

**YONYU PLASTICS CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

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.

YONYU PLASTICS CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In connection with the Consolidated Financial Statements of Affiliated Enterprises of YONYU PLASTICS CO., LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2022 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of YONYU PLASTICS CO., LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard No.10 that came into effect as endorsed by the Financial Supervisory Commission, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, YONYU PLASTICS CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Hereby declare,

YONYU PLASTICS CO., LTD.

February 23, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Yonyu Plastics Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Valuation of allowance for inventories

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation loss are \$651,590 thousand and \$43,635 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of a range of daily plastic products. Due to changes in market demands and sales strategies, there is a risk of inventory valuation loss or having obsolete inventories. The Group's inventories are measured at the lower of cost and net realisable value. For inventories that are over a certain age and individually identified as obsolete, the net realisable values are evaluated based on the historical inventory clearance information and discounts.

Given that the valuation of allowance for inventory involves subjective judgment and estimation uncertainty, and the carrying amounts of inventories and allowance for inventories are material to the financial statements, we considered the valuation of allowance for inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures used on allowance for inventory valuation loss, including the reasonableness of classification of inventories in determining the net realisable value, the historical inventory clearance information and the determination of aged inventory items.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the procedures used to identify and manage obsolete inventories.

3. Verified the systematic logic used in the inventory aging report to ascertain consistency of the information on the report with its policies.
4. Selected samples from inventory items to verify its net realisable value, and assessed the adequacy of allowance for inventory valuation loss.

Other matter – Parent company only financial reports

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

February 23, 2023

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

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

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,241,321	22	\$ 1,097,968	19
1136	Financial assets at amortised cost - current	6(1)(2)	76,689	1	73,871	1
1150	Notes receivable, net	6(3) and 12	25,579	1	30,562	1
1170	Accounts receivable, net	6(3) and 12	724,456	13	905,309	16
1200	Other receivables		12,684	-	16,168	-
1220	Current income tax assets	6(23)	3,842	-	-	-
130X	Inventories	5(2) and 6(4)	607,955	11	685,160	12
1410	Prepayments	6(5)	39,507	1	79,221	2
1479	Other current assets		3,450	-	5,175	-
11XX	Total current assets		<u>2,735,483</u>	<u>49</u>	<u>2,893,434</u>	<u>51</u>
Non-current assets						
1600	Property, plant and equipment	6(6)	2,372,023	42	2,324,605	41
1755	Right-of-use assets	6(7) and 7	84,189	1	84,270	1
1780	Intangible assets	6(8)	27,002	-	29,451	1
1840	Deferred income tax assets	6(23)	33,794	1	59,502	1
1915	Prepayments for equipment	6(6)(8)	32,094	1	9,944	-
1920	Guarantee deposits paid		3,403	-	3,388	-
1980	Other financial assets - non-current	6(1) and 8	313,042	6	304,281	5
1990	Other non-current assets	6(12)	16,273	-	19,738	-
15XX	Total non-current assets		<u>2,881,820</u>	<u>51</u>	<u>2,835,179</u>	<u>49</u>
1XXX	Total assets		<u>\$ 5,617,303</u>	<u>100</u>	<u>\$ 5,728,613</u>	<u>100</u>

(Continued)

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 100,000	2	\$ 150,000	3
2130	Contract liabilities - current	6(16)	16,193	-	40,028	1
2150	Notes payable		14	-	52	-
2170	Accounts payable		134,728	3	191,408	3
2200	Other payables	6(10)	289,571	5	348,599	6
2230	Current income tax liabilities	6(23)	31,718	1	47,763	1
2280	Lease liabilities - current	7	7,431	-	6,700	-
2320	Long-term liabilities, current portion	6(11) and 8	75,000	1	50,000	1
2399	Other current liabilities		10,399	-	15,372	-
21XX	Total current liabilities		<u>665,054</u>	<u>12</u>	<u>849,922</u>	<u>15</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	1,716,400	31	1,778,500	31
2570	Deferred income tax liabilities	6(23)	242,153	4	249,327	4
2640	Net defined benefit liabilities - non-current	6(12)	83,638	1	124,000	2
2645	Guarantee deposits received		1,680	-	-	-
25XX	Total non-current liabilities		<u>2,043,871</u>	<u>36</u>	<u>2,151,827</u>	<u>37</u>
2XXX	Total liabilities		<u>2,708,925</u>	<u>48</u>	<u>3,001,749</u>	<u>52</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(13)	912,745	16	912,745	16
3200	Capital surplus	6(13)(14)	60,218	1	59,592	1
	Retained earnings	6(15)				
3310	Legal reserve		415,863	7	388,632	7
3320	Special reserve		142,704	3	128,714	2
3350	Unappropriated retained earnings		997,941	18	975,833	17
3400	Other equity interest	6(12)	(91,965)	(2)	(142,704)	(2)
3500	Treasury stocks	6(13)	(2,813)	-	(2,813)	-
31XX	Equity attributable to owners of parent		<u>2,434,693</u>	<u>43</u>	<u>2,319,999</u>	<u>41</u>
36XX	Non-controlling interest	4(3)	473,685	9	406,865	7
3XXX	Total equity		<u>2,908,378</u>	<u>52</u>	<u>2,726,864</u>	<u>48</u>
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
3X2X	Total liabilities and equity		<u>\$ 5,617,303</u>	<u>100</u>	<u>\$ 5,728,613</u>	<u>100</u>

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

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16)	\$ 3,752,381	100	\$ 3,797,590	100
5000	Operating costs	6(4)(7)(8)(12)(21)				
) (22)	(2,948,299)	(79)	(2,883,420)	(76)
5900	Operating margin		<u>804,082</u>	<u>21</u>	<u>914,170</u>	<u>24</u>
	Operating expenses	6(7)(8)(12)(21)(2)				
		2), 7 and 12				
6100	Selling expenses		(289,517)	(8)	(273,484)	(7)
6200	General and administrative expenses		(144,579)	(4)	(139,761)	(4)
6300	Research and development expenses		(56,094)	(1)	(56,314)	(2)
6450	Expected credit losses		(888)	-	(3,901)	-
6000	Total operating expenses		(<u>491,078</u>)	(<u>13</u>)	(<u>473,460</u>)	(<u>13</u>)
6900	Operating profit		<u>313,004</u>	<u>8</u>	<u>440,710</u>	<u>11</u>
	Non-operating income and expenses					
7100	Interest income	6(17)	17,845	1	9,754	-
7010	Other income	6(18)	24,926	1	18,942	-
7020	Other gains and losses	6(19) and 12	16,828	-	(15,642)	-
7050	Finance costs	6(6)(7)(20) and 7	(<u>23,425</u>)	(<u>1</u>)	(<u>17,734</u>)	-
7000	Total non-operating income and expenses		<u>36,174</u>	<u>1</u>	(<u>4,680</u>)	-
7900	Profit before income tax		<u>349,178</u>	<u>9</u>	<u>436,030</u>	<u>11</u>
7950	Income tax expense	6(23)	(<u>58,068</u>)	(<u>1</u>)	(<u>93,053</u>)	(<u>2</u>)
8200	Profit for the year		<u>\$ 291,110</u>	<u>8</u>	<u>\$ 342,977</u>	<u>9</u>

(Continued)

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Actuarial gains (losses) on defined benefit plans	6(12)	\$ 29,939	1	(\$ 4,991)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(9,448)	-	998	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		63,424	2	(17,488)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	(12,685)	(1)	3,498	-
8300	Other comprehensive income (loss) for the year		<u>\$ 71,230</u>	<u>2</u>	<u>(\$ 17,983)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 362,340</u>	<u>10</u>	<u>\$ 324,994</u>	<u>9</u>
Profit attributable to:						
8610	Owners of the parent		\$ 186,544	5	\$ 276,295	7
8620	Non-controlling interest		104,566	3	66,682	2
			<u>\$ 291,110</u>	<u>8</u>	<u>\$ 342,977</u>	<u>9</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 260,107	7	\$ 258,312	7
8720	Non-controlling interest		102,233	3	66,682	2
			<u>\$ 362,340</u>	<u>10</u>	<u>\$ 324,994</u>	<u>9</u>
Earnings per share (in dollars)						
9750	Basic	6(24)	\$ 2.05		\$ 3.04	
9850	Diluted		\$ 2.05		\$ 3.03	

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

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
		Share capital — common stock	Capital surplus	Retained Earnings			Other Equity Interest Financial statements		Treasury stocks	Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	translation differences of foreign operations					
For the year ended December 31, 2021												
Balance at January 1, 2021		\$ 912,745	\$ 58,966	\$ 358,768	\$ 160,543	\$ 847,605	(\$ 128,714)	(\$ 2,813)	\$ 2,207,100	\$ 374,237	\$ 2,581,337	
Profit for the year		-	-	-	-	276,295	-	-	276,295	66,682	342,977	
Other comprehensive loss for the year		-	-	-	-	(3,993)	(13,990)	-	(17,983)	-	(17,983)	
Total comprehensive income (loss)		-	-	-	-	272,302	(13,990)	-	258,312	66,682	324,994	
Distribution of 2020 earnings:												
Legal reserve		-	-	29,864	-	(29,864)	-	-	-	-	-	
Special reserve	6(15)	-	-	-	(31,829)	31,829	-	-	-	-	-	
Cash dividends	6(15)	-	-	-	-	(146,039)	-	-	(146,039)	-	(146,039)	
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	6(14)	-	626	-	-	-	-	-	626	-	626	
Cash dividends paid to non-controlling interest	4(3)	-	-	-	-	-	-	-	-	(35,348)	(35,348)	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	1,294	1,294	
Balance at December 31, 2021		\$ 912,745	\$ 59,592	\$ 388,632	\$ 128,714	\$ 975,833	(\$ 142,704)	(\$ 2,813)	\$ 2,319,999	\$ 406,865	\$ 2,726,864	
For the year ended December 31, 2022												
Balance at January 1, 2022		\$ 912,745	\$ 59,592	\$ 388,632	\$ 128,714	\$ 975,833	(\$ 142,704)	(\$ 2,813)	\$ 2,319,999	\$ 406,865	\$ 2,726,864	
Profit for the year		-	-	-	-	186,544	-	-	186,544	104,566	291,110	
Other comprehensive income (loss) for the year		-	-	-	-	22,824	50,739	-	73,563	(2,333)	71,230	
Total comprehensive income		-	-	-	-	209,368	50,739	-	260,107	102,233	362,340	
Distribution of 2021 earnings:												
Legal reserve		-	-	27,231	-	(27,231)	-	-	-	-	-	
Special reserve	6(15)	-	-	-	13,990	(13,990)	-	-	-	-	-	
Cash dividends	6(15)	-	-	-	-	(146,039)	-	-	(146,039)	-	(146,039)	
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	6(14)	-	626	-	-	-	-	-	626	-	626	
Cash dividends paid to non-controlling interest	4(3)	-	-	-	-	-	-	-	-	(36,707)	(36,707)	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	1,294	1,294	
Balance at December 31, 2022		\$ 912,745	\$ 60,218	\$ 415,863	\$ 142,704	\$ 997,941	(\$ 91,965)	(\$ 2,813)	\$ 2,434,693	\$ 473,685	\$ 2,908,378	

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

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 349,178	\$ 436,030
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on financial assets or liabilities measured at fair value through profit or loss		-	(21)
Expected credit losses	12	888	3,901
(Reversal of allowance) provision for inventory market price decline	6(4)	(3,151)	5,161
Depreciation	6(6)(7)(21)	272,828	268,134
(Gains) losses on disposal of property, plant and equipment	6(19)	(393)	29
Amortisation	6(21)	12,381	16,768
Interest income	6(17)	(17,845)	(9,754)
Interest expense	6(20)	23,425	17,734
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		4,983	(6,615)
Accounts receivable		179,874	(160,151)
Other receivables		6,805	1,469
Prepayments		39,714	(12,636)
Inventories		78,405	(121,854)
Other current assets		1,725	(1,086)
Changes in operating liabilities			
Contract liabilities - current		(22,155)	18,475
Notes payable		(38)	(1,611)
Accounts payable		(56,680)	36,329
Other payables		(60,056)	15,582
Other current liabilities		(4,973)	(1,370)
Net defined benefit liabilities - non-current		(10,423)	(4,296)
Cash inflow generated from operations		794,492	500,218
Interest received		14,524	12,908
Interest paid		(23,192)	(17,711)
Income taxes paid		(81,554)	(123,612)
Net cash flows from operating activities		<u>704,270</u>	<u>371,803</u>

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YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost - current		(\$ 2,818)	(\$ 65,133)
Decrease in other financial assets - current		-	32,724
Cash paid for acquisition of property, plant, and equipment	6(25)	(280,308)	(169,423)
Interest paid for acquisition of property, plant, and equipment	6(6)(20)(25)	(153)	(55)
Proceeds from disposal of property, plant and equipment		1,947	3,761
Acquisition of intangible assets	6(8)	(3,682)	(10,123)
Increase in prepayments for equipment		(35,871)	(28,744)
(Increase) decrease in guarantee deposits paid		(15)	108
Increase in other financial assets - non-current		(8,761)	(304,281)
(Increase) decrease in other non-current assets		(204)	473
Net cash flows used in investing activities		(329,865)	(540,693)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(26)	(50,000)	80,000
Decrease in short-term notes and bills payable	6(26)	-	(30,000)
Payments of lease liabilities	6(26)	(12,654)	(19,451)
Increase in long-term borrowings	6(26)	5,012,520	3,580,000
Decrease in long-term borrowings	6(26)	(5,049,620)	(3,547,111)
Payment of cash dividends	6(25)	(144,119)	(144,119)
Payment of cash dividends to non-controlling interest	4(3)	(36,707)	(35,348)
Net cash flows used in financing activities		(280,580)	(116,029)
Effect of foreign exchange rate changes		49,528	(23,089)
Net increase (decrease) in cash and cash equivalents		143,353	(308,008)
Cash and cash equivalents at beginning of year	6(1)	1,097,968	1,405,976
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,241,321</u>	<u>\$ 1,097,968</u>

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

YONYU PLASTICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

(1) Yonyu Plastics Co., Ltd. (the “Company”) was incorporated as a company limited by shares on April 2, 1973 under the provisions of the Company Act of the Republic of China (R.O.C.) and other related laws and regulations. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture, wholesale and retail of a range of plastic products.

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since September 11, 2000.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 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 the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</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 Group’s financial condition and financial performance based on the Group’s assessment.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</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 Group’s financial condition and financial performance based on the Group’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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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 IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the 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”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and liabilities at fair value through profit or loss (including derivatives).
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs that came into effect as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty'.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Yonyu Plastics Co., Ltd.	YONYU Co., Ltd.	Investment business	100.00	100.00	—
	Yonyu Applied Technology Material Co., Ltd.	Manufacture and sales of metal and carbon fiber materials	100.00	100.00	—
	Well Max Beauty Lab Co., Ltd.	Manufacture and wholesale of cosmetic products	100.00	100.00	—
	Y.Y. Cable Accessories Co., Ltd.	Manufacture, trading, import and export of plastic products	32.59	32.59	(Note)
YONYU Co., Ltd.	Yonyu Plastics (Shanghai) Co., Ltd.	Manufacture and sales of blow molded and injection molded plastic products, plastic tubes, plastic color masterbatches, plastic molds and their components, packaging and printing services, import and export of carbon materials, and other related business	100.00	100.00	—
	Yonyu Plastics (Huatung) Co., Ltd.	Manufacture and sales of blow molded and injection molded plastic products, plastic tubes, plastic color masterbatches, plastic molds and their components, sales of self-manufactured products, packaging, decoration and printing services, import, export and wholesale of carbon materials, commission agent and other related business	100.00	100.00	—
Well Max Beauty Lab Co., Ltd.	We Change International Co., Ltd.	Wholesale, retail sales, nonstore retail sales and international trading of cosmetic products	100.00	100.00	—

(Note)The Group has the power to govern the financial and operating policies of the investee company, hence, it is included in the consolidated financial statements.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

- (1) As of December 31, 2022 and 2021, the non-controlling interest amounted to \$473,685 and \$406,865, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2022		December 31, 2021		
		Amount	Owernship (%)	Amount	Owernship (%)	
Y.Y. Cable Accessories Co., Ltd.	Taiwan	\$ 473,685	67.41%	\$ 406,865	67.41%	—

- (2) Summarised financial information of the subsidiary — Y.Y. Cable Accessories Co., Ltd. :

Balance sheets

	December 31, 2022	December 31, 2021
Current assets	\$ 339,659	\$ 382,977
Non-current assets	711,671	718,926
Current liabilities	(209,359)	(366,573)
Non-current liabilities	(100,047)	(90,066)
Total net assets	\$ 741,924	\$ 645,264

Statements of comprehensive income

	For the years ended December 31,	
	2022	2021
Revenue	\$ 1,007,804	\$ 863,514
Profit before income tax	\$ 194,338	\$ 125,429
Income tax expense	(37,299)	(24,589)
Net income	157,039	100,840
Other comprehensive (loss) income	(5,922)	2,160
Total comprehensive income	\$ 151,117	\$ 103,000
Comprehensive income attributable to non-controlling interest	\$ 102,233	\$ 67,976
Dividends paid to non-controlling interest	\$ 36,707	\$ 35,348

Statements of cash flows

	For the years ended December 31,	
	2022	2021
Net cash provided by operating activities	\$ 226,426	\$ 90,242
Net cash used in investing activities	(51,345)	(3,945)
Net cash used in financing activities	(144,457)	(28,441)
Increase in cash and cash equivalents	30,624	57,856
Cash and cash equivalents at beginning of year	108,875	51,019
Cash and cash equivalents at end of year	<u>\$ 139,499</u>	<u>\$ 108,875</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances:

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations:

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) 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 realized, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be 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.

(6) Cash equivalents

- A. 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.
- B. 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.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) 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 (allocated based on normal operating capacity). It excludes borrowing costs. 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 costs of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognised as deduction of operating costs.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Buildings (including auxiliary equipment)	2 ~ 35 years
Machinery	2 ~ 20 years
Utility equipment	2 ~ 5 years
Transportation equipment	3 ~ 15 years
Office equipment	3 ~ 5 years
Other equipment	2 ~ 15 years
Leasehold assets	3 ~ 15 years

(13) 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 Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.
- 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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for

recognising 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.

(16) 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.

(17) 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.

(18) Derecognition of financial liabilities

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

(19) 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.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The

rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation and directors' remuneration

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

(21) 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 an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported 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. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

A. Ordinary shares are classified as equity.

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.

(23) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed after they are approved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

Sales of goods:

A. The Group manufactures and sells a range of plastic products in the market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

B. 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 are made with a credit term of 7 ~ 120 days. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

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

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which

the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to changes in market demands and marketing strategies, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2022, the carrying amount of inventories was \$607,955.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand and revolving funds	\$ 585	\$ 761
Checking accounts and demand deposits	995,653	856,834
	<u>996,238</u>	<u>857,595</u>
Cash equivalents:		
Time deposits	245,083	240,373
	<u>\$ 1,241,321</u>	<u>\$ 1,097,968</u>

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

B. As of December 31, 2022 and 2021, the Group's time deposits maturing between three months and one year were reclassified as 'Financial assets at amortised cost - current' in the amount of \$76,689

and \$73,871, respectively.

C. As of December 31, 2022 and 2021, the Group's cash and cash equivalents were pledged to others as collateral (listed as 'Other non-current financial assets'). Details are provided in Note 8, 'Pledged Assets'.

(2) Financial assets at amortised cost - current

Items	December 31, 2022	December 31, 2021
Time deposits maturing over three months	\$ 76,689	\$ 73,871

A. As of December 31, 2022 and 2021, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was approximately its book value.

B. The Group has no financial assets at amortised cost pledged to others as collateral as of December 31, 2022 and 2021.

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

(3) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 25,624	\$ 30,607
Less: Allowance for uncollectible accounts	(45)	(45)
	\$ 25,579	\$ 30,562
Accounts receivable	\$ 737,590	\$ 917,464
Less: Allowance for uncollectible accounts	(13,134)	(12,155)
	\$ 724,456	\$ 905,309

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022	December 31, 2021
Notes receivable:		
Within 30 days	\$ 14,547	\$ 16,522
31 to 90 days	8,706	13,691
91 to 180 days	2,371	394
	\$ 25,624	\$ 30,607
Accounts receivable:		
Within 30 days	\$ 256,534	\$ 308,685
31 to 90 days	341,188	416,492
91 to 180 days	133,102	182,557
Over 180 days	6,766	9,730
	\$ 737,590	\$ 917,464

The above ageing analysis was based on invoice date.

B. As of December 31, 2022 and 2021, notes and accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$781,304.

C. The Group has no notes and accounts receivable pledged to others as of December 31, 2022 and 2021.

D. Information about credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 4,571	(\$ 163)	\$ 4,408
Merchandise in transit	878	-	878
Raw materials	227,608	(7,776)	219,832
Raw materials in transit	1,369	-	1,369
Supplies	53,270	(2,283)	50,987
Wotk in progress	102,511	(17,707)	84,804
Finished goods	261,383	(15,706)	245,677
	<u>\$ 651,590</u>	<u>(\$ 43,635)</u>	<u>\$ 607,955</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 2,792	(\$ 225)	\$ 2,567
Merchandise in transit	1,328	-	1,328
Raw materials	273,089	(5,685)	267,404
Raw materials in transit	4,959	-	4,959
Supplies	52,276	(2,324)	49,952
Wotk in progress	129,636	(29,436)	100,200
Finished goods	267,866	(9,116)	258,750
	<u>\$ 731,946</u>	<u>(\$ 46,786)</u>	<u>\$ 685,160</u>

The cost of inventories recognised as expense for the year:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 2,948,470	\$ 2,873,927
(Gain on reversal of) loss on decline in market value (Note)	(3,151)	5,161
Loss on scrapped inventories	727	715
Under-applied fixed manufacturing overhead	4,252	5,088
Loss on physical inventory	928	883
Income from sale of scraps	(2,927)	(2,354)
	<u>\$ 2,948,299</u>	<u>\$ 2,883,420</u>

(Note) For the year ended December 31, 2022, the reversal of net realizable value and the decrease of cost of goods sold were recognized due to disposal of certain inventories which were previously provided with allowance for price decline.

(5) Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepaid expenses	\$ 19,301	\$ 20,230
Prepayments for supplies	14,730	52,876
Office supplies	3,768	3,898
Overpaid sales tax	1,708	2,217
	<u>\$ 39,507</u>	<u>\$ 79,221</u>

(6) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Leasehold assets	Construction in progress and equipment to be inspected	Total
<u>January 1, 2022</u>										
Cost	\$ 478,111	\$ 1,233,064	\$ 2,836,190	\$ 114,434	\$ 30,178	\$ 7,394	\$ 290,747	\$ 24,025	\$ 509,892	\$ 5,524,035
Accumulated depreciation	-	(602,185)	(2,222,142)	(93,119)	(25,420)	(7,002)	(226,773)	(22,789)	-	(3,199,430)
	<u>\$ 478,111</u>	<u>\$ 630,879</u>	<u>\$ 614,048</u>	<u>\$ 21,315</u>	<u>\$ 4,758</u>	<u>\$ 392</u>	<u>\$ 63,974</u>	<u>\$ 1,236</u>	<u>\$ 509,892</u>	<u>\$ 2,324,605</u>
<u>For the year ended December 31, 2022</u>										
At January 1	\$ 478,111	\$ 630,879	\$ 614,048	\$ 21,315	\$ 4,758	\$ 392	\$ 63,974	\$ 1,236	\$ 509,892	\$ 2,324,605
Additions	-	4,395	\$ 82,932	982	1,291	2,700	9,561	-	179,395	281,256
Transfers - Cost (Note)	-	6,048	36,143	-	232	-	1,626	-	(30,958)	13,091
Depreciation	-	(52,839)	(171,460)	(6,212)	(1,462)	(701)	(25,017)	(471)	-	(258,162)
Disposals - Cost	-	(76)	(22,718)	-	(2,557)	-	(1,907)	-	-	(27,258)
- Accumulated depreciation	-	76	21,245	-	2,557	-	1,826	-	-	25,704
Net exchange differences	-	1,891	2,622	337	(3)	-	596	-	7,344	12,787
At December 31	<u>\$ 478,111</u>	<u>\$ 590,374</u>	<u>\$ 562,812</u>	<u>\$ 16,422</u>	<u>\$ 4,816</u>	<u>\$ 2,391</u>	<u>\$ 50,659</u>	<u>\$ 765</u>	<u>\$ 665,673</u>	<u>\$ 2,372,023</u>
<u>December 31, 2022</u>										
Cost	\$ 478,111	\$ 1,249,135	\$ 2,943,346	\$ 117,093	\$ 29,230	\$ 10,159	\$ 302,890	\$ 24,025	\$ 665,673	\$ 5,819,662
Accumulated depreciation	-	(658,761)	(2,380,534)	(100,671)	(24,414)	(7,768)	(252,231)	(23,260)	-	(3,447,639)
	<u>\$ 478,111</u>	<u>\$ 590,374</u>	<u>\$ 562,812</u>	<u>\$ 16,422</u>	<u>\$ 4,816</u>	<u>\$ 2,391</u>	<u>\$ 50,659</u>	<u>\$ 765</u>	<u>\$ 665,673</u>	<u>\$ 2,372,023</u>

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Leasehold assets	Construction in progress and equipment to be inspected	Total
<u>January 1, 2021</u>										
Cost	\$ 478,111	\$ 965,090	\$ 2,748,472	\$ 114,748	\$ 30,968	\$ 8,386	\$ 293,640	\$ 24,025	\$ 721,927	\$ 5,385,367
Accumulated depreciation	-	(577,200)	(2,063,346)	(92,480)	(24,988)	(7,724)	(218,713)	(22,331)	-	(3,006,782)
	<u>\$ 478,111</u>	<u>\$ 387,890</u>	<u>\$ 685,126</u>	<u>\$ 22,268</u>	<u>\$ 5,980</u>	<u>\$ 662</u>	<u>\$ 74,927</u>	<u>\$ 1,694</u>	<u>\$ 721,927</u>	<u>\$ 2,378,585</u>
<u>For the year ended December 31, 2021</u>										
At January 1	\$ 478,111	\$ 387,890	\$ 685,126	\$ 22,268	\$ 5,980	\$ 662	\$ 74,927	\$ 1,694	\$ 721,927	\$ 2,378,585
Additions	-	7,499	34,233	869	195	34	7,634	-	111,933	162,397
Transfers - Cost (Note)	-	288,318	45,906	4,368	-	304	7,814	-	(321,876)	24,834
Depreciation	-	(49,014)	(162,981)	(6,009)	(1,416)	(607)	(26,144)	(458)	-	(246,629)
Disposals - Cost	-	(25,768)	(16,916)	(4,947)	(955)	(1,291)	(8,657)	-	-	(58,534)
- Accumulated depreciation	-	22,715	16,280	4,895	954	1,291	8,609	-	-	54,744
Net exchange differences	-	(761)	12,400	(129)	-	(1)	(209)	-	(2,092)	9,208
At December 31	<u>\$ 478,111</u>	<u>\$ 630,879</u>	<u>\$ 614,048</u>	<u>\$ 21,315</u>	<u>\$ 4,758</u>	<u>\$ 392</u>	<u>\$ 63,974</u>	<u>\$ 1,236</u>	<u>\$ 509,892</u>	<u>\$ 2,324,605</u>
<u>December 31, 2021</u>										
Cost	\$ 478,111	\$ 1,233,064	\$ 2,836,190	\$ 114,434	\$ 30,178	\$ 7,394	\$ 290,747	\$ 24,025	\$ 509,892	\$ 5,524,035
Accumulated depreciation	-	(602,185)	(2,222,142)	(93,119)	(25,420)	(7,002)	(226,773)	(22,789)	-	(3,199,430)
	<u>\$ 478,111</u>	<u>\$ 630,879</u>	<u>\$ 614,048</u>	<u>\$ 21,315</u>	<u>\$ 4,758</u>	<u>\$ 392</u>	<u>\$ 63,974</u>	<u>\$ 1,236</u>	<u>\$ 509,892</u>	<u>\$ 2,324,605</u>

(Note) Transfer from 'Prepayments for equipment'.

- A. The above property, plant and equipment of the Company were all for self use.
- B. 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:

	For the years ended December 31,	
	2022	2021
Amount capitalised	\$ 153	\$ 55
Interest rates range	1.32% ~ 1.56%	0.84%~0.96%

- C. The Group has no property, plant and equipment pledged to others as of December 31, 2022 and 2021.

(7) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 76,892	\$ 77,634
Buildings	7,297	6,514
Transportation equipment	-	122
	<u>\$ 84,189</u>	<u>\$ 84,270</u>

	For the years ended December 31,	
	2022	2021
	Depreciation	Depreciation
Land	\$ 1,899	\$ 1,861
Buildings	12,645	18,909
Transportation equipment	122	735
	<u>\$ 14,666</u>	<u>\$ 21,505</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$13,540 and \$9,055, respectively.

D. The information on profit and loss accounts related to lease contracts is as follows:

	For the years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 453	\$ 347
Expense on short-term lease contracts	10,378	798
Expense on leases of low-value assets	38	52
	<u>\$ 10,869</u>	<u>\$ 1,197</u>

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$23,523 and \$20,648, respectively.

(8) Intangible assets – Computer software

	For the years ended December 31,	
	2022	2021
<u>January 1</u>		
Cost	\$ 35,919	\$ -
Accumulated amortisation	(6,468)	-
	<u>\$ 29,451</u>	<u>\$ -</u>
At January 1	\$ 29,451	\$ -
Additions - acquired separately	3,682	10,123
Transferred from prepayments for equipment	630	25,796
Amortisation	(6,761)	(6,468)
At December 31	<u>\$ 27,002</u>	<u>\$ 29,451</u>
<u>December 31</u>		
Cost	\$ 40,231	\$ 35,919
Accumulated amortisation	(13,229)	(6,468)
	<u>\$ 27,002</u>	<u>\$ 29,451</u>

A. There was no borrowing cost capitalised for the years ended December 31, 2022 and 2021.

B. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 258	\$ -
Administrative expenses	6,503	6,468
	<u>\$ 6,761</u>	<u>\$ 6,468</u>

C. The Group has no intangible assets pledged to others as of December 31, 2022 and 2021.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 100,000</u>	1.59%	None
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 150,000</u>	0.83% ~ 0.85%	None

For more information about interest expense recognised in profit or loss for the years ended December 31, 2022 and 2021, please refer to Note 6(20), 'Finance costs'.

(10) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued salaries and bonuses	\$ 129,499	\$ 164,803
Tax payable	22,238	7,174
Employees' compensation and directors' remuneration	18,768	20,447
Payables for freight	15,726	24,201
Payables for insurance	13,937	12,722
Employees' accumulated paid leave payable	13,021	13,205
Payables for equipment	11,162	10,367
Payables for pension	6,477	26,690
Others	58,743	68,990
	<u>\$ 289,571</u>	<u>\$ 348,599</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	2021.8.6~2024.12.28	1.38%~2.641%	None	\$ 1,730,000
Secured borrowings	2022.6.17~2025.12.16	3.5%~3.75%	Time deposits	<u>61,400</u>
				1,791,400
Less: Current portion				(75,000)
				<u>\$ 1,716,400</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Long-term bank borrowings				
Unsecured borrowings	2021.1.28~2023.12.1	0.80%~1.47%	None	\$ 1,828,500
Less: Current portion				(50,000)
				<u>\$ 1,778,500</u>

For more information about interest expense recognised in profit or loss for the years ended

December 31, 2022 and 2021, please refer to Note 6(20), 'Finance costs'.

(12) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 6% 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions for the deficit by next March. Related information is shown below:

(a) 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	(\$ 249,345)	(\$ 286,958)
Fair value of plan assets	<u>166,000</u>	<u>163,225</u>
Net defined benefit liability	(\$ <u>83,345</u>)	(\$ <u>123,733</u>)
Recognised on net liabilities in the balance sheet (Note 1)	(\$ 83,638)	(\$ 124,000)
Recognised on net assets in the balance sheet (Note 2)	<u>293</u>	<u>267</u>
	<u>(\$ 83,345)</u>	<u>(\$ 123,733)</u>

(Note 1) Listed as 'Net defined benefit liabilities - non-current'.

(Note 2) Listed as 'Other non-current assets'.

(b) Movements in net defined benefit liabilities are as follows:

For the year ended December 31, 2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 286,958)	\$ 163,225	(\$ 123,733)
Current service cost	(1,631)	-	(1,631)
Interest (expense) income	(1,765)	1,059	(706)
	<u>(290,354)</u>	<u>164,284</u>	<u>(126,070)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	12,701	12,701
Change in financial assumptions	13,161	-	13,161
Experience adjustments	4,077	-	4,077
	<u>17,238</u>	<u>12,701</u>	<u>29,939</u>
Pension fund contribution	-	12,786	12,786
Paid pensions	23,771	(23,771)	-
At December 31	<u>(\$ 249,345)</u>	<u>\$ 166,000</u>	<u>(\$ 83,345)</u>

For the year ended December 31, 2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	(\$ 281,562)	\$ 158,518	(\$ 123,044)
Current service cost	(1,877)	-	(1,877)
Interest (expense) income	(1,359)	767	(592)
	<u>(284,798)</u>	<u>159,285</u>	<u>(125,513)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,143	2,143
Change in demographic assumptions	(7,071)	-	(7,071)
Change in financial assumptions	3,100	-	3,100
Experience adjustments	(3,163)	-	(3,163)
	<u>(7,134)</u>	<u>2,143</u>	<u>(4,991)</u>
Pension fund contribution	-	6,771	6,771
Paid pensions	4,974	(4,974)	-
At December 31	<u>(\$ 286,958)</u>	<u>\$ 163,225</u>	<u>(\$ 123,733)</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan 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 and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are 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.

(d) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.25% ~ 1.875%</u>	<u>0.625% ~ 1.875%</u>
Future salary increase rate	<u>2.00% ~ 2.50%</u>	<u>2.00% ~ 2.50%</u>

Future mortality rate were both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>4,993</u>)	<u>\$ 5,147</u>	\$ <u>4,995</u>	(\$ <u>4,871</u>)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>6,187</u>)	<u>\$ 6,389</u>	\$ <u>6,165</u>	(\$ <u>6,003</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for the next year

amount to \$17,328.

(f) As of December 31, 2022, the weighted average duration of the retirement plan is 8.1~15 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	\$	9,397
Next 1~2 years		17,402
Next 2~5 years		59,401
Next over 5 years		166,057
	<u>\$</u>	<u>252,257</u>

B. Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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. The subsidiaries - Yonyu Plastics (Shanghai) Co., Ltd. and Yonyu Plastics (Huatung) Co., Ltd. in mainland China are subject to the government sponsored defined contribution plan. Monthly contributions to an independent fund administrated by the government in accordance with the pension regulations are based on a certain percentage of the employees’ monthly salaries and wages. Other than monthly contribution, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$49,237 and \$47,990, respectively.

(13) Share Capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (unit: shares in thousands):

	For the years ended December 31,	
	2022	2021
Beginning and ending number of shares	<u>91,275</u>	<u>91,275</u>

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows (unit: shares in thousands)

	For the year ended December 31, 2022			
Reason for reacquisition	Beginning number	Increase	Decrease	Ending number
Shares of the parent company held by subsidiaries	<u>391</u>	<u>-</u>	<u>-</u>	<u>391</u>

For the year ended December 31, 2021

Reason for reacquisition	Beginning number	Increase	Decrease	Ending number
Shares of the parent company held by subsidiaries	391	-	-	391

(b) For the years ended December 31, 2022 and 2021, the subsidiaries did not sell any shares held in the Company. The number of shares held at the end of both years was 1,200 thousand shares and the carrying amount (cost) at the end of both years was \$2,813. The fair value as of December 31, 2022 and 2021 was \$12,867 and \$13,668, respectively. The shares of the parent company held by subsidiaries are recognised as treasury shares, entitled to dividend distribution rights and included in ‘Capital surplus, treasury share transactions’.

C. As of December 31, 2022, the Company’s authorised capital was \$2,000,000 and the paid-in capital was \$912,745, consisting of 91,275 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

(14) Capital surplus

A. 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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022			
	Share premium	Treasury share transactions	Donated assets received	Total
At January 1	\$ 40,997	\$ 18,588	\$ 7	\$ 59,592
Adjustments of capital surplus for the Company’s cash dividends received by subsidiaries	-	626	-	626
At December 31	\$ 40,997	\$ 19,214	\$ 7	\$ 60,218

	For the year ended December 31, 2021			
	Share premium	Treasury share transactions	Donated assets received	Total
At January 1	\$ 40,997	\$ 17,962	\$ 7	\$ 58,966
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	<u>-</u>	<u>626</u>	<u>-</u>	<u>626</u>
At December 31	<u>\$ 40,997</u>	<u>\$ 18,588</u>	<u>\$ 7</u>	<u>\$ 59,592</u>

B. For more information about capital surplus, treasury share transactions, please refer to Note 6(13) 'Share capital'.

(15) Retained earnings

- A. Pursuant to the R.O.C. Company Act, 10% of the post-tax earnings shall be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. 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.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
- (a) Pay all taxes.
 - (b) Offset against prior years' losses.
 - (c) Set aside 10% as legal reserve.
 - (d) Reverse or set aside special reserve in accordance with relevant regulations.
 - (e) The accumulated undistributed earnings shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.

The Board of Directors is authorised to distribute all or part of the distributable dividends and bonuses in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting. The aforementioned regulations in relation to the resolutions of the shareholders are not applicable. The Board of Directors is authorised to distribute all or part of the legal reserve and capital surplus regulated by Article 241 of the Company Act in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting. Taking into account that the Company is currently part of a mature industry, has stable profitability and sound financial structure, along with the consideration of shareholders' interest, the Company distributes shareholders' dividends and bonus from distributable earnings

(18) Other income

	For the years ended December 31,	
	2022	2021
Revenue from sample making	\$ 5,729	\$ 3,344
Printing income	2,994	1,545
Governemnt grant income	1,193	312
Others	15,010	13,741
	<u>\$ 24,926</u>	<u>\$ 18,942</u>

(19) Other gains and losses

	For the years ended December 31,	
	2022	2021
Gains on financial assets at fair value through profit or loss	\$ -	\$ 115
Net gains (losses) on disposal of property, plant and equipment	393	(29)
Net foreign exchange gains (losses)	16,985	(15,281)
Other losses	(550)	(447)
	<u>\$ 16,828</u>	<u>(\$ 15,642)</u>

(20) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 23,125	\$ 17,442
Lease liabilities	453	347
	<u>23,578</u>	<u>17,789</u>
Less: Capitalisation of qualifying assets	(153)	(55)
	<u>\$ 23,425</u>	<u>\$ 17,734</u>

(21) Expenses by nature

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 697,153	\$ 219,397	\$ 916,550
Depreciation	255,056	17,772	272,828
Amortisation	4,027	8,354	12,381
	<u>\$ 956,236</u>	<u>\$ 245,523</u>	<u>\$ 1,201,759</u>

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 717,989	\$ 207,626	\$ 925,615
Depreciation	249,165	18,969	268,134
Amortisation	7,190	9,578	16,768
	<u>\$ 974,344</u>	<u>\$ 236,173</u>	<u>\$ 1,210,517</u>

(22) Employee benefit expense

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 571,350	\$ 171,862	\$ 743,212
Labour and health insurance fees	60,806	15,300	76,106
Pension costs	43,764	7,810	51,574
Other personnel expenses	21,233	24,425	45,658
	<u>\$ 697,153</u>	<u>\$ 219,397</u>	<u>\$ 916,550</u>

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 593,329	\$ 163,057	\$ 756,386
Labour and health insurance fees	60,066	14,305	74,371
Pension costs	43,046	7,413	50,459
Other personnel expenses	21,548	22,851	44,399
	<u>\$ 717,989</u>	<u>\$ 207,626</u>	<u>\$ 925,615</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation will be distributed in the form of shares or cash as resolved by the Board of Directors. The employees include the employees of subsidiaries who meet specific requirements. The distribution of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting. If the Company has accumulated losses, profit should be reserved to cover losses and then be distributed as employees' compensation and directors' remuneration based on the aforementioned ratios.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$8,536 and \$12,177, respectively; while directors' remuneration was accrued at \$2,134 and \$3,044, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of current year as prescribed by the Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2021 amounting to

\$12,177 and \$3,044, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 23, 2023 were \$8,536 and \$2,134, respectively, and the employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 60,174	\$ 124,426
Tax on undistributed surplus earnings	4,252	8,488
Prior year income tax over estimation	(2,759)	(8,626)
	<u>61,667</u>	<u>124,288</u>
Deferred tax:		
Origination and reversal of temporary differences	(3,599)	(31,235)
Income tax expense	<u>\$ 58,068</u>	<u>\$ 93,053</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit plans	\$ 9,448	(\$ 998)
Currency translation differences	12,685	(3,498)
	<u>\$ 22,133</u>	<u>(\$ 4,496)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 84,259	\$ 138,926
Effect from items disallowed by tax regulation	(10,465)	(4,568)
Temporary differences between finance report and income tax report	(87)	(53)
Effect of investment tax credits	-	(792)
Tax on undistributed surplus earnings	4,252	8,488
Change in assessment of realisation of deferred tax assets	1,632	(32,302)
Effect of taxable losses	(2,764)	(3,020)
Prior year income tax overestimation	(2,759)	(8,626)
Effect of realised domestic investment loss	(16,000)	(5,000)
Income tax expense	<u>\$ 58,068</u>	<u>\$ 93,053</u>

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2022			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets				
Temporary differences:				
Loss on doubtful debt	\$ 2,508	\$ 311	\$ -	\$ 2,819
Unrealised loss	1,367	(549)	-	818
Unrealised loss on inventories from market decline	4,347	1,804	-	6,151
Unused compensated absences	2,783	(53)	-	2,730
Accrued salaries	4,012	(1,892)	-	2,120
Pensions	27,041	(2,934)	(9,448)	14,659
Unrealised exchange loss	405	(262)	-	143
Currency translation differences	17,039	-	(12,685)	4,354
	<u>\$ 59,502</u>	<u>(\$ 3,575)</u>	<u>(\$ 22,133)</u>	<u>\$ 33,794</u>
Deferred income tax liabilities				
Temporary differences:				
Depreciation expense	(\$ 36,865)	\$ 6,089	\$ -	(\$ 30,776)
Gain on foreign investment accounted for using equity method	(203,579)	2,121	-	(201,458)
Increment tax on land revaluation	(8,767)	-	-	(8,767)
Pensions	(50)	(5)	-	(55)
Unrealised exchange gain	(66)	(1,031)	-	(1,097)
	<u>(\$ 249,327)</u>	<u>\$ 7,174</u>	<u>\$ -</u>	<u>(\$ 242,153)</u>
	<u>(\$ 189,825)</u>	<u>\$ 3,599</u>	<u>(\$ 22,133)</u>	<u>(\$ 208,359)</u>

For the year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Loss on doubtful debt	\$ 1,826	\$ 682	\$ -	\$ 2,508
Unrealised loss	2,453	(1,086)	-	1,367
Unrealised loss on inventories from market decline	3,047	1,300	-	4,347
Unused compensated absences	2,515	268	-	2,783
Accrued salaries	2,378	1,634	-	4,012
Pensions	26,902	(859)	998	27,041
Unrealised exchange loss	-	405	-	405
Currency translation differences	13,541	-	3,498	17,039
	<u>\$ 52,662</u>	<u>\$ 2,344</u>	<u>\$ 4,496</u>	<u>\$ 59,502</u>
Deferred income tax liabilities				
Temporary differences:				
Depreciation expense	(\$ 37,057)	\$ 192	\$ -	(\$ 36,865)
Gain on foreign investment accounted for using the equity method	(232,250)	28,671	-	(203,579)
Increment tax on land revaluation	(8,767)	-	-	(8,767)
Pensions	(50)	-	-	(50)
Unrealised exchange gain	(94)	28	-	(66)
	<u>(\$ 278,218)</u>	<u>\$ 28,891</u>	<u>\$ -</u>	<u>(\$ 249,327)</u>
	<u>(\$ 225,556)</u>	<u>\$ 31,235</u>	<u>\$ 4,496</u>	<u>(\$ 189,825)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred income tax assets are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2013~2022	\$ 96,396	\$ 96,396	\$ 96,396	2023~2032
December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2012~2021	\$ 94,809	\$ 94,809	\$ 94,809	2022~2031

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax

Authority, and there were no disputes existing between the Company and the Authority as of February 23, 2023.

(24) Earnings per share

	<u>For the year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 186,544	90,884	\$ 2.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 186,544	90,884	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	325	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 186,544	91,209	\$ 2.05
	<u>For the year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 276,295	90,884	\$ 3.04
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 276,295	90,884	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	436	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 276,295	91,320	\$ 3.03

(25) Supplemental cash flow information

A. Investing and financing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
(a) Acquisition of property, plant and equipment	\$ 281,256	\$ 162,397
Add: Beginning balance of payables for equipment (listed as "Other payables")	10,367	17,448
Less: Ending balance of payables for equipment (listed as "Other payables")	(11,162)	(10,367)
Capitalised of interest	(153)	(55)
Cash paid for acquisition of property, plant and equipment	<u>\$ 280,308</u>	<u>\$ 169,423</u>
(b) Cash dividends declared	\$ 146,039	\$ 146,039
Less: Dividends received by subsidiaries for holding the Company's shares	(1,920)	(1,920)
Cash dividends paid	<u>\$ 144,119</u>	<u>\$ 144,119</u>

B. Operating, investing and financing activities with no cash flow effects:

	For the years ended December 31,	
	2022	2021
(a) Inventories transferred to other non-current assets	<u>\$ 1,951</u>	<u>\$ 4,955</u>
(b) Office supplies (listed as 'Prepayments') transferred to inventories	<u>\$ -</u>	<u>\$ 4,194</u>
(c) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 13,091</u>	<u>\$ 24,834</u>
(d) Prepayments for equipment transferred to intangible assets	<u>\$ 630</u>	<u>\$ 25,796</u>
(e) Short-term borrowings transferred to long-term borrowings	<u>\$ -</u>	<u>\$ 23,500</u>
(f) Contract liabilities transferred to guarantee deposits received	<u>\$ 1,680</u>	<u>\$ -</u>

(26) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposit received	Liabilities from financing activities-gross
January 1, 2022	\$ 150,000	\$ 6,700	\$ 1,828,500	\$ -	\$ 1,985,200
Changes in cash flow from financing activities	(50,000)	(12,654)	(37,100)	-	(99,754)
Changes in other non-cash items	-	13,540	-	1,680	15,220
Effect of foreign exchange	-	(155)	-	-	(155)
December 31, 2022	<u>\$ 100,000</u>	<u>\$ 7,431</u>	<u>\$ 1,791,400</u>	<u>\$ 1,680</u>	<u>\$ 1,900,511</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
January 1, 2021	\$ 93,500	\$ 30,000	\$ 17,151	\$ 1,772,111	\$ 1,912,762
Changes in cash flow from financing activities	80,000	(30,000)	(19,451)	32,889	63,438
Changes in other non-cash items	(23,500)	-	9,000	23,500	9,000
December 31, 2021	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 6,700</u>	<u>\$ 1,828,500</u>	<u>\$ 1,985,200</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Wang Yi-Ren	Key management personnel

(2) Significant related party transactions

Lease transactions - lessee

A. The Group leases warehouse from Wang Yi-Ren. Rental contracts are made for periods from September 2020 to December 2022. Rents are paid at the first day of each quarter in cash after deducting taxes collectable by agent.

B. Acquisition of right-of-use assets from key management personnel for the years ended December 31, 2022 and 2021 were \$- and \$29, respectively.

C. Lease liabilities

(a) Ending balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Key management personnel	\$ -	\$ 2,871

(b) Interest expense (listed as “Financial costs”):

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Key management personnel	\$ 11	\$ 41

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 42,778	\$ 30,163
Post-employment benefits	327	331
	<u>\$ 43,105</u>	<u>\$ 30,494</u>

8. Pledged Assets

The Group’s assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Pledged demand deposits	\$ 313,042	\$ 304,281	Long-term borrowings and guarantee for borrowings

(Note) Listed as “Other non-current financial assets”.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2022 and 2021, the unused letters of credit for purchasing raw materials amounted to \$113,010 and \$76,715, respectively.

(2) As of December 31, 2022 and 2021, the balances for contracts that the Group entered into but not yet incurred were \$118,271 and \$13,046, respectively.

(3) The details of endorsement and guarantees provided to others are described in Note 13(1)-B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

(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 amortised cost		
Cash and cash equivalents	\$ 1,241,321	\$ 1,097,968
Financial assets at amortised cost - current	76,689	73,871
Notes receivable	25,579	30,562
Accounts receivable	724,456	905,309
Other receivables	12,684	16,168
Guarantee deposits paid	3,403	3,388
Other non-current financial assets	313,042	304,281
	<u>\$ 2,397,174</u>	<u>\$ 2,431,547</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 100,000	\$ 150,000
Notes payable	14	52
Accounts payable	134,728	191,408
Other payables	289,571	348,599
Long-term borrowings (including current portion)	1,791,400	1,828,500
Guarantee deposits received	1,680	-
	<u>\$ 2,317,393</u>	<u>\$ 2,518,559</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and JPY expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; the other subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
Foreign currency amount			
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,349	30.71	\$ 256,398
USD:RMB	7,254	6.96	222,709
JPY:NTD	458,731	0.232	106,609
EUR:NTD	606	32.72	19,828
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	99	30.71	3,040

December 31, 2021			
Foreign currency amount			
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,996	27.68	\$ 276,689
USD:RMB	2,351	6.38	65,113
JPY:NTD	439,348	0.241	105,883
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,922	27.68	53,201
JPY:NTD	125	0.241	30

Sensitivity analysis of foreign exchange risk is primarily calculated for the foreign currency monetary items at balance sheet date. If the exchange rate of New Taiwan dollars to all foreign currencies had appreciated/depreciated by 1% with all other factors remaining constant, the post-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$3,038 and \$2,635, respectively; if RMB dollars to all foreign currencies had appreciated/depreciated by 1% with all other factors remaining constant, the post-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$1,670 and \$488, respectively.

- iv. The exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$16,985 and (\$15,281), respectively.

Price risk

The Group is not engaged in any financial instruments with fluctuating prices, hence, does not expect price risk arising from significant variations in the market prices.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other factors remain constant, profit, net of tax for the years ended December 31, 2022 and 2021 would increase/decrease by \$231 and \$174, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In accordance with the management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.
- iv. The Group classifies customer's receivable in accordance with the credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the forecastability to adjust the loss rate calculated based on historical and timely information. At December 31, 2022 and 2021, the provision matrix is as follows:

	0~3 months	4~6 months	7~12 months	More than a year	Total
<u>December 31, 2022</u>					
Total book value	\$ 620,975	\$ 135,473	\$ 3,521	\$ 3,245	\$ 763,214
Expected loss rate	0.5%~1.23%	1%~33%	10%	100%	
Loss allowance	\$ 6,261	\$ 3,321	\$ 352	\$ 3,245	\$ 13,179
<u>December 31, 2021</u>					
Total book value	\$ 755,390	\$ 182,951	\$ 8,806	\$ 924	\$ 948,071
Expected loss rate	0.5%~2%	1%~33%	10%	100%	
Loss allowance	\$ 6,607	\$ 3,788	\$ 881	\$ 924	\$ 12,200

- v. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 45	\$ 12,155	\$ 12,200
Expected credit loss	-	888	888
Effect of foreign exchange	-	91	91
At December 31	\$ 45	\$ 13,134	\$ 13,179
	For the year ended December 31, 2021		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 351	\$ 7,970	\$ 8,321
Expected credit (gains) losses	(306)	4,207	3,901
Effect of foreign exchange	-	(22)	(22)
At December 31	\$ 45	\$ 12,155	\$ 12,200

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the Group is financially flexible.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The investments are

expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate		
Expiring within one year	\$ 551,990	\$ 611,524
Expiring beyond one year	1,186,282	989,100
Fixed rate		
Expiring within one year	170,000	-
Expiring beyond one year	100,000	-
	<u>\$ 2,008,272</u>	<u>\$ 1,600,624</u>

The facilities expiring within one year are annual facilities subject to review at various dates during the next year. The other facilities are for operating capital of the Group.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2022	Less than 1 year	Between 1 and 2 years	More than 2 years
Non-derivative financial liabilities:			
Short-term borrowings	\$ 100,288	\$ -	\$ -
Notes payable	14	-	-
Accounts payable	134,728	-	-
Other payables	289,571	-	-
Lease liabilities	7,584	-	-
Long-term borrowings (including current portion)	90,198	1,737,803	57,889
Guarantee deposit received	-	1,680	-
December 31, 2021	Less than 1 year	Between 1 and 2 years	More than 2 years
Non-derivative financial liabilities:			
Short-term borrowings	\$ 150,293	\$ -	\$ -
Notes payable	52	-	-
Accounts payable	191,408	-	-
Other payables	348,599	-	-
Lease liabilities	6,962	-	-
Long-term borrowings (including current portion)	60,622	1,781,428	-

v. The Group does not expect the maturity to end early nor the actual cash flow to be materially different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, other financial assets - non-current, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposit received are approximate to their fair values.

C. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 and no financial instruments in Level 3.

(4) Others

Due to Covid-19 outbreak and the government's various pandemic prevention measures, the Group has implemented workplace hygiene management measure in accordance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)". Except for the subsidiary, Yonyu Plastics (Shanghai) Co., Ltd., that had a decrease in its production and revenue because the subsidiary had to comply with the Covid-19 pandemic prevention measures of the local government in April 2022, other Company's plants were operating normally and there was no significant adverse impact in all aspects.

13. Supplementary Disclosures

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022.

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in

capital or more: Refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 8.

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. Segment Information

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization basis of identification and measurement of segment information had no significant changes in this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income.

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2022				
	Yonyu Plastics	Yonyu Shanghai	Y.Y. Cable	Others	Total
Segment revenue	\$ 1,816,611	\$ 1,169,308	\$ 1,007,804	\$ 37,380	\$ 4,031,103
Inter-segment revenue	(217,852)	(47,908)	(1,514)	(11,448)	(278,722)
Revenue from external customers - plastics	1,459,435	1,064,165	874,097	18	3,397,715
Revenue from external customers - others	139,324	57,235	132,193	25,914	354,666
Interest income	1,044	5,815	246	10,740	17,845
Depreciation and amortisation	133,130	91,637	54,375	6,067	285,209
Finance costs	19,511	634	3,031	249	23,425
Segment (loss) profit before income tax	153,902	12,919	194,338	(19,437)	341,722
Segment assets	1,876,790	1,488,329	999,936	1,252,248	5,617,303
Segment liabilities	2,138,485	179,306	298,073	93,061	2,708,925

For the year ended December 31, 2021

	Yonyu Plastics	Yonyu Shanghai	Y.Y. Cable	Others	Total
Segment revenue	\$ 1,907,428	\$ 1,281,058	\$ 916,834	\$ 26,171	\$ 4,131,491
Inter-segment revenue	(248,083)	(25,849)	(53,320)	(6,649)	(333,901)
Revenue from external customers - plastics	1,503,528	1,202,264	749,167	-	3,454,959
Revenue from external customers - others	155,817	52,945	114,347	19,522	342,631
Interest income	86	7,890	34	1,744	9,754
Depreciation and amortisation	132,556	96,610	49,335	6,401	284,902
Finance costs	15,017	261	2,114	342	17,734
Segment (loss) profit before income tax	228,726	77,902	125,429	(662)	431,395
Segment assets	2,013,318	1,495,933	1,059,963	1,159,399	5,728,613
Segment liabilities	2,282,653	220,159	447,659	51,278	3,001,749

(4) Reconciliation for segment income (loss), assets and liabilities

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. The reconciliation of reportable segment income before income tax is provided as follows:

	For the years ended December 31,	
	2022	2021
Reportable segment income before income tax	\$ 361,159	\$ 432,057
Other segments loss before income tax	(19,437)	(662)
Inter-segment income	7,456	4,635
Profit before income tax	<u>\$ 349,178</u>	<u>\$ 436,030</u>

(5) Information on products and services

Revenue from external customers is mainly from the production and sales of various plastic products. Details are as follows:

	For the years ended December 31,	
	2022	2021
Plastic products	\$ 3,397,715	\$ 3,454,959
Others	354,666	342,631
	<u>\$ 3,752,381</u>	<u>\$ 3,797,590</u>

(6) Geographical information

Geographical information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31,			
	2022		2021	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Taiwan	\$ 2,808,722	\$ 1,524,322	\$ 2,725,838	\$ 1,550,503
Mainland China	943,659	1,007,259	1,071,752	917,505
	<u>\$ 3,752,381</u>	<u>\$ 2,531,581</u>	<u>\$ 3,797,590</u>	<u>\$ 2,468,008</u>

(Note 1) Revenue is categorised based on the locations of customers.

(Note 2) Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayments for equipment and other non-current assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31,			
	2022		2021	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Company A	<u>\$ 375,322</u>	Yonyu Plastics	<u>\$ 383,044</u>	Yonyu Plastics

Yonyu Plastics Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Yonyu Plastics Co., Ltd.	Yonyu Applied Technology Material Co., Ltd.	Other receivables -related parties	Y	\$ 20,000	\$ -	\$ -	1.2%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 243,469	\$ 1,217,347	-

(Note 1) The code filled in for the nature of loans represents as follows:

1. Business transaction.
2. Short-term financing.

(Note 2) Limit on loans granted to a single party is as follows:

1. For business transactions: Limit on loans granted is 20% of the average business transaction amount in the most recent year or 10% of the creditor's net asset value.
2. For short-term financing: Limit is 10% of the creditor's net asset value.
3. For loans between foreign entities whose voting rights are 100% directly and indirectly owned by the Company or for the loans granted to the Company by the foreign entities whose voting rights are 100% directly and indirectly owned by the Company, limit is 60% of the creditor's net asset value.

(Note 3) Ceiling on total loans granted by the creditor is 50% of its net asset value.

(Note 4) In accordance with the Procedures for Provision of Loans, the loan requires the Board of Directors' approval and reported at the stockholders' meeting.

Yonyu Plastics Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Relationship	Endorsed/Guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount as of December 31, 2022	Actual amount drawn down	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 endorsement s/ guarantees to the party in Mainland China	Footnote
				Endorsements/ Guarantees limit provided for a single party (Note 3)	Relationship										
0	Yonyu Plastics Co., Ltd.	Yonyu Applied Technology Material Co., Ltd.	(Note 1)	\$ 1,217,347	\$ 30,000	\$ 30,000	\$ 5,000	\$ -	1.23%	\$ 2,434,693	Y	N	N	-	
1	Yonyu Plastics (Shanghai) Co., Ltd.	Yonyu Plastics (Huatung) Co., Ltd.	(Note 2)	656,281	64,430	61,420	-	-	4.68%	1,312,562	N	N	Y	-	
2	YONYU Co., Ltd.	Yonyu Plastics (Huatung) Co., Ltd.	(Note 1)	1,193,084	315,591	308,697	99,323	308,697	12.94%	2,386,167	N	N	Y	-	

(Note 1) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 2) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(Note 3) In accordance with the Procedures for Endorsement and Guarantee of the Company, ceiling on total amount of endorsements/guarantees provided by the Company is 100% of the Company's net asset value, and limit on endorsements/guarantees provided for a single party is 50% of the Company's net asset value.

(Note 4) Foreign currencies were translated into New Taiwan dollars with exchange rates as of December 31, 2022 as follows: USD:NTD 1:30.71; RMB:NTD 1:4.408.

Yonyu Plastics 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

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.Y. Cable Accessories Co., Ltd.	Stocks: Yonyu Plastics Co., Ltd.	The Company	Note	1,200,017	\$ 39,481	1.31%	\$ 39,481	-

(Note) It was recorded as 'Financial assets at fair value through other comprehensive income - current', but changed to 'Investments accounted for using equity method' when preparing the Group's consolidated financial statements.

Yonyu Plastics Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Yonyu Plastics Co., Ltd.	Y.Y. Cable Accessories Co., Ltd.	Subsidiary	(Sales)	(\$ 173,217)	(10%)	30 days after monthly billings	—	—	\$ 11,333	3%	-
			Purchases	116,703	16%	30 days after monthly billings	—	—	(11,507)	(12%)	(Note)

(Note) Represents collections and payments made by the subsidiary, Y.Y. Cable Accessories Co., Ltd., on behalf of the Group to purchase the requested materials uniformly taking into consideration of the maximum benefit for the Group's purchase.

Yonyu Plastics Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD

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	Yonyu Plastics Co., Ltd.	Y.Y. Cable Accessories Co., Ltd.	1	Sales	\$ 173,217	30 days after monthly billings	5%
				Purchases	116,703	30 days after monthly billings	3%
				Accounts receivable	11,333	—	—
		Yonyu Plastics (Shanghai) Co., Ltd.	1	Accounts payable	11,507	—	—
				Sales	41,143	90 days after monthly billings	1%
				Sales of other assets	10,601	—	—
Yonyu Applied Technology Material Co., Ltd.	1	Accounts payable	19,425	—	—		
		Endorsements and guarantees	30,000	—	1%		
1	Yonyu Plastics (Shanghai) Co., Ltd.	Yonyu Plastics Co., Ltd.	2	Sales	47,908	90 days after monthly billings	1%
		Yonyu Plastics (Huatung) Co., Ltd.	3	Endorsements and guarantees	61,420	—	1%
2	YONYU Co., Ltd.	Yonyu Plastics (Huatung) Co., Ltd.	3	Endorsements and guarantees	308,697	—	5%

(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:

- (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) If transactions between the parent company and its subsidiaries or between its subsidiaries refer to the same transaction, only transactions with amount over NT\$10 million and one side of them were disclosed.

(Note 5) Foreign currencies were translated into New Taiwan dollars with exchange rates as of December 31, 2022 as follows: USD:NTD 1:30.71; RMB:USD 1:0.1436.

Yonyu Plastics Co., Ltd. and Subsidiaries

Information on investees

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Book value			
Yonyu Plastics Co., Ltd.	YONYU Co., Ltd.	British Virgin Islands	Investment business	\$ 1,021,492	\$ 1,021,492	34,900,000	100.00	\$ 2,381,110	(\$ 10,442)	(\$ 7,352)	Subsidiary
	Yonyu Applied Technology Material Co., Ltd.	Taiwan	Manufacture and sales of metal and carbon fiber materials	90,985	65,985	3,600,000	100.00	36,960	4,819	4,819	Subsidiary
	Well Max Beauty Lab Co., Ltd.	Taiwan	Manufacture and wholesale of cosmetic products	130,000	120,000	5,000,000	100.00	50,552	819	816	Subsidiary
	Y.Y. Cable Accessories Co., Ltd.	Taiwan	Manufacture, trading, import and export of plastic products	16,690	16,690	6,573,961	32.59	228,760	157,039	50,553	Subsidiary
Well Max Beauty Lab Co., Ltd.	We Change International Co., Ltd.	Taiwan	Wholesale, retail sales, non-store retail sales and international trading of cosmetic products	30,000	30,000	-	100.00	25,426	(4,273)	-	Subsidiary (Note 1)

(Note 1) In accordance with the relevant regulations, investment income (loss) for the current period is not required to disclose.

(Note 2) Foreign currencies are translated into New Taiwan dollars with exchange rates as of December 31, 2022 as follows: USD:NTD 1:30.71.

Yonyu Plastics Co., Ltd. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022 (Note 3)	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Yonyu Plastics (Shanghai) Co., Ltd.	Manufacture and sales of blow molded and injection molded plastic products, plastic tubes, plastic color masterbatches, plastic molds and their components, packaging and printing services, import and export of carbon materials, and other related business	\$ 423,491	(Note 1)	\$ 266,563	\$ -	\$ -	\$ 266,563	\$ 8,506	100.00	\$ 8,506	\$ 1,312,561	\$ 37,498	-
Yonyu Plastics (Huatung) Co., Ltd.	Manufacture and sales of blow molded and injection molded plastic products, plastic tubes, plastic color masterbatches, plastic molds and their components, sales of self-manufactured products, packaging, decoration and printing services, import, export and wholesale of carbon materials, commission agent and other related business	767,750	(Note 1)	767,750	-	-	767,750	6,129	100.00	6,129	750,265	-	-
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022</u>		<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)</u>									
Yonyu Plastics Co., Ltd.	\$ 1,034,313	\$ 1,104,946	\$ 1,745,027										

(Note 1) Invested in the investee in Mainland China through an existing entity in the third area (YONYU Co., Ltd.).

(Note 2) It was valued and recognised based on the financial statements that were audited and attested by R.O.C. parent company's CPA.

(Note 3) The amount was translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.736) on the remittance declaration date.

(Note 4) The amount was calculated based 60% of net asset value or consolidated net asset value (whichever is higher).

(Note 5) Foreign currencies were translated into New Taiwan dollars with exchange rates as of December 31, 2022 as follows: USD:NTD 1:30.71; RMB:NTD 1:4.408.

Yonyu Plastics Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2022

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collateral		Financing			Interest during the year ended December 31,	
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	2022	Others
Yonyu Plastics (Shanghai) Co., Ltd.	(\$ 41,143)	(2%)	\$ 10,601	-	(\$ 5,220)	(1%)	\$ -	-	\$ -	\$ -	-	\$ -	-
	47,908	6%	-	-	19,425	20%	-	-	-	-	-	-	-

(Note) Foreign currencies were translated into New Taiwan dollars with exchange rates as of December 31, 2022 as follows: USD:NTD 1:30.71; RMB:NTD 1:4.408.

Yonyu Plastics Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2022

Table 9

Units: shares

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Yu Da Investment Co., Ltd.	9,006,078	10%
Yu Yong Investment Co.,Ltd.	4,903,818	5%
Wang Wei Cheng	4,811,313	5%

(Note) The major shareholders information was derived 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 and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.