

**YONYU PLASTICS CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### **Opinion**

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **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 parent company only financial statements section of our report. We are independent of the Company 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

### **Valuation of allowance for inventories**

#### Description

Refer to Note 4(10) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(3) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation loss are \$273,130 thousand and \$12,254 thousand, respectively.

The Company 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 Company'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 inventories 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.

### **Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' responsibilities for the audit of the parent company only financial statements**

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

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

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

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

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

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

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

February 23, 2023

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The accompanying parent company only 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 parent company only 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.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 420,513	9	\$ 461,055	10
1150	Notes receivable, net	6(2) and 12	14,958	-	11,247	-
1170	Accounts receivable, net	6(2) and 12	346,538	8	395,397	9
1180	Accounts receivable - related parties	7	17,388	-	26,970	1
1200	Other receivables		2,359	-	2,143	-
1210	Other receivables - related parties	7	585	-	14,271	-
1220	Current income tax assets	6(22)	3,842	-	-	-
130X	Inventories	5(2) and 6(3)	260,876	6	258,329	6
1410	Prepayments	6(4)	8,205	-	10,029	-
1479	Other current assets		1,232	-	394	-
11XX	Total current assets		1,076,496	23	1,179,835	26
Non-current assets						
1550	Investments accounted for using equity method	6(5) and 7	2,697,382	59	2,568,402	55
1600	Property, plant and equipment	6(6) and 7	730,710	16	768,067	17
1755	Right-of-use assets	6(7) and 7	1,099	-	5,587	-
1780	Intangible assets	6(8)	27,002	1	29,451	1
1840	Deferred income tax assets	6(22)	25,639	-	46,156	1
1915	Prepayments for equipment	6(6)(8)	31,285	1	6,763	-
1920	Guarantee deposits paid		2,378	-	2,378	-
1990	Other non-current assets	7	13,584	-	16,340	-
15XX	Total non-current assets		3,529,079	77	3,443,144	74
1XXX	Total assets		\$ 4,605,575	100	\$ 4,622,979	100

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YONYU PLASTICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities - current	6(15)	\$ 3,492	-	\$ 13,091	-
2150	Notes payable		6	-	6	-
2170	Accounts payable		66,389	1	81,681	2
2180	Accounts payable - related parties	7	30,932	1	18,853	1
2200	Other payables	6(9) and 7	147,370	3	155,552	3
2230	Current income tax liabilities	6(22)	-	-	26,811	1
2280	Lease liabilities - current	7	1,099	-	5,640	-
2320	Long-term liabilities, current portion	6(10)	75,000	2	-	-
21XX	Total current liabilities		324,288	7	301,634	7
Non-current liabilities						
2540	Long-term borrowings	6(10)	1,550,000	34	1,665,000	36
2570	Deferred income tax liabilities	6(22)	211,276	4	212,346	4
2640	Net defined benefit liabilities - non-current	6(11)	83,638	2	124,000	3
2645	Guarantee deposits received		1,680	-	-	-
25XX	Total non-current liabilities		1,846,594	40	2,001,346	43
2XXX	Total liabilities		2,170,882	47	2,302,980	50
Equity						
Share capital						
3110	Common stock	6(12)	912,745	20	912,745	20
3200	Capital surplus	6(5)(12)(13)	60,218	1	59,592	1
	Retained earnings	6(14)				
3310	Legal reserve		415,863	9	388,632	8
3320	Special reserve		142,704	3	128,714	3
3350	Unappropriated retained earnings		997,941	22	975,833	21
3400	Other equity interest	6(5)(11)	( 91,965)	( 2)	( 142,704)	( 3)
3500	Treasury stocks	6(12)	( 2,813)	-	( 2,813)	-
3XXX	Total equity		2,434,693	53	2,319,999	50
Significant Contingent Liabilities and Unrecognised Contract Commitments		7 and 9				
3X2X	Total liabilities and equity		\$ 4,605,575	100	\$ 4,622,979	100

The accompanying notes are an integral part of these parent company only financial statements.



**YONYU PLASTICS CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

				For the years ended December 31,			
				2022		2021	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15) and 7		\$	1,816,611	100	\$	1,907,428
5000 Operating costs	6(3)(7)(8)(11)(20)(21) and 7	(		1,455,890)	( 80)	(	1,448,064)
5900 Operating margin				360,721	20		459,364
5910 Unrealised profit from sales	6(5) and 7	(		1,707)	-	(	1,678)
5920 Realised profit from sales	6(5) and 7			1,678	-		2,536
5950 Net operating margin				360,692	20		460,222
Operating expenses	6(7)(8)(11)(20)(21), 7 and 12						
6100 Selling expenses		(		97,026)	( 6)	(	88,956)
6200 General and administrative expenses		(		91,434)	( 5)	(	90,690)
6300 Research and development expenses		(		36,250)	( 2)	(	35,319)
6450 Expected credit losses		(		2,634)	-	(	255)
6000 Total operating expenses		(		227,344)	( 13)	(	215,220)
6900 Operating profit				133,348	7		245,002
Non-operating income and expenses							
7100 Interest income	6(16) and 7			1,078	-		254
7010 Other income	6(17) and 7			15,697	1		15,324
7020 Other gains and losses	6(18), 7 and 12			23,290	1	(	16,837)
7050 Finance costs	6(6)(7)(19) and 7	(		19,511)	( 1)	(	15,017)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)			48,836	3		60,469
7000 Total non-operating income and expenses				69,390	4		44,193
7900 Profit before income tax				202,738	11		289,195
7950 Income tax expense	6(22)	(		16,194)	( 1)	(	12,900)
8200 Profit for the year			\$	186,544	10	\$	276,295
<b>Other comprehensive income</b>							
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8311 Actuarial gains (losses) on defined benefit plan	6(11)		\$	29,939	1	( \$	4,991)
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, that will not be reclassified to profit or loss	6(5)	(		1,128)	-		-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(		5,987)	-		998
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>							
8361 Financial statements translation differences of foreign operations	6(5)			63,424	4	(	17,488)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(22)	(		12,685)	( 1)		3,498
8300 Other comprehensive income (loss) for the year			\$	73,563	4	( \$	17,983)
8500 Total comprehensive income for the year			\$	260,107	14	\$	258,312
Earnings per share (in dollars)	6(23)						
9750 Basic			\$		2.05	\$	3.04
9850 Diluted			\$		2.05	\$	3.03

The accompanying notes are an integral part of these parent company only financial statements.

YONYU PLASTICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital— common stock	Capital surplus	Retained Earnings			Other Equity Interest Financial statements translation differences of foreign operations	Treasury stocks	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings			
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
Profit for the year		-	-	-	-	276,295	-	-	276,295
Other comprehensive loss for the year		-	-	-	-	( 3,993 )	( 13,990 )	-	( 17,983 )
Total comprehensive income (loss)		-	-	-	-	272,302	( 13,990 )	-	258,312
Distribution of 2020 earnings:									
Legal reserve		-	-	29,864	-	( 29,864 )	-	-	-
Special reserve	6(14)	-	-	-	( 31,829 )	31,829	-	-	-
Cash dividends	6(14)	-	-	-	-	( 146,039 )	-	-	( 146,039 )
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	6(5)(13)	-	626	-	-	-	-	-	626
Balance at December 31, 2021		\$ 912,745	\$ 59,592	\$ 388,632	\$ 128,714	\$ 975,833	(\$ 142,704 )	(\$ 2,813 )	\$ 2,319,999
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
Profit for the year		-	-	-	-	186,544	-	-	186,544
Other comprehensive income for the year		-	-	-	-	22,824	50,739	-	73,563
Total comprehensive income		-	-	-	-	209,368	50,739	-	260,107
Distribution of 2021 earnings:									
Legal reserve		-	-	27,231	-	( 27,231 )	-	-	-
Special reserve	6(14)	-	-	-	13,990	( 13,990 )	-	-	-
Cash dividends	6(14)	-	-	-	-	( 146,039 )	-	-	( 146,039 )
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	6(5)(12)(13)	-	626	-	-	-	-	-	626
Balance at December 31, 2022		\$ 912,745	\$ 60,218	\$ 415,863	\$ 142,704	\$ 997,941	(\$ 91,965 )	(\$ 2,813 )	\$ 2,434,693

The accompanying notes are an integral part of these parent company only financial statements.

YONYU PLASTICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31,	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 202,738	\$ 289,195
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	2,634	255
Provision for inventory market price decline	6(3)	3,144	3,304
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	( 48,836 )	( 60,469 )
Unrealised profit from sales	6(5)	1,707	1,678
Realised profit from sales	6(5)	( 1,678 )	( 2,536 )
Depreciation	6(6)(7)(20)	121,853	123,444
Gains on disposal of property, plant and equipment	6(18)	( 416 )	( 141 )
Amortisation	6(20)	11,277	15,664
Interest income	6(16)	( 1,078 )	( 254 )
Interest expense	6(19)	19,511	15,017
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 3,711 )	( 4,681 )
Accounts receivable		46,225	( 41,266 )
Accounts receivable - related parties		9,582	3,013
Other receivables		( 216 )	( 1,028 )
Other receivables - related parties		13,686	( 271 )
Inventories		( 7,642 )	( 30,680 )
Prepayments		1,824	3,008
Other current assets		( 838 )	85
Changes in operating liabilities			
Contract liabilities - current		( 7,919 )	7,901
Accounts payable		( 15,292 )	( 13,217 )
Accounts payable to related parties		12,079	1,405
Other payables		( 9,616 )	( 2,277 )
Other current liabilities		-	( 1,523 )
Net defined benefit liabilities - non-current		( 10,423 )	( 4,296 )
Cash inflow generated from operations		338,595	301,330
Interest received		1,078	254
Interest paid		( 19,279 )	( 14,994 )
Income taxes paid		( 46,072 )	( 31,157 )
Net cash flows from operating activities		274,322	255,433

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YONYU PLASTICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method	6(5) and 7	( \$ 35,000 )	( \$ 19,553 )
Dividends received	6(5)	17,749	17,092
Cash paid for acquisition of property, plant, and equipment	6(24)	( 73,990 )	( 33,321 )
Interest paid for acquisition of property, plant, and equipment	6(6)(19)(24)	( 153 )	( 55 )
Proceeds from disposal of property, plant and equipment		1,727	325
Acquisition of intangible assets	6(8)	( 3,682 )	( 10,123 )
Increase in prepayments for equipment		( 30,027 )	( 6,105 )
Decrease in guarantee deposits paid		-	3
Decrease in other non-current assets		191	405
Net cash flows used in investing activities		( 123,185 )	( 51,332 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(25)	( 5,640 )	( 6,126 )
Increase in long-term borrowings	6(25)	4,441,120	3,430,000
Decrease in long-term borrowings	6(25)	( 4,481,120 )	( 3,371,111 )
Payments of cash dividends	6(14)	( 146,039 )	( 146,039 )
Net cash flows used in financing activities		( 191,679 )	( 93,276 )
Net (decrease) increase in cash and cash equivalents		( 40,542 )	110,825
Cash and cash equivalents at beginning of year	6(1)	461,055	350,230
Cash and cash equivalents at end of year	6(1)	<u>\$ 420,513</u>	<u>\$ 461,055</u>

The accompanying notes are an integral part of these parent company only financial statements.

YONYU PLASTICS CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY 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 Organisation

(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 is 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 parent company only 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 contract — cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by 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 Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<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 Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting

Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty’.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

- 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”.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its

classification.

(5) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and 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 commitment in operations are classified as cash equivalents.

(6) Accounts and notes receivable

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

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

(8) Derecognition of financial assets

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

(9) Leasing arrangements (lessor) - operating leases

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

(10) 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 cost 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.

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when



the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

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

Asset	Useful lives
Buildings (including auxiliary equipments)	2~35 years
Machinery	2~20 years
Transportation equipment	3~15 years
Other equipment	2~15 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability; 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 Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 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 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 plan

For defined contribution plan, 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 plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan 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 plan 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 Company 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. 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 balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- 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 Company manufactures and sells a range of daily plastic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the product, and there is no unfulfilled obligation that could affect the customer's 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 ~ 90 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 Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company 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 Company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these parent company only financial statements requires management to make critical

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

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

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to changes in market demands and marketing strategies, the Company 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 \$260,876.

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	\$ 166	\$ 157
Checking accounts and demand deposits	348,182	460,898
	<u>348,348</u>	<u>461,055</u>
Cash equivalents:		
Time deposits	72,165	-
	<u>\$ 420,513</u>	<u>\$ 461,055</u>

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

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2022 and 2021.

(2) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 14,958	\$ 11,247
Accounts receivable	\$ 352,760	\$ 398,985
Less: Allowance for uncollectible accounts	( 6,222)	( 3,588)
	<u>\$ 346,538</u>	<u>\$ 395,397</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable:		
Within 30 days	\$ 9,398	\$ 3,994
31 to 90 days	<u>5,560</u>	<u>7,253</u>
	<u>\$ 14,958</u>	<u>\$ 11,247</u>
Accounts receivable:		
Within 30 days	\$ 135,637	\$ 134,948
31 to 90 days	165,412	187,008
91 to 180 days	47,090	70,214
Over 180 days	<u>4,621</u>	<u>6,815</u>
	<u>\$ 352,760</u>	<u>\$ 398,985</u>

The above ageing analysis was based on invoice date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$364,285.

C. The Company 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'.

(3) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 4,571	(\$ 163)	\$ 4,408
Merchandise in transit	878	-	878
Raw materials	109,803	( 4,943)	104,860
Supplies	32,865	( 1,881)	30,984
Work in progress	36,042	( 1,005)	35,037
Finished goods	<u>88,971</u>	<u>( 4,262)</u>	<u>84,709</u>
	<u>\$ 273,130</u>	<u>(\$ 12,254)</u>	<u>\$ 260,876</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	104,039	( 3,663)	100,376
Raw materials in transit	2,757	-	2,757
Supplies	30,284	( 2,146)	28,138
Work in progress	45,310	( 1,175)	44,135
Finished goods	80,929	( 1,901)	79,028
	<u>\$ 267,439</u>	<u>(\$ 9,110)</u>	<u>\$ 258,329</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	\$ 1,449,652	\$ 1,440,648
Provision for inventory market price decline	3,144	3,304
Under-applied fixed manufacturing overhead	4,252	5,088
Loss on physical inventory	440	608
Income from sale of scraps	( 1,598)	( 1,584)
	<u>\$ 1,455,890</u>	<u>\$ 1,448,064</u>

(4) Prepayments

	December 31, 2022	December 31, 2021
Prepayments to suppliers	\$ 4,221	\$ 6,683
Office supplies	614	722
Prepaid expenses	3,370	2,624
	<u>\$ 8,205</u>	<u>\$ 10,029</u>



(5) Investments accounted for using equity method

A. Movements of investments accounted for using equity method are as follows:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 2,568,402	\$ 2,521,476
Acquisition of investments accounted for using equity method	35,000	19,553
Share of profit of investments accounted for using equity method	48,836	60,469
Cash dividends from investments accounted for using equity method	( 17,749)	( 17,092)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	626	626
Unrealised profit from sales	( 1,707)	( 1,678)
Realised profit from sales	1,678	2,536
Other equity—exchange differences on translation of foreign financial statements	63,424	( 17,488)
Other equity—changes in actuarial losses on defined benefit plan	( 1,128)	-
At December 31	<u>\$ 2,697,382</u>	<u>\$ 2,568,402</u>

B. Details of investments accounted for using equity method are as follows:

	December 31, 2022	December 31, 2021
YONYU Co., Ltd.	\$ 2,381,110	\$ 2,325,067
Yonyu Applied Technology Material Co., Ltd.	36,960	7,141
Well Max Beauty Lab Co., Ltd.	50,552	39,736
Y.Y. Cable Accessories Co., Ltd.	228,760	196,458
	<u>\$ 2,697,382</u>	<u>\$ 2,568,402</u>

C. For more information about subsidiaries, please refer to Note 4(3) “Basis of consolidation” of the consolidated financial statements.

D. The Company has no investment accounted for using equity method pledged to others as of December 31, 2022 and 2021.

E. Equity transactions:

- In March 2022, the Company participated in the capital increase of the subsidiary, Yonyu Applied Technology Material Co., Ltd., amounting to \$25,000.
- In November 2022, the Company participated in the capital increase of the subsidiary, Well Max Beauty Lab Co., Ltd., amounting to \$10,000.
- In March 2021, the Company participated in the capital increase of the subsidiary, YONYU Co., Ltd., amounting to \$19,553.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2022							
Cost	\$ 168,947	\$ 482,891	\$ 1,643,843	\$ 18,681	\$ 67,979	\$ 11,860	\$ 2,394,201
Accumulated depreciation	-	( 297,567)	( 1,266,568)	( 15,430)	( 46,569)	-	( 1,626,134)
	<u>\$ 168,947</u>	<u>\$ 185,324</u>	<u>\$ 377,275</u>	<u>\$ 3,251</u>	<u>\$ 21,410</u>	<u>\$ 11,860</u>	<u>\$ 768,067</u>
For the year ended December 31, 2022							
At January 1	\$ 168,947	\$ 185,324	\$ 377,275	\$ 3,251	\$ 21,410	\$ 11,860	\$ 768,067
Additions	-	2,845	38,875	411	2,596	30,618	75,345
Transfers - Cost (Note)	-	745	30,201	-	8	( 26,079)	4,875
Depreciation	-	( 16,780)	( 93,336)	( 761)	( 5,389)	-	( 116,266)
Disposals - Cost	-	( 76)	( 16,331)	( 1,537)	( 374)	-	( 18,318)
- Accumulated depreciation	-	76	15,022	1,537	372	-	17,007
At December 31	<u>\$ 168,947</u>	<u>\$ 172,134</u>	<u>\$ 351,706</u>	<u>\$ 2,901</u>	<u>\$ 18,623</u>	<u>\$ 16,399</u>	<u>\$ 730,710</u>
December 31, 2022							
Cost	\$ 168,947	\$ 486,405	\$ 1,696,588	\$ 17,555	\$ 70,209	\$ 16,399	\$ 2,456,103
Accumulated depreciation	-	( 314,271)	( 1,344,882)	( 14,654)	( 51,586)	-	( 1,725,393)
	<u>\$ 168,947</u>	<u>\$ 172,134</u>	<u>\$ 351,706</u>	<u>\$ 2,901</u>	<u>\$ 18,623</u>	<u>\$ 16,399</u>	<u>\$ 730,710</u>

(Note) Transfer from ‘Prepayments for equipment’.

	January 1, 2021	Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost		\$ 168,947	\$ 480,362	\$ 1,606,422	\$ 19,441	\$ 68,794	\$ 24,947	\$ 2,368,913
Accumulated depreciation		-	( 279,175)	( 1,185,162)	( 15,552)	( 43,209)	-	( 1,523,098)
		<u>\$ 168,947</u>	<u>\$ 201,187</u>	<u>\$ 421,260</u>	<u>\$ 3,889</u>	<u>\$ 25,585</u>	<u>\$ 24,947</u>	<u>\$ 845,815</u>
For the year ended December 31, 2021								
At January 1		\$ 168,947	\$ 201,187	\$ 421,260	\$ 3,889	\$ 25,585	\$ 24,947	\$ 845,815
Additions		-	2,529	23,408	195	1,998	8,676	36,806
Transfers - Cost (Note)		-	-	24,708	-	-	21,763)	2,945
Depreciation		-	( 18,392)	( 91,924)	( 832)	( 6,167)	-	( 117,315)
Disposals - Cost		-	-	( 10,695)	( 955)	( 2,813)	-	( 14,463)
- Accumulated depreciation		-	-	10,518	954	2,807	-	14,279
At December 31		<u>\$ 168,947</u>	<u>\$ 185,324</u>	<u>\$ 377,275</u>	<u>\$ 3,251</u>	<u>\$ 21,410</u>	<u>\$ 11,860</u>	<u>\$ 768,067</u>
December 31, 2021								
Cost		\$ 168,947	\$ 482,891	\$ 1,643,843	\$ 18,681	\$ 67,979	\$ 11,860	\$ 2,394,201
Accumulated depreciation		-	( 297,567)	( 1,266,568)	( 15,430)	( 46,569)	-	( 1,626,134)
(Note) Transfer from 'Prepayments for equipment'		<u>\$ 168,947</u>	<u>\$ 185,324</u>	<u>\$ 377,275</u>	<u>\$ 3,251</u>	<u>\$ 21,410</u>	<u>\$ 11,860</u>	<u>\$ 768,067</u>

- A. As of December 31, 2022 and 2021, except for certain buildings held under operating leases, the remaining property, plant and equipment of the Company are all for self use. Carrying amount for operating leases is as follows:

	December 31, 2022	December 31, 2021
Buildings	\$ 78	\$ 182

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

(7) Leasing arrangements - lessee

- A. The Company leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Buildings	\$ 1,099	\$ 5,465
Transportation equipment	-	122
	\$ 1,099	\$ 5,587

	For the years ended December 31,	
	2022	2021
	Depreciation	Depreciation
Buildings	\$ 5,465	\$ 5,394
Transportation equipment	122	735
	\$ 5,587	\$ 6,129

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$1,099 and \$5,277, respectively.

D. The information on profit or 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	\$ 24	\$ 85
Expense on short-term lease contracts	1,266	558
	<u>\$ 1,290</u>	<u>\$ 643</u>

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$6,930 and \$6,769, 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 Company has no intangible assets pledged to others as of December 31, 2022 and 2021.

(9) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonuses	\$ 81,260	\$ 83,127
Employees' compensation and directors' remuneration	10,670	15,221
Employees' accumulated paid leave payable	8,918	8,999
Payables for labour and health insurance fees	7,675	8,134
Payables for equipment	7,556	6,354
Payables for freight	5,913	9,301
Others	25,378	24,416
	<u>\$ 147,370</u>	<u>\$ 155,552</u>

(10) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	2021.8.6~2024.12.28	1.38%~2.06%	None	\$ 1,625,000
Less: Current portion				( 75,000)
				<u>\$ 1,550,000</u>

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Unsecured borrowings	2021.4.14~2023.12.1	0.85%~1.005%	None	\$ 1,665,000

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(19), 'Financial costs'.

(11) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information is show below:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	(\$ 249,291)	(\$ 286,904)
Fair value of plan assets	165,653	162,904
Net defined benefit liabilities - non-current	(\$ 83,638)	(\$ 124,000)

(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	(\$ 286,904)	\$ 162,904	(\$ 124,000)
Current service cost	( 1,631)	-	( 1,631)
Interest (expense) income	( 1,765)	1,033	( 732)
	( 290,300)	163,937	( 126,363)
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
	17,238	12,701	29,939
Pension fund contribution	-	12,786	12,786
Paid pensions	23,771	( 23,771)	-
At December 31	(\$ 249,291)	\$ 165,653	(\$ 83,638)

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	(\$ 281,508)	\$ 158,203	(\$ 123,305)
Current service cost	( 1,877)	-	( 1,877)
Interest (expense) income	( 1,359)	761	( 598)
	( 284,744)	158,964	( 125,780)
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)
	( 7,134)	2,143	( 4,991)
Pension fund contribution	-	6,771	6,771
Paid pensions	4,974	( 4,974)	-
At December 31	(\$ 286,904)	\$ 162,904	(\$ 124,000)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2022	2021
Discount rate	1.25%	0.625%
Future salary increase rate	2.50%	2.50%

Future mortality rate were both estimated based on the 6<sup>th</sup> 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:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 4,990)	\$ 5,144	\$ 4,992	(\$ 4,868)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 6,184)	\$ 6,386	\$ 6,162	(\$ 6,000)

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 plan of the Company 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 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>\$ 252,257</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$13,433 and \$13,220, respectively.

(12) 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	<u>391</u>	<u>-</u>	<u>-</u>	<u>391</u>

(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'. The cash dividends paid to the subsidiaries for the years ended December 31, 2022 and 2021 both amounted to \$1,920. The Company reversed capital surplus based on the shareholding ratio of the subsidiary amounting to \$626 for both years.

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.

(13) 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 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 Company's cash dividends received by subsidiaries	-	626	-	626
At December 31	<u>\$ 40,997</u>	<u>\$ 19,214</u>	<u>\$ 7</u>	<u>\$ 60,218</u>

  

	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 Company's cash dividends received by subsidiaries	-	626	-	626
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(12), 'Share capital'.

(14) Retained earnings

A. Pursuant to the 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 remaining earnings shall be distributed as dividends to stockholders which shall be proposed by the Board of Directors and resolved by the 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' 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 based on a certain percentage. The shareholders' dividends and bonus can be distributed in cash or shares, among which the cash dividends shall account for at least 50% of the total dividends distributed.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The Company's debit balance on other equity items on December 31, 2021 was \$142,704. The Company has set aside special reserve in accordance with the regulations and the special reserve shall not be distributed as dividends..
- D. The Company both recognised cash dividends distributed to shareholders both amounting to \$146,039 (\$1.6 (in dollars) per share) for the years ended December 31, 2022 and 2021. On February 23, 2023, the Board of Directors approved the distribution of cash dividends from 2022 earnings in the amount of \$100,402 (\$1.1 (in dollars) per share).

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

Revenue arising from contracts with customers are recognised when goods are transferred at a point in time. The revenue are disaggregated into the following major product types:

	For the years ended December 31,	
	2022	2021
Plastic products	\$ 1,622,653	\$ 1,658,577
Others	193,958	248,851
	<u>\$ 1,816,611</u>	<u>\$ 1,907,428</u>

B. The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities - current:			
Receipt in advance	<u>\$ 3,492</u>	<u>\$ 13,091</u>	<u>\$ 5,190</u>

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised from beginning balance of contract liabilities:		
Receipt in advance	<u>\$ 7,698</u>	<u>\$ 540</u>

(16) Interest income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 1,028	\$ 86
Other interest income	50	168
	<u>\$ 1,078</u>	<u>\$ 254</u>

(17) Other income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ 600	\$ 600
Printing income	2,994	1,545
Government grant income	595	312
Others	11,508	12,867
	<u>\$ 15,697</u>	<u>\$ 15,324</u>

(18) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net gains on disposal of property, plant and equipment	\$ 416	\$ 141
Net foreign exchange gains (losses)	22,875	( 16,977)
Other losses	( 1)	( 1)
	<u>\$ 23,290</u>	<u>(\$ 16,837)</u>

(19) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 19,640	\$ 14,987
Lease liabilities	24	85
	19,664	15,072
Less: Capitalisation of qualifying assets	(153)	(55)
	<u>\$ 19,511</u>	<u>\$ 15,017</u>

(20) Expenses by nature

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 417,448	\$ 103,790	\$ 521,238
Depreciation	114,927	6,926	121,853
Amortisation	4,027	7,250	11,277
	<u>\$ 536,402</u>	<u>\$ 117,966</u>	<u>\$ 654,368</u>

  

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 437,649	\$ 106,572	\$ 544,221
Depreciation	115,867	7,577	123,444
Amortisation	7,190	8,474	15,664
	<u>\$ 560,706</u>	<u>\$ 122,623</u>	<u>\$ 683,329</u>

(21) Employee benefit expense

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 355,640	\$ 80,373	\$ 436,013
Labour and health insurance fees	40,314	8,078	48,392
Pension costs	12,631	3,165	15,796
Directors' remuneration	-	4,552	4,552
Other personnel expenses	8,863	7,622	16,485
	<u>\$ 417,448</u>	<u>\$ 103,790</u>	<u>\$ 521,238</u>

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 375,728	\$ 82,183	\$ 457,911
Labour and health insurance fees	40,002	8,238	48,240
Pension costs	12,632	3,063	15,695
Directors' remuneration	-	5,852	5,852
Other personnel expenses	9,287	7,236	16,523
	<u>\$ 437,649</u>	<u>\$ 106,572</u>	<u>\$ 544,221</u>

- A. For the years ended December 31, 2022 and 2021, the average number of employees were 745 and 776, respectively, which included 8 non-employee directors for both years.
- B. For the years ended December 31, 2022 and 2021, the average employee benefit expense was \$701 for both years, while the average wages and salaries were \$592 and \$596, respectively, and the average wages and salaries of 2022 decreased by 0.67% compared to prior year.
- C. The Board of Directors is authorised to establish the directors' remuneration policy based on the extent of participation and the value of contribution in and to the Company's operations as well as the general pay level within the same industry in accordance with the Articles of Incorporation of the Company; managers' remuneration policy is set based on position, contribution, the Company's management performance for the year and the consideration of the Company's future operating risk after being reviewed by the remuneration committee and reported to the Board of Directors for resolution; employees' compensation policy is set based on personal ability, contribution to the Company, performance, the market value of the position and the consideration of the Company's future operating risk.
- D. 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.
- E. 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.

(22) 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	\$ 12,459	\$ 40,045
Tax on undistributed surplus earnings	4,252	6,936
Prior year income tax overestimation	( 1,292)	( 6,598)
	<u>15,419</u>	<u>40,383</u>
Deferred tax:		
Origination and reversal of temporary differences	775	( 27,483)
Income tax expense	<u>\$ 16,194</u>	<u>\$ 12,900</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	\$ 5,987	(\$ 998)
Currency translation differences	12,685	( 3,498)
	<u>\$ 18,672</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	\$ 40,548	\$ 57,839
Effect from items disallowed by tax regulation	( 11,227)	( 4,861)
Temporary differences between finance report and income tax report	( 87)	( 53)
Effect of investment tax credits	-	( 792)
Tax on undistributed surplus earnings	4,252	6,936
Change in assessment of realisation of deferred income tax assets	-	( 34,571)
Prior year income tax overestimation	( 1,292)	( 6,598)
Effect of realised domestic investment loss	( 16,000)	( 5,000)
Income tax expense	<u>\$ 16,194</u>	<u>\$ 12,900</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				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Loss on doubtful debt	\$ 700	\$ 631	\$ -	\$ 1,331
Unrealised profit from sales	1,711	( 644)	-	1,067
Unrealised loss on inventories from market decline	1,822	629	-	2,451
Unused compensated absences	1,800	( 17)	-	1,783
Pensions	22,725	( 2,085)	( 5,987)	14,653
Currency translation differences	17,039	-	( 12,685)	4,354
Unrealised exchange loss	359	( 359)	-	-
	<u>\$ 46,156</u>	<u>(\$ 1,845)</u>	<u>(\$ 18,672)</u>	<u>\$ 25,639</u>
Deferred income tax liabilities				
Temporary differences:				
Gain on foreign investment accounted for using equity method	(\$ 203,579)	\$ 2,121	\$ -	(\$ 201,458)
Increment tax on land revaluation	( 8,767)	-	-	( 8,767)
Unrealised exchange gain	-	( 1,051)	-	( 1,051)
	<u>(\$ 212,346)</u>	<u>\$ 1,070</u>	<u>\$ -</u>	<u>(\$ 211,276)</u>
	<u>(\$ 166,190)</u>	<u>(\$ 775)</u>	<u>(\$ 18,672)</u>	<u>(\$ 185,637)</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	\$ 734	(\$ 34)	\$ -	\$ 700
Unrealised profit from sales	3,193	( 1,482)	-	1,711
Unrealised loss on inventories from market decline	1,162	660	-	1,822
Unused compensated absences	1,719	81	-	1,800
Pensions	22,586	( 859)	998	22,725
Currency translation differences	13,541	-	3,498	17,039
Unrealised exchange loss	-	359	-	359
	<u>\$ 42,935</u>	<u>(\$ 1,275)</u>	<u>\$ 4,496</u>	<u>\$ 46,156</u>
Deferred income tax liabilities				
Temporary differences:				
Gain on foreign investment accounted for using equity method	(\$ 232,250)	\$ 28,671	\$ -	(\$ 203,579)
Increment tax on land revaluation	( 8,767)	-	-	( 8,767)
Unrealised exchange gain	( 87)	87	-	-
	<u>(\$ 241,104)</u>	<u>\$ 28,758</u>	<u>\$ -</u>	<u>(\$ 212,346)</u>
	<u>(\$ 198,169)</u>	<u>\$ 27,483</u>	<u>\$ 4,496</u>	<u>(\$ 166,190)</u>

D. 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.

(23) Earnings per share

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

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment	\$ 75,345	\$ 36,806
Add: Beginning balance of payables for equipment (listed as "Other payables")	6,354	2,924
Less: Ending balance of payables for equipment (listed as "Other payables")	( 7,556)	( 6,354)
Capitalised of interest	( 153)	( 55)
Cash paid for acquisition of property, plant and equipment	<u>\$ 73,990</u>	<u>\$ 33,321</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) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 4,875</u>	<u>\$ 2,945</u>
(c) Prepayments for equipment transferred to intangible assets	<u>\$ 630</u>	<u>\$ 25,796</u>
(d) Contract liabilities transferred to guarantee deposits received	<u>\$ 1,680</u>	<u>\$ -</u>

(25) Changes in liabilities from financing activities

	Lease liabilities	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
January 1, 2022	\$ 5,640	\$ 1,665,000	\$ -	\$ 1,670,640
Changes in cash flow from financing activities	( 5,640)	( 40,000)	-	( 45,640)
Changes in other non-cash items	1,099	-	1,680	2,779
December 31, 2022	<u>\$ 1,099</u>	<u>\$ 1,625,000</u>	<u>\$ 1,680</u>	<u>\$ 1,627,779</u>

	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2021	\$ 6,539	\$ 1,606,111	\$ 1,612,650
Changes in cash flow from financing activities (	6,126)	58,889	52,763
Changes in other non-cash items	5,227	-	5,227
At December 31, 2021	<u>\$ 5,640</u>	<u>\$ 1,665,000</u>	<u>\$ 1,670,640</u>

## 7. Related Party Transactions

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

Names of related parties	Relationship with the Company
Wang Yi-Ren	Key management personnel of the Company
Y.Y. Cable Accessories Co., Ltd. (Y.Y. Cable)	Subsidiary
YONYU Co., Ltd. (YONYU)	Subsidiary
Yonyu Plastics (Shanghai) Co., Ltd. (Yonyu Shanghai)	Subsidiary
Yonyu Applied Technology Material Co., Ltd. (Yonyu Applied)	Subsidiary
Well Max Beauty Lab Co., Ltd. (Well Max)	Subsidiary

### (2) Significant related party transactions

#### A. Sales

	For the years ended December 31,	
	2022	2021
Sales of goods:		
Y.Y. Cable	\$ 173,217	\$ 153,461
Yonyu Shanghai	41,143	92,773
Other subsidiaries	3,427	1,849
	<u>\$ 217,787</u>	<u>\$ 248,083</u>

- (a) Except for certain goods with no similar transactions available for comparison, there was no significant difference between the sales prices to related parties and to non-related parties. The collection term was 30 days to 60 days after monthly billings.
- (b) Unrealised profit from sales arising from goods sold to related parties for the years ended December 31, 2022 and 2021 was \$1,707 and \$1,678, respectively (listed as deduction to 'Investments accounted for using equity method').

## B. Purchases

	For the years ended December 31,	
	2022	2021
Purchases of goods:		
Y.Y. Cable	\$ 116,703	\$ 52,144
Other subsidiaries	46,697	26,730
	<u>\$ 163,400</u>	<u>\$ 78,874</u>

Except for certain goods with no similar transactions available for comparison, there was no significant difference between the purchase prices from related parties and from non-related parties. The payment term was 30 days to 90 days after purchases from related parties and 60 days after purchases from non-related parties.

## C. Property transactions

Disposal of property, plant and equipment and other non-current assets:

	For the years ended December 31,			
	2022		2021	
	Disposal price	Gain on disposal	Disposal price	Gain on disposal
Subsidiaries	<u>\$ 10,601</u>	<u>\$ 2,032</u>	<u>\$ 19,931</u>	<u>\$ 3,667</u>

The above pertains to sales of equipment and spare parts. As of December 31, 2022 and 2021, unrecognised gain on disposal arising from the abovementioned sales to related parties was \$3,628 and \$6,878, respectively (listed as deduction to 'Investments accounted for using equity method').

## D. Lease transactions - lessee

(a) The Company leases land 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 the above pertains to key management personnel for the years ended December 31, 2022 and 2021 was \$- and \$29, respectively.

(c) Lease liabilities:

i. Ending balance:

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

ii. Interest expense (listed as 'Finance costs'):

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

E. Rent income (listed as ‘Other income’)

		Rent determination method	Rent collection method	For the years ended December 31,	
Leased assets				2022	2021
Subsidiaries	Buildings	Negotiation	Quarterly or annually	\$ 600	\$ 600

F. Receivables from related parties

	December 31, 2022	December 31, 2021
(a) Accounts receivable:		
Y.Y. Cable	\$ 11,333	\$ 19,685
Yonyu Shanghai	5,220	7,073
Other subsidiaries	835	212
	<u>\$ 17,388</u>	<u>\$ 26,970</u>

The receivables from related parties arose mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

	December 31, 2022	December 31, 2021
(b) Other receivables (excluding financing):		
Subsidiaries	\$ 585	\$ 271

G. Payables to related parties

	December 31, 2022	December 31, 2021
(a) Accounts payable:		
Y.Y. Cable	\$ 11,507	\$ 10,417
Yonyu Shanghai	19,425	8,426
Other subsidiaries	-	10
	<u>\$ 30,932</u>	<u>\$ 18,853</u>

The payables to related parties arose mainly from purchase transactions. The payables bear no interest.

	December 31, 2022	December 31, 2021
(b) Other payables:		
Subsidiaries	\$ 1,620	\$ 1,468



H. Loan to related party (listed as ‘Other receivables - related parties’)

For the year ended December 31, 2022					
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Interest income
Yonyu Applied	2022.7	\$ 20,000	\$ -	1.20%	\$ 34
For the year ended December 31, 2021					
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Interest income
Yonyu Applied	2021.12	\$ 20,000	\$ 14,000	1.20%	\$ 168

I. Endorsements and guarantees

Endorsements and guarantees that the Company provided to subsidiaries are as follows:

	Description	December 31, 2022	December 31, 2021
Yonyu Applied	Guarantee for financing	\$ 30,000	\$ 30,000

As of December 31, 2022 and 2021, the actual drawdown amount of the endorsements and guarantees that the Company provided to subsidiaries was \$5,000 and \$23,500, respectively.

(3) Key management compensation

For the years ended December 31,			
	2022		2021
Salaries and other short-term employee benefits	\$ 18,073	\$	19,160
Post-employment benefits	327		331
	\$ 18,400	\$	19,491

8. Pledged Asset

None.

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 \$6,142 and \$11,229, respectively.

(2) As of December 31, 2022 and 2021, the balances for contracts that the Company entered into but not yet incurred were \$57,570 and \$9,255, respectively.

(3) The details of endorsements and guarantees provided to subsidiaries are described in Note 7(2)-J.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

## 12. Others

### (1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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	\$ 420,513	\$ 461,055
Notes receivable	14,958	11,247
Accounts receivable	363,926	422,367
Other receivables	2,944	16,414
Guarantee deposits paid	2,378	2,378
	<u>\$ 804,719</u>	<u>\$ 913,461</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 6	\$ 6
Accounts payable	97,321	100,534
Other payables	147,370	155,552
Long-term borrowings (including current portion)	1,625,000	1,665,000
Guarantee deposits received	1,680	-
	<u>\$ 1,871,377</u>	<u>\$ 1,921,092</u>
Lease liabilities	<u>\$ 1,099</u>	<u>\$ 5,640</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company operates internationally and is exposed to foreign exchange risk arising from various currencies, 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 each segment in the Company to manage their foreign exchange risk against their functional currency. The segments are required to hedge their entire foreign exchange risk exposure with the Company 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 Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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	\$ 6,181	30.71	\$ 189,819
JPY:NTD	458,728	0.232	106,608
EUR:NTD	326	32.72	10,667
<u>Investment accounted for using equity method</u>			
USD:NTD	77,700	30.71	2,386,167
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	65	30.71	1,996
JPY:NTD	1,626	0.232	378

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	\$ 7,192	27.68	\$ 199,075
JPY:NTD	439,348	0.241	105,883
EUR:NTD	555	31.32	17,383
<u>Investment accounted for</u>			
<u>using equity method</u>			
USD:NTD	84,292	27.68	2,333,203
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	491	27.68	13,591
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, profit, net of tax for the years ended December 31, 2022 and 2021 would increase/decrease by \$2,438 and \$2,470, respectively.

- v. The exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$22,875 and (\$16,977), respectively.

#### Price risk

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

#### Cash flow and fair value interest rate risk

- The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- If the borrowing interest rate had increased/decreased by 1% with all other factors remaining constant, profit, net of tax for the years ended December 31, 2022 and 2021 would increase/decrease by \$196 and \$150, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

#### (b) Credit risk

- Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main

factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the 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 a certain period.
- iv. The Company classifies customer's receivable in accordance with credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss. The Company used the forecastability to adjust the loss rate calculated based on historical and timely information. At December 31, 2022 and 2021, the provision matrix were as follows:

	0~3 months	4~6 months	7~12 months	More than a year	Total
<u>December 31, 2022</u>					
Total book value	\$ 316,007	\$ 47,090	\$ 2,613	\$ 2,008	\$ 367,718
Expected loss rate	0.5%~1%	1%~2%	10%	100%	
Loss allowance	\$ 3,011	\$ 942	\$ 261	\$ 2,008	\$ 6,222
<u>December 31, 2021</u>					
Total book value	\$ 333,203	\$ 70,214	\$ 6,815	\$ -	\$ 410,232
Expected loss rate	0.5%~1%	1%~2%	10%	100%	
Loss allowance	\$ 2,019	\$ 887	\$ 682	\$ -	\$ 3,588

- v. Movements in relation to the Company 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	\$ -	3,588	3,588
Expected credit loss	-	2,634	2,634
At December 31	\$ -	\$ 6,222	\$ 6,222

	For the year ended December 31, 2021		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 306	3,027	3,333
Expected credit (gains) losses	( 306)	561	255
At December 31	<u>\$ -</u>	<u>\$ 3,588</u>	<u>\$ 3,588</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the Company is financially flexible.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company 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 head-room as determined by the abovementioned forecasts. The investments are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate		
Expiring within one year	\$ 100,000	\$ 100,000
Expiring beyond one year	743,905	687,240
	<u>\$ 843,905</u>	<u>\$ 787,240</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 Company.

- iv. The table below analyses the Company'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:			
Notes payable	\$ 6	\$ -	\$ -
Accounts payable	97,321	-	-
Other payables	147,370	-	-
Lease liabilities	1,102	-	-
Long-term borrowings (including current portion)	83,904	1,626,463	-
Guarantee deposits received	-	1,680	-
December 31, 2021	Less than 1 year	Between 1 and 2 years	More than 2 years
Non-derivative financial liabilities:			
Notes payable	\$ 6	\$ -	\$ -
Accounts payable	100,534	-	-
Other payables	155,552	-	-
Lease liabilities	5,664	-	-
Long-term borrowings	9,545	1,667,780	-

- v. The Company 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 Company's financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, notes payable, accounts payable (including related parties), other payables and long-term borrowings (including current portion) 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 Company has implemented workplace hygiene management measures in accordance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)". The 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

Not applicable.



Yonyu Plastics Co., Ltd.

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
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.  
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)	Endorsements/ Guarantees limit provided for a single party (Note 3)										
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	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.

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.

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 the maximum benefit for the Group's purchase.

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

Table 5

Expressed in thousands of NTD

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
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	—	—
				Accounts payable	11,507	—	—
		Yonyu Plastics (Shanghai) Co., Ltd.	1	Sales	41,143	90 days after monthly billings	1%
				Sales of other assets	10,601	—	—
				Accounts payable	19,425	—	—
		Yonyu Applied Technology Material Co., Ltd.	1	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.  
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.  
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	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)										
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 are 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.

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				
	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	Interest during the year ended December 31, 2022	Others
Yonyu Plastics (Shanghai) Co., Ltd.	(\$ 41,143)	(2%)	\$ 10,601	-	(\$ 5,220)	(1%)	\$ -	-	\$ -	\$ -	-	\$ -	-
	47,908	6%	-	-	19,425	20%	-	-	-	-	-	-	-

(Note) Foreign currencies are 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.

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.

YONYU PLASTICS CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand and revolving funds		\$ 166
Checking accounts		173,602
Demand deposits - NTD		118,425
- Foreign currency	USD 1,769 (in thousands); exchange rate: 30.71	54,320
	EUR 43 (in thousands); exchange rate: 32.72	1,414
	JPY 1,633 (in thousands); exchange rate: 0.2324	380
	CNY 9 (in thousands); exchange rate: 4.408	41
		<u>348,348</u>
Cash equivalents:		
Time deposits - Foreign currency	USD 2,340 (in thousands); exchange rate: 30.71	<u>72,165</u>
		<u>\$ 420,513</u>

YONYU PLASTICS CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Corporation A	Receivables from the client	\$ 144,653	—
Corporation B	Receivables from the client	46,954	—
Corporation C	Receivables from the client	30,545	—
Others (less than 5%)	Receivables from the client	<u>130,608</u>	—
		352,760	
Less: Allowance for uncollectible accounts		( 6,222)	—
		<u>\$ 346,538</u>	

YONYU PLASTICS CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Merchandise	—	\$ 4,571	\$ 5,217	(Note)
Merchandise in transit	—	878	878	(Note)
Raw materials	—	109,803	108,538	(Note)
Supplies	—	32,865	32,639	(Note)
Work in progress	—	36,042	35,477	(Note)
Finished goods	—	88,971	108,904	(Note)
		273,130	\$ 291,653	
Less: Allowance for valuation losses		( 12,254)		
		\$ 260,876		

Note: Refer to Note 4(10) for the method to determine the net realisable value.

YONYU PLASTICS CO., LTD.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

The name of the company	Beginning Balance		Addition		Decrease		Ending Balance		Market Value or Net Assets Value			
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Percentage of Ownership	Number of shares (in thousands)	Amount	Unit Price (in dollars)	Total Amount	Collateral
YONYU CO., LTD.	34,900	\$ 2,325,067	-	\$ 63,424	-	( \$ 7,381)	100.00%	34,900	\$ 2,381,110	\$ 68.37	\$ 2,386,178	None
Yonyu Applied Technology Material Co., Ltd.	1,100	7,141	2,500	29,819	-	-	100.00%	3,600	36,960	10.27	36,960	None
Well Max Beauty Lab Co., Ltd.	12,000	39,736	1,000	10,816	( 8,000)	-	100.00%	5,000	50,552	10.11	50,552	None
Y.Y. Cable Accessories Co., Ltd.	6,574	196,458	-	51,179	-	( 18,877)	32.59%	6,574	228,760	36.78	241,793	None
		\$ 2,568,402		\$ 155,238		(\$ 26,258)			\$ 2,697,382		\$ 2,715,483	

YONYU PLASTICS CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) for details about property, plant and equipment.

YONYU PLASTICS CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) for details about property, plant and equipment,  
and Note 4(12) for details about depreciation methods and useful lives of property, plant and equipment.

YONYU PLASTICS CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

<u>Suppliers Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Corporation a	Accounts payable	\$ 17,824	—
Corporation b	Accounts payable	12,278	—
Corporation c	Accounts payable	3,619	—
Corporation d	Accounts payable	3,406	—
Others (less than 5%)	Accounts payable	29,262	—
		<u>66,389</u>	
Related parties:			
Yonyu Plastics (Shanghai) Co., Ltd.	Accounts payable	19,425	—
Y.Y. Cable Accessories Co., Ltd.	Accounts payable	11,507	—
		<u>30,932</u>	
		<u>\$ 97,321</u>	



YONYU PLASTICS CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(9) for details about other payables.

YONYU PLASTICS CO., LTD.  
STATEMENT OF LONG-TERM LIABILITIES, CURRENT PORTION  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

<u>Creditor</u>	<u>Description</u>	<u>Rate</u>	<u>Amount</u>	<u>Collateral</u>
HSBC Bank (Taiwan)	(Note)	1.63002%	<u>\$ 75,000</u>	None

(Note) Refer to Note 6(10) for details about long-term borrowings.

YONYU PLASTICS CO., LTD.  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Contract Period	Interest Rate	Amount	Collateral	Note
Mizuho Bank	Unsecured bank borrowings	2022.7.1~2024.7.1	1.83000%	\$ 275,000	None	(Note)
Mizuho Bank	"	2022.7.1~2024.7.1	1.90000%	80,000	"	"
Chang Hwa Bank	"	2022.7.12~2024.7.12	1.39000%	25,000	"	"
Bank of Taiwan	"	2022.5.4~2024.5.4	1.41000%	200,000	"	"
KGI Bank	"	2022.9.20~2024.9.20	2.06002%	50,000	"	"
Taipei Fubon Bank	"	2022.6.30~2024.6.30	1.61534%	140,000	"	"
Taipei Fubon Bank	"	2022.6.30~2024.6.30	1.74818%	60,000	"	"
First Commercial Bank	"	2022.7.15~2024.7.15	1.97500%	130,000	"	"
Hua Nan Commercial Bank	"	2022.12.14~2024.12.14	1.53000%	100,000	"	"
Hua Nan Commercial Bank	"	2021.8.6~2024.8.4	1.38000%	70,000	"	"
Chinatrust Commercial Bank	"	2022.7.31~2024.7.31	1.71870%	70,000	"	"
Chinatrust Commercial Bank	"	2022.7.31~2024.7.31	1.84870%	130,000	"	"
HSBC Bank (Taiwan)	"	2021.8.27~2023.8.28	1.63002%	75,000	"	"
Cathay United Bank	"	2022.12.26~2024.12.28	1.79000%	30,000	"	"
Mega International Commercial Bank	"	2022.5.5~2024.5.4	1.62540%	140,000	"	"
Mega International Commercial Bank	"	2022.5.5~2024.5.4	1.62536%	50,000	"	"
				<u>1,625,000</u>		
				Less : Current portion ( 75,000)		
				<u>\$ 1,550,000</u>		

(Note) The loans are revolving credit lines that are available for use during the contract terms.

YONYU PLASTICS CO., LTD.  
STATEMENT OF CHANGES IN DEFERRED INCOME TAX LIABILITIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(22) for details about income taxes.

YONYU PLASTICS CO., LTD.  
STATEMENT OF CHANGES IN NET DEFINED BENEFIT LIABILITY - NON-CURRENT  
YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(11) for details about pensions.

YONYU PLASTICS CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Volume	Amount	
		Subtotal	Total
Plastic bottles	59,958 (in thousands)	\$ 562,020	
Plastic tubes	69,511 (in thousands)	458,750	
Nylon cable ties	421,395 (in thousands)	157,300	
Plastic caps	152,969 (in thousands)	448,796	
Others		194,183	\$ 1,821,049
Less: Sales returns and discounts			( 4,438)
Operating revenue			<u>\$ 1,816,611</u>

YONYU PLASTICS CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning merchandise and merchandise in transit	\$ 4,120
Add: Merchandise purchased	33,825
Less: Transferred to raw materials	( 199)
Transferred to expenses	( 18)
Ending merchandise and merchandise in transit	( 5,449)
Merchandise sold during the year	32,279
Beginning raw materials and raw materials in transit	106,796
Add: Raw materials purchased	504,256
Transferred from merchandise	199
Transferred from supplies	625
Transferred from work in progress	770
Transferred from finished goods	2,957
Less: Raw materials sold	( 132,735)
Transferred to consigned raw materials	( 29,703)
Transferred to expenses	( 13,426)
Loss on physical raw materials	( 502)
Ending raw material and materials in transit	( 109,803)
Raw materials used	329,434
Beginning consigned raw materials	-
Add: Transferred from raw materials	29,703
Transferred from supplies	2,972
Transferred from finished goods	12,378
Less: Transferred to supplies	( 8,401)
Transferred to finished goods	( 36,652)
Ending consigned raw materials	-
Consigned raw materials used	-
Beginning supplies	30,284
Add: Supplies purchased	172,165
Transferred from consigned raw materials	8,401
Gain on physical supplies	62

YONYU PLASTICS CO., LTD.  
STATEMENT OF OPERATING COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Less: Supplies sold	(\$ 1,319)
Transferred to raw materials	( 625)
Transferred to consigned raw materials	( 2,972)
Transferred to expenses	( 33,266)
Ending supplies	( 32,865)
Supplies used	139,865
Direct labor	317,610
Manufacturing expense	452,246
Manufacturing cost	1,239,155
Beginning work in progress	45,310
Add: Work in progress purchased	29,258
Less: Transferred to raw materials	( 770)
Transferred to other non-current assets	( 1,951)
Transferred to expenses	( 721)
Ending work in progress	( 36,042)
Cost of finished goods	1,274,239
Beginning finished goods	80,929
Add: Finished goods purchased	604
Transferred from consigned raw materials	36,652
Less: Transferred to raw materials	( 2,957)
Transferred to consigned raw materials	( 12,378)
Transferred to expenses	( 4,799)
Ending finished goods	( 88,971)
Cost of production	1,283,319
Cost of raw materials sold	132,735
Cost of supplies sold	1,319
Cost of goods sold	1,449,652
Provision for inventory market price decline	3,144
Under-applied fixed manufacturing overhead	4,252
Loss on physical inventory	440
Income from sales of scraps	( 1,598)
	<u>\$ 1,455,890</u>



YONYU PLASTICS CO., LTD.  
STATEMENT OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 86,696	—
Repairs and maintenance	—	26,312	—
Utilities	—	62,518	—
Packaging expense	—	25,317	—
Depreciation	—	114,927	—
Processing expense	—	61,031	—
Consumables	—	34,814	—
Other expenses (individually less than 5%)	—	40,631	—
		<u>\$ 452,246</u>	

YONYU PLASTICS CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 13,852	—
Shipping	—	17,984	—
Import and export expenses	—	47,307	—
Other (individually less than 5%)	—	17,883	—
		<u>\$ 97,026</u>	

YONYU PLASTICS CO., LTD.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 53,043	—
Amortisation	—	6,837	—
Miscellaneous expenses	—	5,959	—
Other (individually less than 5%)	—	25,595	—
		<u>\$ 91,434</u>	

YONYU PLASTICS CO., LTD.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 21,195	—
Insurance expenses	—	2,299	—
Consumables	—	9,242	—
Other (individually less than 5%)	—	3,514	—
		<u>\$ 36,250</u>	

YONYU PLASTICS CO., LTD.  
STATEMENT OF FINANCIAL COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(19) for details about financial costs.

YONYU PLASTICS CO., LTD.  
SUMMARY OF BENEFITS, DEPRECIATION AND  
AMORTISATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) for details about expenses by nature and  
Note 6(21) for details about employee benefit expense.