

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

**FINANCIAL STATEMENTS AND INDEPENDENT**

**AUDITORS' REPORT**

**DECEMBER 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## 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:

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(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.

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 Company's business and industry and assessed the reasonableness of provision policies in the determination of allowance for inventory valuation losses.
2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. 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.
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.

### ***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:

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 Company'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 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.
5. 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.
6. 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

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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		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
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
<b>Total current assets</b>		1,798,825	36	1,456,605	33
<b>Non-current assets</b>					
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
<b>Total non-current assets</b>		3,168,535	64	3,018,623	67
<b>Total assets</b>		\$ 4,967,360	100	\$ 4,475,228	100

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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		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Short-term notes and bills payable	6(11)	\$ -	-	\$ 50,000	1
Current financial liabilities at fair value	6(2)				
through profit or loss		-	-	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	-
<b>Total current liabilities</b>		<u>643,585</u>	<u>13</u>	<u>447,374</u>	<u>10</u>
<b>Non-current liabilities</b>					
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	-
<b>Total non-current liabilities</b>		<u>609,466</u>	<u>12</u>	<u>584,450</u>	<u>13</u>
<b>Total liabilities</b>		<u>1,253,051</u>	<u>25</u>	<u>1,031,824</u>	<u>23</u>
<b>Equity</b>					
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)	-
<b>Total equity</b>		<u>3,714,309</u>	<u>75</u>	<u>3,443,404</u>	<u>77</u>
Significant contingent liabilities and unrecognised contract commitments	9				
<b>Total liabilities and equity</b>		<u>\$ 4,967,360</u>	<u>100</u>	<u>\$ 4,475,228</u>	<u>100</u>

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)

Items	Notes	Year ended December 31			
		2022		2021	
		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)
<b>Profit before income tax</b>		534,754	42	178,437	16
Income tax expense	6(26)	( 126,194)	( 10)	( 42,684)	( 4)
<b>Profit from continuing operations</b>		408,560	32	135,753	12
<b>Profit</b>		\$ 408,560	32	\$ 135,753	12
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
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)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
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)
<b>Other comprehensive (loss) income</b>		\$ 10,593	1	( \$ 14,208)	( 1)
<b>Total comprehensive income</b>		\$ 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)

			Retained Earnings			Other equity interest				
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
	Notes	Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
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

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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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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		<u>\$ 905,487</u>	<u>\$ 508,757</u>

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)

1. 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.

2. 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.

3. Application of New Standards, Amendments and Interpretations

(1) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(2) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(3) 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.

4. 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.

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) Derecognition of financial assets

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

(12) 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.

(13) 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.

(14) 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.

(15) 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

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) Derecognition of financial liabilities

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

(23) 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.

(24) 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.

(25) 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 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.

(26) 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.

(27) 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.

(28) 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.

(29) 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.

5. 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:

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

None.

(2) 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.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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
	<u>\$ 905,487</u>	<u>\$ 508,757</u>
Interest rate range		
Time deposits	<u>0.95%~4.35%</u>	<u>0.07%~0.30%</u>

- 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.

### (2) Financial assets and liabilities at fair value through profit or loss - current

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 96,804	\$ 100,259
Valuation adjustment	18,922	13,395
Total	<u>\$ 115,726</u>	<u>\$ 113,654</u>
Financial assets (liabilities) held for trading		
Foreign exchange swap contracts	<u>\$ 2,565</u>	<u>(\$ 12,111)</u>
Total amount of financial assets at fair value through profit or loss	<u>\$ 118,291</u>	<u>\$ 113,654</u>
Total amount of financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 12,111)</u>

- 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:

	December 31, 2022	
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount</u> <u>(Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 26,100 thousand	2022.12.05 ~ 2023.01.30
	December 31, 2021	

<u>Derivative financial assets (liabilities)</u>	<u>Contract amount</u> <u>(Notional principal)</u>	<u>Maturity period</u>
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).

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

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

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,	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	\$ 7,008	(\$ 3,933)
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 2,993</u>

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.

(4) 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).

(5) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	\$ 14,419	\$ 16,228
Less: Allowance for uncollectible accounts	( 144)	( 162)
	<u>\$ 14,275</u>	<u>\$ 16,066</u>
	December 31, 2022	December 31, 2021
Accounts receivable	\$ 234,306	\$ 170,793
Less: Allowance for uncollectible accounts	( 7,111)	( 3,622)
	<u>\$ 227,195</u>	<u>\$ 167,171</u>

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
	<u>\$ 14,419</u>	<u>\$ 234,306</u>	<u>\$ 16,228</u>	<u>\$ 170,793</u>

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).

(6) 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	<u>\$ 188,867</u>	<u>(\$ 30,598)</u>	<u>\$ 158,269</u>
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	<u>\$ 196,045</u>	<u>(\$ 18,920)</u>	<u>\$ 177,125</u>

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
	<u>\$ 786,838</u>	<u>\$ 745,780</u>

(7) 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)	<u>48,285</u>	<u>49,619</u>
	<u>\$ 573,977</u>	<u>\$ 661,787</u>

- 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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(8) Property, plant and equipment

		Year ended December 31, 2022				
		<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending balance</u>
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
	\$	<u>5,156,472</u>	<u>\$ 360,347</u>	<u>(\$ 33,942)</u>	<u>\$ 57,875</u>	<u>\$ 5,540,752</u>
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)
	(\$	<u>3,016,093)</u>	<u>(\$ 276,987)</u>	<u>\$ 33,419</u>	<u>\$ -</u>	<u>(\$ 3,259,661)</u>
Total	\$	<u>2,140,379</u>				<u>\$ 2,281,091</u>

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
	<u>\$ 4,948,721</u>	<u>\$ 252,653</u>	<u>(\$ 62,494)</u>	<u>\$ 17,592</u>	<u>\$ 5,156,472</u>
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)
	<u>(\$ 2,816,118)</u>	<u>(\$ 260,624)</u>	<u>\$ 60,649</u>	<u>\$ -</u>	<u>(\$ 3,016,093)</u>
Total	<u>\$ 2,132,603</u>				<u>\$ 2,140,379</u>

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%

(9) 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
<u>Items affecting profit or loss</u>		
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.

(10) 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
	<u>\$ 136,813</u>	<u>\$ 69,012</u>

(11) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	<u>\$ -</u>	<u>\$ 50,000</u>
Interest rate range	<u>-</u>	<u>0.86%</u>

The abovementioned commercial paper payable was guaranteed by International Bills Finance Corporation

(12) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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
	<u>\$ 132,118</u>	<u>\$ 90,541</u>

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(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2022</u>
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
			<u>\$ 736,259</u>
Less: Current portion			( 169,662)
Less: Discount on government grants			( 227)
			<u>\$ 566,370</u>
Interest rate range			<u>1.13%~1.66%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2021</u>
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
			<u>\$ 649,554</u>
Less: Current portion			( 105,835)
Less: Discount on government grants			( 3,529)
			<u>\$ 540,190</u>
Interest rate range			<u>0.75%~1.00%</u>

(14) 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.

(15) 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 20,037	\$ 18,546
Fair value of plan assets	( 14,153)	( 12,865)
Net defined benefit liability	<u>\$ 5,884</u>	<u>\$ 5,681</u>

(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
	<u>18,639</u>	<u>(12,930)</u>	<u>5,709</u>
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	<u>1,729</u>	<u>-</u>	<u>1,729</u>
	<u>1,398</u>	<u>(1,017)</u>	<u>381</u>
Pension fund contribution	<u>-</u>	<u>(206)</u>	<u>(206)</u>
Balance at December 31	<u>\$ 20,037</u>	<u>(\$ 14,153)</u>	<u>\$ 5,884</u>
	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
	<u>19,149</u>	<u>(12,459)</u>	<u>6,690</u>
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	<u>(749)</u>	<u>-</u>	<u>(749)</u>
	<u>(603)</u>	<u>(173)</u>	<u>(776)</u>
Pension fund contribution	<u>-</u>	<u>(233)</u>	<u>(233)</u>
Balance at December 31	<u>\$ 18,546</u>	<u>(\$ 12,865)</u>	<u>\$ 5,681</u>

(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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	<u>1.13%</u>	<u>0.5%</u>
Future salary increases	<u>2.50%</u>	<u>2.25%</u>

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 209)</u>	<u>\$ 215</u>	<u>\$ 208</u>	<u>(\$ 204)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 130)</u>	<u>\$ 403</u>	<u>\$ 393</u>	<u>(\$ 122)</u>

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.

(16) 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:

company holding the shares	Reason for reacquisition	December 31, 2022		December 31, 2021	
		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.

(17) 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.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Used to offset deficits, distributed as cash dividends</u> <u>or transferred to share capital (Note 1)</u>		
Additional paid-in capital in excess of par-ordinary share	\$ <u>1,163,298</u>	\$ <u>1,163,298</u>
Difference between consideration and carrying amount of associates accounted for using equity method	\$ <u>2,125</u>	\$ <u>2,125</u>
<u>Used to offset accumulated deficits only (Note 2)</u>		
Changes in ownership interests in associates accounted for using equity method	\$ <u>27,926</u>	\$ <u>27,926</u>

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.

(18) 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.

(19) 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
	<u>\$ 1,259,707</u>	<u>\$ 1,134,285</u>

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	\$ 2,811	\$ 2,485	\$ 1,694
- advance sales receipts			

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.

(20) 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
	<u>\$ 21,893</u>	<u>\$ 9,218</u>

(21) Other income

	Years ended December 31,	
	2022	2021
Rent income	\$ 3,958	\$ 3,117
Dividend income	4,958	4,111
Other income - others	32,853	29,666
	<u>\$ 41,769</u>	<u>\$ 36,894</u>

(22) Other gains and losses

	Years ended December 31,	
	2022	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)
	<u>\$ 331,936</u>	<u>(\$ 13,246)</u>

(23) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense	\$ 11,134	\$ 7,958
Less: Capitalisation of qualifying assets	( 1,193)	( 1,972)
	<u>\$ 9,941</u>	<u>\$ 5,986</u>

(24) 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
	<u>\$ 392,675</u>	<u>\$ 107,515</u>	<u>\$ 500,190</u>

	Year ended December 31, 2021		
	Classified as	Classified as	
	Operating Costs	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
	<u>\$ 380,922</u>	<u>\$ 71,308</u>	<u>\$ 452,230</u>

(25) Employee benefit expense

	Year ended December 31, 2022		
	Classified as	Classified as	
	Operating Costs	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
	<u>\$ 124,988</u>	<u>\$ 86,168</u>	<u>\$ 211,156</u>

	Year ended December 31, 2021		
	Classified as	Classified as	
	Operating Costs	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
	<u>\$ 126,732</u>	<u>\$ 57,119</u>	<u>\$ 183,851</u>

- 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
	<u>\$ 13,021</u>	<u>\$ 8,687</u>

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.

(26) 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 other comprehensive income		December 31
		profit or loss		
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
	<u>\$ 94,895</u>	<u>(\$ 494)</u>	<u>\$ 76</u>	<u>\$ 94,477</u>
Deferred tax liabilities:				
Gains on valuation of financial instruments at fair value through profit or loss	\$ -	( 513)	-	(\$ 513)
	<u>\$ 94,895</u>	<u>(\$ 1,007)</u>	<u>\$ 76</u>	<u>\$ 93,964</u>
2021				
	January 1	Recognised in other comprehensive income		December 31
		profit or loss		
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
	<u>\$ 101,932</u>	<u>(\$ 6,882)</u>	<u>(\$ 155)</u>	<u>\$ 94,895</u>



D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Income tax payable</u>		<u>Income tax payable</u>	
	Current	Non-current	Current	Non-current
	(Within an year)	(Over 1 year)	(Within an year)	(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	-	-	-
	<u>\$ 143,864</u>	<u>\$ 28,511</u>	<u>\$ 68,709</u>	<u>\$ 31,538</u>

- (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.

(27) Earnings per share

Earnings per share of ordinary shares:

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 408,560</u>	<u>74,124</u>	<u>\$ 5.51</u>
<u>Diluted earnings per share</u>			
Profit for the year	408,560	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	<u>-</u>	<u>212</u>	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>408,560</u>	<u>74,336</u>	<u>\$ 5.50</u>
	Year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 135,753</u>	<u>74,124</u>	<u>\$ 1.83</u>
<u>Diluted earnings per share</u>			
Profit for the year	135,753	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	<u>-</u>	<u>161</u>	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 135,753</u>	<u>74,285</u>	<u>\$ 1.83</u>

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(28) Supplemental cash flow information

A. Investing activities with partial cash payments in property, plant and equipment:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 309,651</u>	<u>\$ 211,586</u>

B. Investing activities with partial cash payments in:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 78,280</u>	<u>\$ 117,477</u>

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(29) 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	<u>\$ -</u>	<u>\$ 736,032</u>	<u>\$ -</u>	<u>\$ 6,693</u>	<u>\$ 742,725</u>
	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	<u>\$ 50,000</u>	<u>\$ 646,025</u>	<u>\$ -</u>	<u>\$ 2,337</u>	<u>\$ 698,362</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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

### (2) Significant related party transactions

#### A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Subsidiaries	\$ <u>13,756</u>	\$ <u>19,566</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Subsidiaries	\$ <u>5,848</u>	\$ <u>8,227</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
RISE BRIGHT	\$ 9,603	\$ 9,240
LIAONING HETAI	6,806	6,397
CHANG JIE	<u>11,080</u>	<u>6,330</u>
	\$ <u>27,489</u>	\$ <u>21,967</u>
Other receivables:		
Subsidiaries	\$ <u>17,720</u>	\$ <u>17,636</u>

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)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CHANG JIE	\$ <u>11,758</u>	\$ <u>16,592</u>

The prepayments mainly represent the purchase of steel products from CHANG JIE.

E. Technical service revenue (shown as other income)

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
CHANGSHU FUTE	\$ 6,756	\$ 10,756
Subsidiaries	<u>11,056</u>	<u>10,083</u>
	\$ <u>17,812</u>	\$ <u>20,839</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LIAONING HETAI	\$ 127,885	\$ 123,056
RISE BRIGHT	107,485	91,344
CHANGSHU FUTE	<u>61,420</u>	<u>-</u>
	\$ <u>296,790</u>	\$ <u>214,400</u>

ii. Interest receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ <u>2,778</u>	\$ <u>1,459</u>

iii. Interest income

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
LIAONING HETAI	\$ 5,692	\$ 4,471
CHANGSHU FUTE	3,389	-
RISE BRIGHT	<u>1,474</u>	<u>2,604</u>
	\$ <u>10,555</u>	\$ <u>7,075</u>

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.

(3) 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
	<u>\$ 23,886</u>	<u>\$ 15,809</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
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
	<u>\$ 1,096,871</u>	<u>\$ 1,042,603</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) 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.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) 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.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 118,291</u>	<u>\$ 113,654</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument instrument	<u>\$ 75,247</u>	<u>\$ 48,308</u>
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	<u>3,854</u>	<u>2,045</u>
	<u>\$ 1,499,600</u>	<u>\$ 1,138,414</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 12,111</u>
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)	<u>736,032</u>	<u>646,025</u>
	<u>\$ 1,061,047</u>	<u>\$ 903,656</u>
Lease liabilities (including current portion)	<u>\$ 6,693</u>	<u>\$ 2,337</u>



## 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

#### Foreign exchange risk

- 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)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 36,581	30.71	\$ 1,123,403
RMB : NTD	1,191	4.41	5,252
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>			
USD:NTD	\$ 17,118	30.71	\$ 525,694
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<b>(Foreign currency: functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 29,200	27.68	\$ 808,256
RMB : NTD	4,464	4.34	19,374
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>			
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
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	11,234	\$ -
RMB : NTD	1%		53	-
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>				
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
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	8,083	\$ -
RMB : NTD	1%		194	
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>				
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
<u>December 31, 2022</u>							
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)
	<u>\$ 197,261</u>	<u>\$ 40,141</u>	<u>\$ 4,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,470</u>
	Not past due	1 to 61 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>December 31, 2021</u>							
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)
	<u>\$ 137,168</u>	<u>\$ 42,855</u>	<u>\$ 3,194</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,237</u>

- 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	<u>\$ 7,111</u>	<u>\$ 144</u>	<u>\$ 7,255</u>
	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	<u>\$ 3,622</u>	<u>\$ 162</u>	<u>\$ 3,784</u>

(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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed rate:		
Expiring within one year	\$ -	\$ 300,000
Expiring beyond one year	-	192,540
	<u>\$ -</u>	<u>\$ 492,540</u>
Floating rate:		
Expiring within one year	300,000	-
	<u>\$ 300,000</u>	<u>\$ -</u>

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	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
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	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
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	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Foreign exchange swap contracts	\$ 12,111	\$ -	\$ -	\$ -	\$ -	\$ 12,111

(3) Fair value information

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 115,727</u>	<u>\$ 2,564</u>	<u>\$ -</u>	<u>\$ 118,291</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 75,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,247</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 113,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,654</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 48,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,308</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 12,111</u>	<u>\$ -</u>	<u>\$ 12,111</u>

(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:

	<u>Listed shares</u>
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.



### 13. Supplementary Disclosures

#### (1) 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.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

#### (3) 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).

#### (4) Major shareholders information: Please refer to table 8.

### 14. Segment Information

Not applicable.

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 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		Limit on loans	Ceiling on total loans granted (Note 3)	Footnote
					balance during the year ended December 31, 2022								party (Note 3)	Value			
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 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														
														Expressed in thousands of NTD (Except as otherwise indicated)
Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
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				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	
			Valuation adjustment		<u>18,922</u>		<u>\$ 115,726</u>	
					<u>\$ 115,726</u>			
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		<u>(26,540)</u>		<u>\$ 75,247</u>	
					<u>\$ 75,247</u>			

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			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
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.

Table 6

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries											
Information on investees											
Year ended December 31, 2022											
Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			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
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
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.

Table 7

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2022

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	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the Year ended		Accumulated amount of	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	Footnte
				remittance	December 31, 2022		remittance					investment income	
				from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	from Taiwan of Mainland China as of December 31, 2022					remitted back to Taiwan as of December 31, 2022	
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

- (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.

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
		<u>\$ 905,487</u>

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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			None of the balance of each remaining client is greater than 5% of this account balance
		84,368	
		\$ 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		Note
		Cost	Market Value	
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	<u>\$ 251,088</u>	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories		( 30,598)		
		<u>\$ 158,269</u>		

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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

Financial				Total	Interest		Accumulated	Fair Value		
Instrument	Description	Shares	Face Value	Amount	Rate	Cost	Impairment	Unit Price	Total Amount	Note
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

	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>			<u>Market Value or Net</u>			
								Percentage					
								of					
Nane	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit	Total	Collateral	Note
										Price <th>Amount</th> <td></td> <td></td>	Amount		
RISE BRIGH	-	\$612,168	-	\$ -	-	(\$ 86,476)	-	100%	\$ 525,692	-	\$ 525,692	None	Note 1
UNITED								100%					
SKILLS												None	Note 2
CO., LTD.	5,000	<u>49,619</u>	-	<u>-</u>	-	<u>( 1,334)</u>	5,000		<u>48,285</u>	10	<u>48,285</u>		
		<u>\$661,787</u>		<u>\$ -</u>		<u>(\$ 87,810)</u>			<u>\$ 573,977</u>		<u>\$ 573,977</u>		

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

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Collateral</u>	<u>Note</u>
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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	
		<u>736,259</u>				
Less: Long-term borrowings, current portion	(	169,662)				
Less: Government grant discounts	(	227)				
		<u>\$ 566,370</u>				



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			None of the balance of each remaining item is greater than 5% of this account balance
		7,732	
		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 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			None of the balance of each remaining client is greater than 5% of this account balance
		76,683	
		<u>\$ 413,803</u>	

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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				None of the balance of each remaining client is greater than 5% of this account balance
	11,538	20,471	15,939	
	<u>\$ 91,298</u>	<u>\$ 83,849</u>	<u>\$ 53,029</u>	

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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

	Beginning			Ending		
<u>Item</u>	<u>Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance</u>	<u>Collateral</u>	<u>Note</u>

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
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Information on other income and expenses for the year is provided in Note 6(22).

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Y.C.C. PARTS MFG. CO., LTD.  
STATEMENT OF FINANCE COOST  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Statement 14

Item	Description	Amount	Note
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Information on finance cost for the year is provided in Note 6(23).

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Y.C.C. PARTS MFG. CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY  
FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

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).						