material and work in progress sold	15
Cost adjustments	140
Operating costs	$ 786,838

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF COST OF GOOD SOLD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Depreciation		$ 264,824	
Utilities expense		43,261	
Wages and salaries		26,172	
Amortisations		2,863	
Other expenses		76,683	None of the balance of each remaining client is greater than 5% of this account balance
		$ 413,803	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Selling expenses	Administrative expenses	Research and development expenses	Note
Import/export (customs) expense	$ 41,782	$ -	$ -	
Wages and salaries	20,005	37,401	11,134	
Freight	14,820	-	884	
Charity		12,186		
Depreciation	1,631	5,531	7,269	
Inspection fee	-	-	5,992	
Amortisations	51	1,860	5,005	
Sample fee	-	-	3,621	
Insurance expense	1,077	3,054	975	
Service fee	-	2,712	538	
Utilities expense	394	634	1,672	
Other expenses	11,538	20,471	15,939	None of the balance of each remaining client is greater than 5% of this account balance
	$ 91,298	$ 83,849	$ 53,029	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note

Information on other income for the year is provided in Note 6(21).

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER INCOME AND EXPENSES, NET
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note

Information on other income and expenses for the year is provided in Note 6(22).

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Item	Description	Amount	Note

Information on finance cost for the year is provided in Note 6(23).

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Function / Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Information on employee benefits, depreciation and amortisation expenses for the year is provided in Notes 6(24) and (25).						

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (Note 6,7 and 8)	Actual amount drawn down (Note 2)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	$ 322,455	$ 107,485	$ 107,485	1.40%	2	$ -	Operating capital	$ -	N	$ -	$ 371,430	$ 1,485,723	Notes 5 and 7
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	347,210	193,660	61,420	4.35%	2	-	Operating capital	-	N	-	371,430	1,485,723	Notes 6 and 8
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	255,664	127,832	127,885	4.35%	2	-	Operating capital	-	N	-	371,430	1,485,723	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Balance at December 31, 2022 and actual amount drawn down were calculated at the USD and RMB buying and selling spot exchange rate of 30.71 and 4.408 on December 31, 2022.

Note 3: Limit on total loans granted to others by the Company is 40% of the net assets and limit on loans granted to a single party is 10% of the net assets.

Note 4: The nature of the loan are as follows:

(1) Fill in '1' for business transaction.

(2) Fill in '2' for short-term financing.

Note 5: The maximum outstanding balance of loans granted to o RISE BRIGHT HOLDINGS LTD. by Y.C.C. amounted to NT$322,455. This is because the amount of NT$322,455 includes NT$214,970 that was matured on May 27, 2022. The remaining total facility was NT$107,485.

Note 6: The maximum outstanding balance of loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. by Y.C.C. amounted to NT$347,210. This is because the amount of NT$347,210 includes NT$92,130 that was matured on March 16, 2022 and the amount of NT$61,420 was paid off on January 28, 2022. Meanwhile, a new facility of NT$30,710 and NT$132,240 that were added at the Board of Directors' meeting on March 10, 2022 and November, 11, 2022 respectively. The remaining total facility was NT$193,660.

Note 7: Loans granted to RISE BRIGHT HOLDINGS LTD. approved by the Board of Directors amounted to US$3,500 thousand.

Note 8: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US$2,000 thousand and RMB$ 30,000 thousand.

Note 9: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to RMB$ 29,000 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantees amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	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	Footnote
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	3	$ 742,861	$ 76,775	$ -	$ -	-	0.00%	$ 1,485,723	Y	N	Y	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the Company is classified into the following three categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed company.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

Note 3: The Company's limit on total endorsements/guarantees is 40% of net assets and limit on endorsements/guarantees provided for a single party is 20% of net assets.

Note 4: Balance at December 31, 2022 and actual amount drawn down were calculated at the USD buying and selling spot exchange rate of 30.71 on December 31, 2022.

Note 5: Endorsements and guarantees to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US$3,000 thousand. Unused amount of US$1,000 thousand has been cancelled by the Board of Directors on August 9, 2022.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Current financial assets at fair value through profit or loss	443,000	$ 27,517	0.53%	$ 19,004	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Current financial assets at fair value through profit or loss	2,518,000	25,540	1.52%	62,572	
Y.C.C. PARTS MFG. CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	67,000	1,030	0.08%	1,022	
Y.C.C. PARTS MFG. CO., LTD.	LASTER TECH CO., LTD.	N	Current financial assets at fair value through profit or loss	40,000	1,381	0.04%	1,380	
Y.C.C. PARTS MFG. CO., LTD.	SHUN ON ELECTRONIC CO., LTD.	N	Current financial assets at fair value through profit or loss	73,000	3,342	0.05%	2,329	
Y.C.C. PARTS MFG. CO., LTD.	NUUO INC.	N	Current financial assets at fair value through profit or loss	5,071	278	0.04%	181	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	833,000	37,716	0.24%	29,238	
UNITED SKILLS CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	355,000	5,132	0.42%	5,415	
UNITED SKILLS CO., LTD.	EVERGREEN MARINE CO., LTD.	N	Current financial assets at fair value through profit or loss	10,000	1,590	0.00%	1,630	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,228	0.02%	1,220	
UNITED SKILLS CO., LTD.	SHIEH YIH MACHINERY INDUSTRY CO., LTD.	N	Current financial assets at fair value through profit or loss	62,000	680	0.04%	651	
UNITED SKILLS CO., LTD.	COWEALTH MEDICAL HOLDING CO., LTD.	N	Current financial assets at fair value through profit or loss	68,000	2,038	0.09%	1,690	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	551	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	5,000	235	0.00%	175	
			Valuation adjustment		18,582		$ 127,058	
					$ 127,058			
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Non-current financial assets at fair value through other comprehensive income	855,000	$ 81,856	1.02%	$ 36,680	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Non-current financial assets at fair value through other comprehensive income	1,552,000	19,931	0.94%	38,567	
			Valuation adjustment		(26,540)		$ 75,247	
					$ 75,247			

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (Note 1)	Turnover rate (Note 4)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 5)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	Subsidiary	$ 136,280	-	$ -	-	$ -	$ -	Note 2
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	117,991	10.00	-	-	430	-	Note 3

Note 1: The transactions were eliminated when preparing the consolidated financial statements.

Note 2: It pertains to principal and interest aggregating to $129,474 from loans to the subsidiary and sales of equipment amounting to $6,806 shown as other receivables.

Note 3: It pertains to principal and interest aggregating to $108,388 from loans to the subsidiary and sales of equipment and products amounting to $9,603 shown as other receivables.

Note 4: Only accounts receivable was used for the calculation of turnover rate.

Note 5: Subsequent collection is the amount collected as of February 28, 2023.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				
				General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Other receivables	$	117,991	Based on the contract	2.00%
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Revenue		13,351	Based on the contract	0.70%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables		67,233	Based on the contract	1.20%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables		136,280	Based on the contract	2.40%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivables		11,080	Based on the contract	0.20%
1	CHANG JIE TECHNOLOGY CO., LTD.	Y.C.C. PARTS MFG. CO., LTD.	2	Contract Liabilities		11,758	Based on the contract	0.20%
1	CHANG JIE TECHNOLOGY CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	3	Accounts receivables		10,168	Based on the contract	0.20%
2	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	3	Other receivables		22,650	Based on the contract	0.40%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, and subsidiaries or between subsidiaries refer to it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amount that did not reach $10 million or more will not be disclosed.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investees

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Manufacturing vehicles and their parts	$ 50,000	$ 50,000	5,000	100.00%	$ 48,285	($ 1,334)	($ 1,334)	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	525,692	(90,367)	(90,367)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	468,991	(79,855)	(71,422)	Subsidiary (Note)

Note: The company does not hold any share in the investee because the investee is a limited company.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the Year ended December 31, 2022: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the Year ended December 31, 2022: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan of Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnte
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and electronic plastic parts	$ 423,150	2	$ 827,609	$ -	$ -	$ 827,609	($ 84,618)	89.44%	($ 75,682)	$ 199,392	$ -	Note 3 Note 7
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD.	Injecting and surface coating parts of air bags with inflation system,covers, interior and exterior accessories of air bag and electronic equipment systems	347,588	2	268,009	-	-	268,009	5,141	73.89%	3,799	160,080	-	Note 4
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	Manufacturing and selling parts, interior and exterior accessories and electronic system parts of automobiles and molds, gauges, clamps and jigs for injection	60,450	2	63,055	-	-	63,055	1,425	89.44%	1,275	56,241	-	Note 5
CHANG JIE TECHNOLOGY CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and automatic production equipments for spraying	176,406	2	177,602	-	-	177,602	(16,730)	99.83%	(16,702)	152,090	-	Note 6

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in existing companies in the third area, RISE BRIGHT HOLDINGS LTD. and CHINA FIRST HOLDINGS LTD. , which then invested in the investee in Mainland China.

(3) Others.

Note 2: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 3: Paid-in capital is US$14,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$26,300 thousand.

Note 4: Paid-in capital is US$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$8,591 thousand.

Note 5: Paid-in capital is US$2,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$2,000 thousand.

Note 6: Paid-in capital is US$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$6,070 thousand.

Note 7: 'Investment income (loss) recognised by the Company for the Year ended December 31, 2022 was based on the financial statements that were reviewed by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Y.C.C. PARTS MFG. CO., LTD.	$ 1,336,275	$ 1,337,564	$ 2,228,585

Note 1: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 2: Calculation for ceiling on investments in Mainland China (60% of net assets) is based on MOEA "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area".

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US$42,961 thousand. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) was US$42,951 thousand.

Note 4: The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) to CHANG JIE TECHNOLOGY CO., LTD. was RMB$10,000 thousand.

There is US$10 thousand difference with MOEA due to exchange rate fluctuations. Paid-in capital is US$1,560 thousand and accumulated amount of remittance from Taiwan to Mainland China is US$1,570 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	11,791,000	15.90%
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	10,731,000	14.47%
HE HAN INVESTMENT CO.,LTD	7,586,503	10.23%
RU HAN INVESTMENT CO.,LTD	5,964,420	8.04%
HUANG KAI INVESTMENT CO.,LTD	5,791,500	7.81%

Description: If the company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(1) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.
The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form because of a different calculation basis.

(2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data that was disclosed was the settlor's separate account for the fund set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to the Market Observation Post System.

昭輝實業股份有限公司

Y.C.C. PARTS MFG. CO.,LTD.

Chairman: Hao-Chen Lin