

**YING HAN Technology  
Co., Ltd.**

Parent Company Only Financial Statements  
for Year 2022 and 2021 and  
Independent Auditors' Report

**Address:** No.50, Keji 1st Rd., Annan Dist., Tainan City  
709405, Taiwan  
**Telephone:** +886-6-384-3188

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
YING HAN Technology Co., Ltd.

### **Opinion**

We have audited the accompanying individual financial statements of YING HAN Technology Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2022 and 2021, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the accompanying individual financial position of the Company as of December 31, 2022 and 2021, and its individual financial performance and its individual 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual 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. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the individual financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's individual financial statements for the year ended December 31, 2022, is stated as follows:

#### The revenue authenticity of specific customer

The Company is dedicated in designing, manufacturing, installing and sales of parts for automatic machinery such as intelligent pipe bender, forming machine, vertical working machine. The Company's major revenue is from the sales of machinery. The machinery is small in quantity but has higher unit price. The revenue for specific customers has significant impact on the Company's Operating Revenue which is shown on the customer sales report of machineries for year 2022 and 2021. In consequence, we listed the authenticity of the revenue of specific customers for the Company as a key audit matter.

Our audit procedures based on the key audit matter found above includes:

1. Understand and test the internal control systems of operating procedures

related to sales cycle and evaluate the effectiveness of the rationale behind the set up and implementation.

2. Sampling the year sales transaction report of specific customers, review the sales orders, customs declarations, invoices, and shipment or loading certificates with customer's signature. And tally the payment afterwards or notices to verify the revenue authenticity.

### **Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements**

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

In preparing the individual 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the individual 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 individual 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 individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

7.

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 individual financial statements for the year ended December 31, 2022 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.

Deloitte & Touche  
Taipei, Taiwan Republic of China  
Auditor WU CHANG JUN

Auditor LIAO HUNG JU

No.Financial-Supervisory-Securities-Auditing-  
1110348898

No.Financial-Supervisory-Securities-Auditing-  
0990031652

14 March 2023

*Notice to Readers*

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

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

YING HAN Technology Co., Ltd.  
**INDIVIDUAL BALANCE SHEETS**  
December 31, 2022 & 2021

Unit: Thousands of New Taiwan Dollars

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 168,202	7	\$ 263,736	10
1136	Current Financial assets carried at amortized cost (Note 4, 7 and 27)	-	-	250,739	10
1150	Notes receivable ( Note 4, 8, 20 and 26 )	39,640	2	17,374	1
1170	Accounts receivable (Note 4, 8 and 20)	94,977	4	130,370	5
1180	Receivables from related parties ( Note 4, 8, 20 and 26 )	209,070	9	196,730	7
1200	Other receivables ( Note 4 and 8 )	1,646	-	3,562	-
1210	Receivables from related parties ( Note 4, 8 and 26 )	87,352	4	25,353	1
1220	Tax assets (Note 22)	213	-	3,131	-
130X	Inventories (Note 4 and 9)	666,467	29	678,472	26
1410	Prepayments (Note 26)	10,983	-	9,961	-
1479	Other current assets	1,875	-	2,147	-
11XX	Total current assets	<u>1,280,425</u>	<u>55</u>	<u>1,581,575</u>	<u>60</u>
<b>NONCURRENT ASSETS</b>					
1550	Investment adjustments for Using Equity Method (Note 4, 10)	240,641	11	234,120	9
1600	Property, plant and equipment (note 4,11 and 27)	719,794	31	749,601	28
1755	Right-of-use assets (Note 4 and 12)	5,175	-	4,570	-
1760	Investment properties (Note 4, 13 and 27)	18,694	1	19,241	1
1821	Other intangible assets (Note 4,14)	350	-	424	-
1840	Deferred income tax assets (Note 4 and 22)	27,487	1	24,540	1
1900	Other noncurrent assets	400	-	400	-
1915	Prepayment for equipment	-	-	2,932	-
1930	Long term Notes receivable (Note 8 and 20)	7,773	-	7,211	-
1940	Long term Receivables from related parties ( Note 8, 20 and 26 )	15,917	1	19,298	1
1920	Refundable deposits (Note 4)	4,611	-	3,284	-
15XX	Total noncurrent assets	<u>1,040,842</u>	<u>45</u>	<u>1,065,621</u>	<u>40</u>
1XXX	Total Assets	<u>\$ 2,321,267</u>	<u>100</u>	<u>\$ 2,647,196</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term borrowings (Note 15 and 27)	\$ 360,000	16	\$ 564,000	21
2110	Short-term notes and bills payable (Note 15)	82,058	4	145,428	6
2130	Current contracts liabilities (Note 20 and 26)	64,211	3	30,320	1
2170	Accounts payable	108,506	5	132,583	5
2180	Accounts payable from related parties (Note 26)	3,254	-	4,344	-
2219	Other payables (Note 16)	52,136	2	49,813	2
2220	Other payables from related parties (Note 26)	9,651	-	11,146	-
2250	Current Provision for Liabilities (Note 4,17)	3,696	-	2,582	-
2280	Current Lease liabilities (Note 4, 12 and 26)	3,119	-	3,105	-
2320	Long-term loans due within one year (Note 15 and 27)	76,092	3	67,759	3
2399	Other current liabilities	1,651	-	2,773	-
21XX	Total current liabilities	<u>764,374</u>	<u>33</u>	<u>1,013,853</u>	<u>38</u>
<b>NONCURRENT LIABILITIES</b>					
2540	Long-term bank loans (Note 15 and 27)	398,866	17	474,958	18
2570	Deferred income tax liabilities	3,275	-	-	-
2580	Non-current Lease liability (Note 4, 12 and 26)	2,109	-	1,561	-
2640	Non-current Net defined benefit liability (Note 4 and 18)	10,840	1	14,832	1
2645	Guarantee deposits (Note 26)	25,104	1	25,104	1
25XX	Total noncurrent liabilities	<u>440,194</u>	<u>19</u>	<u>516,455</u>	<u>20</u>
2XXX	Total liabilities	<u>1,204,568</u>	<u>52</u>	<u>1,530,308</u>	<u>58</u>
<b>Equity (Note 19)</b>					
3110	Common stock	875,460	38	875,460	33
3200	Capital reserve	347,593	15	347,593	13
<b>Accumulated deficits</b>					
3310	Legal reserve	86,606	4	86,606	3
3320	Accumulated deficit	16,373	-	16,373	1
3350	Accumulated deficit	( 206,732 )	( 9 )	( 197,774 )	( 8 )
3300	Total accumulated deficit	<u>( 103,753 )</u>	<u>( 5 )</u>	<u>( 94,795 )</u>	<u>( 4 )</u>
3400	Other equity	( 2,601 )	-	( 11,370 )	-
3XXX	Total equity	<u>1,116,699</u>	<u>48</u>	<u>1,116,888</u>	<u>42</u>
Total liabilities and equity		<u>\$ 2,321,267</u>	<u>100</u>	<u>\$ 2,647,196</u>	<u>100</u>

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd.  
**Individual Statements of Comprehensive Income**  
January 1 – December 31, 2022 & 2021

Unit: Thousands of New Taiwan Dollars  
\*The net loss per share is New Taiwan Dollars

Code		Year 2022		Year 2021	
		Amount	%	Amount	%
4100	Operating revenues (Note 4, 20 and 26)	\$ 692,587	100	\$ 663,893	100
5110	Operating costs (Note 9, 21 and 26)	<u>486,762</u>	<u>70</u>	<u>515,926</u>	<u>78</u>
5900	Operating margin	205,825	30	147,967	22
5910	Unrealized interest income with parent companies	( 10,448 )	( 2 )	( 17,497 )	( 3 )
5920	Realized interest income with parent companies	<u>5,536</u>	<u>1</u>	<u>30,745</u>	<u>5</u>
5950	Realized operating margin	<u>200,913</u>	<u>29</u>	<u>161,215</u>	<u>24</u>
	Operating expenses (Note 8, 21 and 26)				
6100	Sales and marketing expenses	107,107	15	117,774	17
6200	General and administrative expenses	61,163	9	58,735	9
6300	Research expenses	49,868	7	53,160	8
6450	Expected credit impairment losses( Rotation benefits )	<u>4,966</u>	<u>1</u>	<u>689</u>	<u>-</u>
6000	Total of operating expenses	<u>223,104</u>	<u>32</u>	<u>230,358</u>	<u>34</u>
6500	Other non-operating income and expenses (Note 21)	<u>-</u>	<u>-</u>	<u>38</u>	<u>-</u>
6900	Operating Loss	( <u>22,191</u> )	( <u>3</u> )	( <u>69,105</u> )	( <u>10</u> )
	Non-operating revenue and expenses (Note 4, 10, 21 and 26)				
7100	Interest income	3,383	1	2,278	-
7010	Other income	15,865	2	33,024	5
7020	Other gains and losses	70,604	10	( 22,015 )	( 3 )
7050	Finance costs	( 17,499 )	( 3 )	( 17,702 )	( 3 )

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Code		Year 2022		Year 2021	
		Amount	%	Amount	%
7070	Share of Profit or Loss of parent company using equity method	( <u>64,351</u> )	( <u>9</u> )	( <u>59,221</u> )	( <u>9</u> )
7000	Total of Non-operating revenue and expenses	<u>8,002</u>	<u>1</u>	( <u>63,636</u> )	( <u>10</u> )
7900	Loss before tax	( 14,189 )	( 2 )	( 132,741 )	( 20 )
7950	Income tax expense (or Benefit) (Note 4 and 22)	( <u>1,864</u> )	<u>-</u>	<u>3,659</u>	<u>1</u>
8200	Current year loss	( <u>12,325</u> )	( <u>2</u> )	( <u>136,400</u> )	( <u>21</u> )
	Other Comprehensive Income				
8310	Items not classified to profit or loss:				
8311	Remeasurements of the net defined benefit (Note 18)	<u>3,367</u>	<u>1</u>	( <u>1,004</u> )	<u>-</u>
8360	Items may be classified to profit or loss:				
8361	Exchange Differences on Translation of Foreign Financial Statements	10,961	1	7,124	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss. (Note 22)	( <u>2,192</u> )	<u>-</u>	( <u>1,425</u> )	<u>-</u>
		<u>8,769</u>	<u>1</u>	<u>5,699</u>	<u>1</u>
8300	Other comprehensive income (Net of tax )	<u>12,136</u>	<u>2</u>	<u>4,695</u>	<u>1</u>
8500	Total of Other comprehensive income	( <u>\$ 189</u> )	<u>-</u>	( <u>\$ 131,705</u> )	( <u>20</u> )
	Net losses (Note 23)				
9750	Basic	( \$ 0.14 )		( \$ 2.01 )	
9850	Dilution	( 0.14 )		( 2.01 )	

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:



YING HAN Technology Co., Ltd. and Subsidiaries  
**Individual Statements of Changes in Equity**  
January 1 – December 31, 2022 & 2021

Unit: Thousands of New Taiwan Dollars

Code		Accumulated deficits				Accumulated Deficits	Other Equity Interest	Total Equity
		Common Stock	Capital Reserve	Legal Reserve	Special Reserve		Exchange Differences on Translation of Foreign Financial Statements	
A1	Balance as of January 1, 2021	\$ 675,460	\$ 248,555	\$ 86,606	\$ 16,373	(\$ 60,370)	(\$ 17,069)	\$ 949,555
E1	Capital increase (Note 19)	200,000	98,500	-	-	-	-	298,500
C17	Employee stock option (Note 19)	-	538	-	-	-	-	538
D1	Net Loss of Year 2021	-	-	-	-	( 136,400)	-	( 136,400)
D3	Other Comprehensive Income of Year 2021 (net of tax)	-	-	-	-	( 1,004)	5,699	4,695
D5	Total comprehensive income of Year 2021	-	-	-	-	( 137,404)	5,699	( 131,705)
Z1	Balance as of December 31, 2021	875,460	347,593	86,606	16,373	( 197,774)	( 11,370)	1,116,888
D1	Net Loss of Year 2022	-	-	-	-	( 12,325)	-	( 12,325)
D3	Other Comprehensive Income of Year 2022 (net of tax)	-	-	-	-	3,367	8,769	12,136
D5	Total comprehensive income of Year 2022	-	-	-	-	( 8,958)	8,769	( 189)
Z1	Balance as of December 31, 2022	<u>\$ 875,460</u>	<u>\$ 347,593</u>	<u>\$ 86,606</u>	<u>\$ 16,373</u>	<u>(\$ 206,732)</u>	<u>(\$ 2,601)</u>	<u>\$ 1,116,699</u>

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries  
**Individual Statements of Cash Flows**  
January 1 – December 31, 2022 & 2021

Unit: Thousands of New Taiwan Dollars

Code		Year 2022	Year 2021
	<b>Operating Cash Flow</b>		
A10000	Net loss before tax	(\$ 14,189)	(\$ 132,741)
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation	38,367	38,503
A20200	Amortization	74	94
A20300	Expected Credit Losses	4,966	689
A20900	Finance costs	17,499	17,702
A21200	Interest income from bank deposits	( 3,383)	( 2,278)
A21900	Costs of Share-Based compensation payable	-	538
A22400	Share of Profit or Loss of parent company using equity method	64,351	59,221
A22500	Gain from disposal of fixed assets	-	( 38)
A23700	Inventory Valuation and Obsolescence Losses	-	1,300
A23900	Unrealized interest income with parent companies	10,448	17,497
A24000	Realized interest income with parent companies	( 5,536)	( 30,745)
A30000	<b>Changes in operating assets and liabilities</b>		
A31130	Notes receivable	( 22,828)	1,746
A31150	Accounts receivable	30,427	( 61,291)
A31160	Accounts receivable from related parties	( 8,959)	46,957
A31180	Other receivables	1,916	( 1,280)
A31190	Other receivable from related parties	( 61,999)	( 838)
A31200	Inventory	12,005	( 25,825)
A31230	Prepayments	( 1,022)	( 423)
A31240	Other current assets	272	( 1,252)
A32130	Notes payable	-	( 48)
A32150	Accounts payable	( 24,066)	35,306
A32160	Account payables from related parties	( 1,090)	1,484
A32180	Other payables	2,091	805
A32190	Other payables from related parties	( 1,495)	10
A32200	Liability reserve	1,114	( 730)
A32125	Contracts liabilities	33,891	3,095
A32230	Other current liabilities	( 1,122)	471
A32240	Liability – defined benefit liability	( 625)	( 387)
A33000	Operating cash flow	71,107	( 32,458)
A33100	Interest chargeable	3,383	2,278
A33300	Interest payment	( 17,184)	( 17,646)
A33500	Rebate of income tax	2,918	( 23)
AAAA	Net cash inflow from operating activities	<u>60,224</u>	<u>( 47,849)</u>

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Code		Year 2022	Year 2021
	Cash Flows from Investing Activities		
B00050	Financial assets measured at amortized cost are assets	250,739	10,875
B02200	Net cash outflow from subsidiaries	( 64,823 )	-
B02700	Purchase of property, plant and equipment	( 1,003 )	( 75,541 )
B02800	Gain on disposal of property, plant and equipment	-	38
B03700	Increase of refundable deposit	( 2,163 )	( 650 )
B03800	Decrease of refundable deposit	836	2,100
B04500	Intangible assets	-	( 85 )
B06700	Increase of other non-current assets	-	( 400 )
B07100	Increase of prepayments for equipment	-	( 2,127 )
BBBB	Net cash inflow from investment activities	<u>183,586</u>	<u>( 65,790 )</u>
	Cash Flows from Financing Activities		
C00100	Increase of short-term borrowings	852,000	1,269,000
C00200	Decrease of short-term borrowings	( 1,056,000 )	( 1,454,500 )
C00500	Increase of short term Notes receivable	871,600	675,500
C00600	Decrease of short term Notes receivable	( 935,000 )	( 650,000 )
C01600	Borrowing of long-term loan	-	80,500
C01700	Repayment of long-term loan	( 67,759 )	( 55,575 )
C04020	Payments of lease liabilities	( 4,185 )	( 3,780 )
C04500	Capital increase	-	298,500
CCCC	Net Cash Flows from Financing Activities	<u>( 339,344 )</u>	<u>159,645</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 95,534 )	46,006
E00100	Cash and cash equivalents at the beginning of year	<u>263,736</u>	<u>217,730</u>
E00200	Cash and cash equivalents at the end of year	<u>\$ 168,202</u>	<u>\$ 263,736</u>

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd.  
Notes to the Individual financial statements  
January 1 – December 31, 2022 & 2021  
(Unit: Thousands of New Taiwan Dollars. Unless otherwise stated.)

1. Company History

Founded in January 2008, YING HAN Technology Co., Ltd. ( The ‘Company’) is a leading and well organized manufacturer in Taiwan, specialized in designing, manufacturing, installing and sales of parts for automatic machinery such as tube & pipe bender, forming machine.

The Company was approved to issue stocks in August 2015 and was allowed to trade on the Taiwan Stock Exchange (TWSE) in November of the same year. In August 21, 2017 the Company was listed on Taiwan Stock Exchange.

The use of currency in this Individual Financial Statements is New Taiwan Dollars.

2. Date and Procedures of Authorization of Financial Statements for Issuance

The accompanying individual financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

3. Newly Issued or Revised Standards and Interpretations

1. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

2. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023(Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023(Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023(Note 3)

Note 1: This amendment is applicable to annual reporting periods after January 1, 2023.

Note 2: This amendment is applicable to changes in accounting estimates and policies that occurred during annual reporting periods after January 1, 2023.

Note 3: This amendment is applicable to transactions occurred after January 1, 2022. Except for the recognition of deferred income tax on temporary differences in lease and decommissioning obligations on January 1, 2022.

The rest of the revised standards and interpretations did not have a significant effect on the financial condition and financial performance of the Company as of the release date of this individual financial statements.

3. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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 ‘Liabilities to lease with leaseback’	January 1, 2024 (Note 2)
Amendments to IAS 17 “Insurance Contract”	January 1, 2023
Amendments to IAS 17	January 1, 2023
Amendments to IAS 17 “Application of IFRS 17 and IFRS 9- Comparison”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Liabilities with Covenants”	January 1, 2024

Note 1: The above new, revised or amended standards and interpretations is applicable to annual reporting periods mentioned above. Unless otherwise stated.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

As of the release date of this individual financial statements, the Company continues to evaluate the impact on its financial condition and financial performance from the initial adoption of the standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

#### 4. Summary Explanation of Significant Accounting Policies

##### 1. Statement of Compliance

The accompanying individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

##### 2. Basis of Preparation

The accompanying individual financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Financial assets can be categorized into 3 levels based on the degree of observability and importance of the input value:

- 1) Level 1: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
- 2) Level 2: Refers to observable inputs other than quoted prices at level 1, either directly (that is, prices) or indirectly (that is, derived from prices) for the asset or liability.
- 3) Level 3: An unobservable assets or liabilities.

When preparing the individual financial reports, it adopts the equity method for investment subsidiaries. In order to make the current year profit and loss, other comprehensive profit and loss and equity in this individual financial report the same as the current year profit and loss, other comprehensive profit and loss and equity attributable to the company's owners in the company's individual financial report, certain accounting treatment differences between the individual basis and the consolidated basis are adjusted "Investments using the equity method", "shares of profits and losses of subsidiaries using the equity method", "shares of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

### 3. Classification of Current and Noncurrent Assets and Liabilities

Current assets are:

- 1) Assets held for trading purposes;
- 2) Assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period;
- 3) Cash and cash equivalents (but excluding those that subject to restrictions on exchange or settlement of liabilities more than 12 months after the balance sheet date)

Current liabilities are:

- 1) Liabilities incurred for trading purposes;
- 2) Liabilities expected to be settled within one year from the end of the reporting period;
- 3) Liabilities for which settlement cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

#### 4. Foreign Currencies

In the preparation of the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

#### 5. Inventories

Inventories include raw materials, work in progress and finished goods, etc. Inventories are stated at the lower of cost or net realizable value. The comparison of cost to net realizable value is done on an individual basis. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are adjusted to approximate weighted-average cost at the end of the reporting period.

#### 6. Investment in subsidiaries

The Company uses the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the company's share of the subsidiary's loss is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term interests that are substantially part of the company's net investment in the subsidiary), it is continue to recognize losses according to the shareholding ratio.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not

owned by the Company.

## 7. Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## 8. Investment properties

Investment properties is real estate held to earn rentals or for capital appreciation or both. Investment properties also includes land that has not yet been determined for future use.

Owned investment properties is initially measured at cost (including transaction costs), and subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

## 9. Intangible Assets

### (1) Acquired Separately

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The company shall review the estimated useful life, residual value and amortization method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.



(2) Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the value of the asset is recognized in profit or loss for the year.

10. Impairment of Property, Plant, Equipment, Right-of-use assets, Investment properties and Intangible Assets

At each balance sheet date, the Company reviews the carrying amounts of property, plant, equipment, right-of-use assets, investment properties and intangible assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with undetermined useful lives and not available for use, impairment tests are conducted at least annually and when there is evidence of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

11. Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the contractual terms of the instrument.

If the financial assets and financial liabilities are not recognized by fair values of financial instruments initially, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss and included in the originally recognized amounts of the financial asset and financial liability.

(1) Financial Assets

Customary transactions of financial assets are recognized and derecognized by transaction date.

1) Type of measurement

The types of financial assets held by the Company are financial assets measured at amortized cost.

Financial assets measured at amortized cost.

Financial assets invested by the Company should be categorized as financial assets measured at amortized cost if both of the below conditions are met:

- A. Held under an operating model whose purpose is to hold financial assets for the purpose of receiving contractual cash flows; and
- B. The interest is based on the cash flow on the date agreed in the contract, the principal paid to complete the relevant cash flow, and the principal amount circulated overseas.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts (including related parties) measured at amortized cost, other receivables and deposits) after original recognition is measured at the amortized cost of the gross carrying amount determined by the effective interest method less any impairment losses, and any foreign exchange gains or losses are recognized in profit or loss.

Interest income from bank deposits is calculated by multiplying the effective interest rate and the total amount if the financial asset except for the below 2 situations:

- A. Purchased or initial impairment financial assets is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- B. Non-purchased or initial impairment financial assets becomes impairment financial assets shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the reporting period following the credit-impairment.

Impairment financial assets means the issuer or debtor had encountered significant financial difficulties, defaulted or the debtor is likely having a bankruptcy or other financial difficulties that will make the active market disappear.

Cash equivalents included deposit and repurchase bonds with high liquidity that is convertible into cash within 3-month and has lower risk of value change. It's to satisfy the short-term cash commitments.

## 2) Impairment financial assets

The Company evaluates the impairment loss of financial assets (including notes receivable and accounts) measured at amortized cost based on expected credit losses on each balance sheet date.

Notes and accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the loss will be recognized as the 12-month expected credit loss. If there has been a significant increase, it will be recognized as the expected credit loss during the duration Allow for losses.

Expected credit loss is calculated average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible default events of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible default events of the financial instrument during the duration.

For the purpose of internal risk control, the Company will regard the below situation as defaulted in financial assets without considering the collateral held:

- A. The internal or external indication showing the debtor is unlikely to pay back the debt.
- B. Overdue exceeds the days of credit terms without reasonable and supportable information that shows a delayed payment is more appropriate.

Impairment losses on all financial assets are achieved by reducing their carrying amounts through the use of an allowance account.

## 3) Derecognition of financial assets

A Company derecognized a financial asset only when the contractual rights to the cash flows from the financial asset have lapsed, or when the financial asset

has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

When a financial asset is measured at amortized cost as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an investment in a debt instrument at fair value through other comprehensive profit or loss is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss that has been recognized in other comprehensive profit or loss is recognized in profit or loss. When an equity instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

(2) Financial Liabilities

1) Measurement

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

2) Derecognition of financial liabilities

On derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

12. Preparation for financial liabilities

The amount recognized as a liability reserve is the best estimate of the expenditure required to settle the obligation on the balance sheet date, considering the risks and uncertainties of the obligation. The liability provision is measured at the discounted value of the estimated cash flows of the settlement obligation.

Warranty

The warranty obligation to ensure that the product is compatible to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expenditure required to settle the obligations of the Company.

13. Revenue Recognition

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods.

Revenue from sale of goods

Revenue from sale of goods is recognized when the Company automatic machinery

such as intelligent pipe bender, forming machine, vertical working machine are delivered to designated place or the installation certificate is obtained. The customer has the right to set the price and is responsible for the resales of it. In the meanwhile, customer should bear the risk of obsolete goods. The company recognized the revenue from sale of goods at that point of time. Advance payment is recognized as contract liabilities before shipment or installation certificates are obtained.

#### 14. Leases

The Company assesses whether the contract is (or contains) a lease on the contract inception date.

##### 1. The Company as lessor

When the term of the lease is transferred to the lessee substantially all the risks and rewards of ownership of the asset, it's categorized as finance lease. All the other leases are categorized as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease period. The original direct cost incurred in obtaining the operating lease is added to the book amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

##### 2. The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the individual balance sheets.

The company has negotiated with the leaser on the rental with regards to Covid-19 situation. The rental before June 30, 2021, has been adjust and reduced. The negotiation has no significant impact on the other part of the contract.

The company chooses to adopt a practical expedient approach to deal with the rent negotiation of the factory building and office lease contract that meets the conditions. It does not evaluate whether the negotiation is a lease modification but recognizes the reduction of the lease payment in profit or loss when the concession event or situation occurs (other income and expense), and correspondingly reduce the lease liability.

#### 15. Borrowing Costs

Borrowing costs is the cost to directly obtain, construct or produce the destined assets. It's considered part of the cost of the assets until the use or sale of the item has been performed.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

#### 16. Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to revenue are recognized in other income on a systematic basis over the period in which they are intended to compensate for the associated costs that are recognized as an expense by the combined company.

Government grants that are receivables as compensation for expenses already incurred are deducted from incurred expenses in the period in which they become receivables.

#### 17. Employee Benefits

##### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan.

18. Share-based payment arrangements

Employee Stock Options

Employee stock options are recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve - employee stock options is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

19. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.



5. Critical accounting judgements and key sources of estimation and uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

There were no significant accounting judgments, estimates, or assumptions made in the accounting policies adopted by the Company.

6. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 1,873	\$ 2,112
Cheque and Deposit	67,967	233,824
<u>Cash equivalents</u> (investment with initial due date within 3 month)		
Fixed deposit	82,917	-
Repurchase agreements collateralized by bonds	<u>15,445</u>	<u>27,800</u>
	<u>\$ 168,202</u>	<u>\$ 263,736</u>

The interest rate range of cash equivalent on the balance sheet date is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed deposit	3.20% ~ 3.75%	-
Repurchase agreements collateralized by bonds	4%	0.20% ~ 0.30%

7. Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Pledged time deposit	<u>\$ -</u>	<u>\$ 250,739</u>

1. As of December 31, 2021, the annual interest rate of pledged time deposits ranged from 0.15% to 0.22%.
2. For information on the pledge of financial assets measured at amortized cost, please refer to Note 27.

8. Notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes receivable and long-term receivables - related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Arising from operating activities	\$ 39,640	\$ 17,374
Less: Allowance to reduce	<u>-</u>	<u>-</u>
	<u>\$ 39,640</u>	<u>\$ 17,374</u>
 <u>Accounts receivable (including related parties)</u>		
Carried at amortized cost		
Total carrying amount	\$ 312,180	\$ 330,664
Less: Allowance to reduce	7,776	2,810
Less: Unrealized Interest Income	<u>357</u>	<u>754</u>
	<u>\$ 304,047</u>	<u>\$ 327,100</u>
 <u>Other receivables (including related parties)</u>		
Long-term notes receivable	<u>\$ 88,998</u>	<u>\$ 28,915</u>
	<u>\$ 7,773</u>	<u>\$ 7,211</u>
 Long-term receivables - related parties		
Total carrying amount	\$ 16,267	\$ 19,795
Less: Unrealized Interest Income	<u>350</u>	<u>497</u>
	<u>\$ 15,917</u>	<u>\$ 19,298</u>

Notes and accounts receivable measured at amortized cost

The Company set the credit term based on the financial condition, market region, and trading experience of each client. To management the risk, the Company has assigned a dedicated team to be responsible for the determination and examination of credit term of each client and to ensure all the note receivable have been managed properly. Additionally, on the balance sheet date, the Company will review the recoverable number of receivables one by one to ensure that unrecoverable receivables have been set aside for appropriate derogation losses. Hence the management of the Company believes that the credit risk of Company has been eased significantly.

The Company recognizes the allowance loss of accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record and current financial situation. Because the credit loss historical experience of the Company shows that there is no significant difference in the loss pattern of different customer groups, the provision matrix does not further distinguish the customer group, the expected credit loss rate is determined only by the number of days overdue accounts receivable.

If there is evidence that shows the counterparty is facing severe financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty is undergoing liquidation, the Company will directly write off the relevant accounts receivable, but it will continue with the activities. The amount is recognized in profit or loss.

The Company measures the allowance loss of accounts receivable based on the reserve matrix as follows:

#### Notes receivable as of December 31, 2022

	Not Overdue	Overdue 0~180 days	Overdue 181 ~ 270 days	Overdue 271 ~ 450 days	Overdue 451 days and above	Total
Expected credit losses ratio	0 %	100 %	100 %	100 %	100 %	
Total carrying amount	\$ 39,640	\$ -	\$ -	\$ -	\$ -	\$ 39,640
Allowance to reduce (Expected credit losses during the duration)	-	-	-	-	-	-
Amortized cost	\$ 39,640	\$ -	\$ -	\$ -	\$ -	\$ 39,640

#### Accounts receivable as of December 31, 2022

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	1%	36%	61%	88%	100%		
Total carrying amount	\$ 25,049	\$ 124	\$ 167	\$ 1,461	\$ 4,874	\$ 280,148	\$ 311,823
Allowance to reduce (Expected credit losses during the duration)	( 142)	( 45)	( 103)	( 1,278)	( 4,874)	( 1,334)	( 7,776)
Amortized cost	\$ 24,907	\$ 79	\$ 64	\$ 183	\$ -	\$ 278,814	\$ 304,047

#### Notes receivable as of December 31, 2021

	Not Overdue	Overdue 0~180 days	Overdue 181 ~ 270 days	Overdue 271 ~ 450 days	Overdue 451 days and above	Total
Expected credit losses ratio	0 %	100 %	100 %	100 %	100 %	
Total carrying amount	\$ 17,374	\$ -	\$ -	\$ -	\$ -	\$ 17,374
Allowance to reduce (Expected credit losses during the duration)	-	-	-	-	-	-
Amortized cost	\$ 17,374	\$ -	\$ -	\$ -	\$ -	\$ 17,374

#### Accounts receivable as of December 31, 2021

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	0%	5%	25%	50%	100%		
Total carrying amount	\$ 20,402	\$ 284	\$ 1	\$ 1,290	\$ 2,151	\$ 305,782	\$ 329,910
Allowance to reduce (Expected credit losses during the duration)	-	( 14)	-	( 645)	( 2,151)	-	( 2,810)
Amortized cost	\$ 20,402	\$ 270	\$ 1	\$ 645	\$ -	\$ 305,782	\$ 327,100

Changes in the provision for losses on receivables are as follows:

	Year 2022	Year 2021
Balance at the start of the year	\$ 2,810	\$ 2,121
Impairment loss provision for the year	4,966	689
Balance at the end of year	\$ 7,776	\$ 2,810

Other receivables have not been provisioned for bad debts because past experience shows that the probability of recovery is extremely high.

9. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished product	\$ 83,202	\$ 67,256
WIP- Work in process	438,929	462,145
Raw material	<u>144,336</u>	<u>149,071</u>
	<u>\$ 666,467</u>	<u>\$ 678,472</u>

The cost of goods sold related to inventories in 2022 and 2021 was NT \$486,762,000 and NT \$515,926,000 respectively. Cost of goods sold in 2021 includes inventory depreciation and sluggish loss of NT \$1,300,000.

10. Investments using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment subsidiary	<u>\$ 240,641</u>	<u>\$ 234,120</u>
YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	( \$ 26,552 )	( \$ 21,525 )
YING HAN TEKNOLOJI LTD. STI(Turkey Ying Han)	( 43,369 )	( 26,414 )
YING HAN TECHNOLOGY Limited(Russia Ying Han)	( 1,491 )	( 2,015 )
HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	2,313	2,104
YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	2,884	4,031
Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam Ying Han)	( 978 )	( 537 )
YING HAN Technology Co., Ltd. (Tianjin)	150,838	171,288
Shanghai Yingheng Machinery Technology Co., Ltd.(Shanghai Ying Han)	89,912	102,736
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	2,062	1,868
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	3,015	2,584
Rdata System Co., Ltd.(Rdata)	15,960	-
YING HAN TECHNOLOGY(USA), INC.,	<u>46,047</u>	<u>-</u>
	<u>\$ 240,641</u>	<u>\$ 234,120</u>

Ownership Interest and Voting Percentage(%)

Name of subsidiaries	Year 2022	Year 2021
	31 December	31 December
Poland Ying Han	100	100
Turkey Ying Han	100	100
Russia Ying Han	100	100
Malaysia Ying Han	100	100
Thailand Ying Han	46	46
Vietnam Ying Han	100	100
Tianjin Ying Han	100	100
Shanghai Ying Han	100	100
India Ying Han	99.99	99.99
Indonesia Ying Han	99	99
Rdata	55	-
USA Ying Han	100	-

1. NT \$8,250,000 was agreed by the board of directors of the Company on April 1, 2022, with a 55% shareholding of the non-affiliated company. The transfer of the joint venture to the joint venture was approved for the difference of NT \$5,333,000, please refer to notes 14 and 25. In addition, the Company increased its investment in the subsidiary by NT\$8,250,000 in September 2022 according to its shareholding ratio.
2. YING HAN TECHNOLOGY (USA), INC. was set by the board of directors on March 1, 2022 with the investment amount of NT\$1,500,000.

In 2022 and 2021, the profit and loss and other comprehensive profit and loss shares of subsidiaries using the equity method were recognized based on the financial reports of the subsidiaries audited by accountants for the same period.

11. Property, plant and equipment

	Land	Building	Machinery	Vehicles	Equipment	Lease	Other Equipment	Property in built	Total
<b>Cost</b>									
Balance as of January 1, 2022	\$ 499,064	\$ 279,937	\$ 77,341	\$ 17,827	\$ 71,754	\$ 4,648	\$ 59,483	\$ 241	\$ 1,010,295
Addition	-	805	-	-	1,197	-	1,498	424	3,924
Re-classified	-	665	-	-	-	-	-	(665)	-
Balance as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 281,407</u>	<u>\$ 77,341</u>	<u>\$ 17,827</u>	<u>\$ 72,951</u>	<u>\$ 4,648</u>	<u>\$ 60,981</u>	<u>\$ -</u>	<u>\$ 1,014,219</u>
<b>Accumulated depreciation and reduction</b>									
Balance as of January 1, 2022	\$ -	\$ 115,627	\$ 65,528	\$ 16,132	\$ 9,271	\$ 4,648	\$ 49,488	\$ -	\$ 260,694
Fee of depreciation	-	17,896	5,996	652	4,584	-	4,603	-	33,731
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 133,523</u>	<u>\$ 71,524</u>	<u>\$ 16,784</u>	<u>\$ 13,855</u>	<u>\$ 4,648</u>	<u>\$ 54,091</u>	<u>\$ -</u>	<u>\$ 294,425</u>
Net as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 147,884</u>	<u>\$ 5,817</u>	<u>\$ 1,043</u>	<u>\$ 59,096</u>	<u>\$ -</u>	<u>\$ 6,890</u>	<u>\$ -</u>	<u>\$ 719,794</u>
<b>Cost</b>									
Balance as of January 1, 2021	\$ 499,064	\$ 278,060	\$ 77,341	\$ 17,605	\$ 9,595	\$ 4,648	\$ 56,141	\$ 8	\$ 942,462
Addition	-	1,877	-	1,052	62,159	-	3,429	233	68,750
Loss	-	-	-	(830)	-	-	(87)	-	(917)
Balance as of December 31, 2021	<u>\$ 499,064</u>	<u>\$ 279,937</u>	<u>\$ 77,341</u>	<u>\$ 17,827</u>	<u>\$ 71,754</u>	<u>\$ 4,648</u>	<u>\$ 59,483</u>	<u>\$ 241</u>	<u>\$ 1,010,295</u>
<b>Accumulated depreciation and reduction</b>									
Balance as of January 1, 2021	\$ -	\$ 97,709	\$ 56,488	\$ 15,836	\$ 8,227	\$ 4,648	\$ 44,449	\$ -	\$ 227,357
Fee of depreciation	-	17,918	9,040	1,126	1,044	-	5,126	-	34,254
Loss	-	-	-	(830)	-	-	(87)	-	(917)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 115,627</u>	<u>\$ 65,528</u>	<u>\$ 16,132</u>	<u>\$ 9,271</u>	<u>\$ 4,648</u>	<u>\$ 49,488</u>	<u>\$ -</u>	<u>\$ 260,694</u>
1 Net as of December 31, 2021	<u>\$ 499,064</u>	<u>\$ 164,310</u>	<u>\$ 11,813</u>	<u>\$ 1,695</u>	<u>\$ 62,483</u>	<u>\$ -</u>	<u>\$ 9,995</u>	<u>\$ 241</u>	<u>\$ 749,601</u>

Part of the warehouses and extended shelters of the Company's factory buildings have been listed as impairment losses of NT \$3,638,000 in 2015.

Depreciation expense is provided on a straight-line basis over the following useful years:

Building	
Main warehouse	20~50 years
Renovation	10~15 years
Machinery	3~8 years
Vehicles	2~8 years
Equipment	3~15 years
Lease	5~10 years
Other equipment	2~10 years

Please refer to Note 27 for the amount of property, plant and equipment pledged by the Company as a loan guarantee.

12. Lease

1. Right to use

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount		
Building	\$ 1,523	\$ 4,570
Vehicles	<u>3,652</u>	<u>-</u>
	<u>\$ 5,175</u>	<u>\$ 4,570</u>
	<u>Year 2022</u>	<u>Year 2021</u>
Addition	<u>\$ 4,695</u>	<u>\$ -</u>
Depreciation		
Building	\$ 3,046	\$ 3,046
Vehicles	<u>1,043</u>	<u>656</u>
	<u>\$ 4,089</u>	<u>\$ 3,702</u>

In addition to the depreciation expenses recognized above, the company's right-of-use assets did not have any major sublease and impairment in 2022 and 2021.

2. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount		
Current	\$ <u>3,119</u>	\$ <u>3,105</u>
Non-current	\$ <u>2,109</u>	\$ <u>1,561</u>

The discount rate range for the lease liability is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Building and vehicles	1.30% ~ 1.41%	1.41%

3. Important lease activities and terms

If the Company leases official vehicles, the term is for a period of 3 years. These rental agreements do not have terms of renewal or right of purchase.

The Company also leases buildings as warehouse, and the lease period is 6 years. When the lease period ends, the Company has no preferential right to purchase the leased building, and it is agreed that the Company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

4. Other lease information

Please refer to Note 13 for the Company's agreement on leasing investment real estate under business lease.

	<u>Year 2022</u>	<u>Year 2021</u>
Short-term Lease	\$ <u>656</u>	\$ <u>1,206</u>
Total cash outflows from leases	\$ <u>4,841</u>	\$ <u>4,990</u>

The company chooses to apply the recognition exemption to the factory buildings and official vehicles that qualify for short-term leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

13. Investment Property

	<u>Building</u>
<u>Cost</u>	
Balance as of January 1, 2022, and December 31, 2022.	<u>\$ 22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2022	\$ 3,010
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2022	<u>\$ 3,557</u>
Net as of December 31, 2022	<u>\$ 18,694</u>
<u>Cost</u>	
Balance as of January 1, 2022, and December 31, 2021	<u>\$ 22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2021	\$ 2,463
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2021	<u>\$ 3,010</u>
Net as of December 31, 2021	<u>\$ 19,241</u>

The lease for investment property is 5 years. The lessee does not have the preferential purchase right of investment real estate at the end of the lease period.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
1 <sup>st</sup> Year	\$ 1,800	\$ 1,800
2 <sup>nd</sup> Year	1,800	1,800
3 <sup>rd</sup> Year	<u>-</u>	<u>1,800</u>
	<u>\$ 3,600</u>	<u>\$ 5,400</u>

Investment properties are depreciated on a straight-line basis over a useful life of 41 years.

The fair value of the investment real estate on December 31, 2022 and 2021 was approximately NT \$40,875,000 and NT \$60,495,000 respectively. The fair value was evaluated by the management of the Company with reference to the transactions in the neighboring housing market.

Please refer to Note 27 for the amount of investment real estate set as loan guarantee.



14. Other intangible assets

	<u>Patent</u>	<u>Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2022, and December 31, 2022	\$ <u>2,610</u>	\$ <u>6,815</u>	\$ <u>9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2022	\$ 2,262	\$ 6,739	\$ 9,001
Amortization fee	<u>45</u>	<u>29</u>	<u>74</u>
Balance as of December 31, 2022	\$ <u>2,307</u>	\$ <u>6,768</u>	\$ <u>9,075</u>
Net as of December 31, 2022	\$ <u>303</u>	\$ <u>47</u>	\$ <u>350</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 2,610	\$ 6,730	\$ 9,340
Additional	<u>-</u>	<u>85</u>	<u>85</u>
Balance as of December 31, 2021	\$ <u>2,610</u>	\$ <u>6,815</u>	\$ <u>9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2021	\$ 2,216	\$ 6,691	\$ 8,907
Depreciation	<u>46</u>	<u>48</u>	<u>94</u>
Balance as of December 31, 2021	\$ <u>2,262</u>	\$ <u>6,739</u>	\$ <u>9,001</u>
Net as of December 31, 2021	\$ <u>348</u>	\$ <u>76</u>	\$ <u>424</u>

Amortization charges are calculated on a straight-line basis based on the number of useful years listed below:

Patent	5~14 years
Software	3 years

Other intangible assets of the Company are not mortgaged.

15. Borrowings

1. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured Loan(Note 27)</u>		
Borrowings	\$ -	\$ 474,000
<u>Unsecured Loan</u>		
Bank credit loan	<u>360,000</u>	<u>90,000</u>
	\$ <u>360,000</u>	\$ <u>564,000</u>
Annual interest rate on secured loans	-	1.00%~1.30%
Annual interest rate on unsecured loans	1.7982%~2.1038%	0.7366%~1.30%

2.	Short-term notes payable	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Commercial paper payable		
	IBFC	\$ 32,100	\$ 95,500
	MEGA BILLS	<u>50,000</u>	<u>50,000</u>
		82,100	145,500
	Less: Discount	<u>42</u>	<u>72</u>
		<u>\$ 82,058</u>	<u>\$ 145,428</u>
	The refinancing rate	2.038% ~ 2.408%	1.288% ~ 1.838%
3.	Long-term borrowings	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Secured Loan(Note 27)</u>		
	Borrowings	\$ 436,625	\$ 542,717
	<u>Unsecured Loan</u>		
	Bank credit loan	<u>38,333</u>	<u>-</u>
	Total	474,958	542,717
	Less: Due in 1 year	<u>76,092</u>	<u>67,759</u>
		<u>\$ 398,866</u>	<u>\$ 474,958</u>
	Annual interest rate on secured loans	1.845% ~ 2.84%	1.22% ~ 2.215%
16.	Others payable	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Salaries	\$ 27,363	\$ 28,720
	Incentive bonus	7,069	2,345
	Leave payment	5,989	5,341
	Labor health insurance	3,054	3,339
	Pension	2,255	2,423
	Professional service fees	1,925	1,325
	Others	<u>4,481</u>	<u>6,320</u>
		<u>\$ 52,136</u>	<u>\$ 49,813</u>

17. Liability provision- Current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Warranty liability reserve	<u>\$ 3,696</u>	<u>\$ 2,582</u>

Warranty liability reserve is the current value of the best estimate of future economic benefit outflows caused by warranty obligations by the management of the Company in accordance with the sales contract. This estimate is based on historical warranty experience.

18. Retirement Benefit

1. Defined contribution plans

The Company have made monthly contributions of 6% of each employee's monthly salary to employees' pension accounts based on the R.O.C. Labor Pension Act ("the Act").

2. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Defined benefit plans loans listed in the individual balance sheet are listed as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Defined benefit obligation	\$ 13,326	\$ 17,399
Plan assets at fair value	( <u>2,486</u> )	( <u>2,567</u> )
Net defined benefit liability	<u>\$ 10,840</u>	<u>\$ 14,832</u>

The changes of net defined benefit liability are as follow:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liability
Balance as of January 1, 2021,	<u>\$ 16,426</u>	<u>( \$ 2,211 )</u>	<u>\$ 14,215</u>
Interest expense	<u>87</u>	<u>-</u>	<u>87</u>
Recognized in profit or loss	<u>87</u>	<u>-</u>	<u>87</u>
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	15	( 38 )	( 23 )
Actuarial interest - experience adjustment	397	-	397
Actuarial benefits - changes in financial assumptions	<u>630</u>	<u>-</u>	<u>630</u>
Relating to components of other comprehensive income	<u>1,042</u>	<u>( 38 )</u>	<u>( 1,004 )</u>
Contributions by employer	<u>-</u>	<u>( 474 )</u>	<u>( 474 )</u>
Benefit Payment	<u>( 156 )</u>	<u>156</u>	<u>-</u>
Balance as of December 31, 2021	<u>17,399</u>	<u>( 2,567 )</u>	<u>14,832</u>
Interest expense	<u>91</u>	<u>-</u>	<u>91</u>
Recognized in profit or loss	<u>91</u>	<u>-</u>	<u>91</u>
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	17	( 206 )	( 189 )
Actuarial interest - experience adjustment	( 893 )	-	( 893 )
Actuarial benefits - changes in financial assumptions	<u>( 2,285 )</u>	<u>-</u>	<u>( 2,285 )</u>
Relating to components of other comprehensive income	<u>( 3,161 )</u>	<u>( 206 )</u>	<u>( 3,367 )</u>
Contributions by employer	<u>-</u>	<u>( 716 )</u>	<u>( 716 )</u>
Benefit Payment	<u>( 1,003 )</u>	<u>1,003</u>	<u>-</u>
Balance as of December 31, 2022	<u>\$ 13,326</u>	<u>( \$ 2,486 )</u>	<u>\$ 10,840</u>

The company is exposed to the following risks due to the pension system of the "Labor Standards Act":

- 1) Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted operation methods, but the planned assets of the merged company may be allocated. The amount is calculated based on the local bank's 2-year fixed deposit interest rate.
- 2) Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the debt investment return on project assets will also increase accordingly, and the impact of the two on net defined benefit liabilities will have a partial offset effect.
- 3) Salary risk: The calculation of the present value of the defined benefit obligation refers to the future salary of the plan members. An increase in

plan member salaries will therefore increase the present value of the defined benefit obligation.

The present value of the confirmed benefit obligations of the Company is calculated by a qualified actuary, and the major assumptions on the measurement date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.75%	0.625%
Expected rate of salary increases	3%	3%

If there are reasonably possible changes in major actuarial assumptions, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.25%	( \$ 451 )	( \$ 618 )
Decrease 0.25%	<u>\$ 470</u>	<u>\$ 646</u>
Expected rate of salary increases		
Increase 0.25%	<u>\$ 456</u>	<u>\$ 621</u>
Decrease 0.25%	( <u>\$ 440</u> )	( <u>\$ 597</u> )

Since the actuarial assumptions may be related to each other, the possibility of only a single assumption changing is unlikely, so the above sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected amount allocated within 1 year	<u>\$ 1,200</u>	<u>\$ 474</u>
Determining the weighted average of benefit obligations		
Duration	13.87 years	13.94 年 years

19. Equity

1. Capital Stock

Common stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousands)	<u>87,546</u>	<u>87,546</u>
Issued capital	<u>\$ 875,460</u>	<u>\$ 875,460</u>

On October 13, 2021, the company's board of directors decided to increase capital by cash and issue 20,000,000 new shares, with a denomination of \$10 per share, and issued at NT \$15 per share. After the increment, the paid-in share capital was NT \$875,460,000. In addition, the portion reserved for employees to subscribe has been recognized as a salary expense of NT \$538,000 based on the fair value of the stock options, and at the same time listed as capital reserve-employee stock options. The above-mentioned cash capital increase case was approved by the Securities and Futures Bureau of the Financial Regulatory Commission on November 22, 2021, and declared effective, and on December 27, 2021, the chairman set the capital increase base date as December 27, 2021. Change registration has been completed on January 17, 2022

## 2. Capital reserve

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Can be used to make up for losses, distribute cash or allocate capital</u> (Note)		
Additional paid-in capital	\$ 347,203	\$ 347,203
Lapsed employee stock options	<u>390</u>	<u>390</u>
	<u>\$ 347,593</u>	<u>\$ 347,593</u>

Note: This kind of capital reserve can be used to make up for losses, and can also be used to distribute cash dividends or transfer capital when the company has no losses.

## 3. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if the Company's annual final accounts have surplus, after paying all taxes and contributions in accordance with the law and making up for previous years' losses, 10% should be allocated as the legal surplus reserve. However, this is not applicable when the total amount of paid-in capital is reached or it is listed or reversed according to the laws and regulations of the competent authority; if there is still a balance, no less than 10% should be allocated as shareholder dividends. The board of directors will submit to the shareholders' meeting for a resolution on the distribution of shareholder dividends and bonuses together with the previous surplus. Please refer to Note 21 (8) Employee Remuneration and Director Remuneration for the distribution policy of employees, directors and supervisors' remuneration after the revision of the Articles of Incorporation.

According to the Company's Articles of Incorporation, cash dividends shall not be less than 10% of the total dividends distributed in the current year. However, it can be adjusted depends on whether the company has improved its financial structure or major capital expenditure plans in the current year. The ratio of cash dividend distribution can be increased or decreased by the resolution of the shareholders' meeting.

Legal reserve can be used to make up losses. When the Company has no losses, the portion of the legal reserve which exceeding 25% of the total paid-in share capital may be allocated to share capital and distributed in cash.

The Company withdraw and reverse the special reserve according Financial-Supervisory-Securities-Auditing-1090150022 and IFRSs- Questions and Answers about the Application of Special Reserve.

The company held regular shareholders' meetings on June 14, 2022, and August 26, 2021, and passed resolutions to make up for losses in 2021 and 2020, respectively.

The 2022 loss surplus plan is yet to be resolved at the shareholders' meeting expected to be held in June 2023.

#### 4. Others

##### Exchange differences arising on translation of foreign operations.

	<u>Year 2022</u>	<u>Year 2021</u>
Balance as of the beginning of the year	( \$ 11,370 )	( \$ 17,069 )
Occurred in the current year	10,961	7,124
Exchange differences arising on translation of foreign operations.	( <u>2,192</u> )	( <u>1,425</u> )
Income tax arising on translation of foreign operations.	( <u>\$ 2,601</u> )	( <u>\$ 11,370</u> )

#### 20. Income

	<u>Year 2022</u>	<u>Year 2021</u>
Contract revenue		
Sales of goods	<u>\$ 692,587</u>	<u>\$ 663,893</u>

##### 1. Description of customer contract

###### Sales of goods

The Company recognized its revenue and accounts receivable when the automatic machinery such as intelligent pipe bender, forming machine, vertical working machine has been delivered or loading certificates with customer's signature. The Company set the credit term based on the financial condition, market region, and trading experience of each customer. Most of the contracts are regards as accounts receivable when the commodity is transferred and there is an unconditional right to receive the consideration amount. These accounts receivable usually have a short collection period and do not have a significant

financial component; only some contracts charge part of the consideration from the customer before transferring the goods, and the Company needs to undertake the obligation to transfer the goods later, so it is recognized as contract liabilities.

2. Contract balance

	2022 December 31	2021 December 31	2021 January 1
Notes receivable(Note 8)	<u>\$ 39,640</u>	<u>\$ 17,374</u>	<u>\$ 23,356</u>
Accounts receivable (Note 8)	\$ 94,977	\$ 130,370	\$ 69,798
Accounts receivable from related parties(Note 8)	<u>209,070</u>	<u>196,730</u>	<u>217,871</u>
	<u>\$ 304,047</u>	<u>\$ 327,100</u>	<u>\$ 287,639</u>
Long-term notes receivable(Note 8)	<u>\$ 7,773</u>	<u>\$ 7,211</u>	<u>\$ 2,975</u>
Long-term accounts receivable from related parties(Note 8)	<u>\$ 15,917</u>	<u>\$ 19,298</u>	<u>\$ 45,114</u>
Contract Liabilities - Current			
Sales of goods	<u>\$ 64,211</u>	<u>\$ 30,320</u>	<u>\$ 27,225</u>

21. Net loss before tax

1. Other income and net loss

	Year 2022	Year 2021
Loss (gain) from disposal of property, plant and equipment	<u>\$ -</u>	<u>\$ 38</u>

2. Interest income from bank deposits

	Year 2022	Year 2021
Bank Deposit	\$ 2,382	\$ 577
Long-term accounts receivables	993	1,693
Others	8	8
	<u>\$ 3,383</u>	<u>\$ 2,278</u>

3. Other income

	Year 2022	Year 2021
Solar Power Revenue	\$ 12,559	\$ 5,395
Lease	1,820	1,800
Subsidies(Note 28)	785	24,552
Others	701	1,277
	<u>\$ 15,865</u>	<u>\$ 33,024</u>



4. Other benefit and loss		
	<u>Year 2022</u>	<u>Year 2021</u>
Net foreign currency exchange (Loss)	\$ <u>70,604</u>	( \$ <u>22,015</u> )
5. Financial costs		
	<u>Year 2022</u>	<u>Year 2021</u>
Interest on borrowings from bank	\$ 17,449	\$ 17,889
Interest on lease liabilities	53	61
Less: Interest capitalization	<u>3</u>	<u>248</u>
	\$ <u>17,499</u>	\$ <u>17,702</u>
Interest capitalization amount	\$ 3	\$ 248
Interest capitalization rate	1.30%	1.26%
6. Depreciation and amortization		
	<u>Year 2022</u>	<u>Year 2021</u>
Depreciation classified by function		
Operation cost	\$ 27,416	\$ 31,558
Operation expense	<u>10,951</u>	<u>6,945</u>
	\$ <u>38,367</u>	\$ <u>38,503</u>
Depreciation classified by function		
Operation cost	<u>74</u>	<u>94</u>
7. Employee benefit		
	<u>Year 2022</u>	<u>Year 2021</u>
Short-term employee benefit		
Salary	\$ 179,098	\$ 187,538
Labor health insurance	20,199	21,980
Others	<u>1,829</u>	<u>2,032</u>
	<u>201,126</u>	<u>211,550</u>
Post-employment benefits(Note 18)		
Defined contribution plan	9,781	10,082
Defined benefit plans	<u>91</u>	<u>87</u>
	<u>9,872</u>	<u>10,169</u>
Total	\$ <u>210,998</u>	\$ <u>221,719</u>

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	<u>Year 2022</u>	<u>Year 2021</u>
Classified by function		
Operation cost	\$ 97,618	\$ 101,220
Operation expense	<u>113,380</u>	<u>120,499</u>
	<u>\$ 210,998</u>	<u>\$ 221,719</u>

8. Employee and directors' bonus stock

The company allocates employee remuneration and director remuneration at a rate of 1% to 5% and no more than 5% of the pre-tax profit before deducting the distribution of employee and director remuneration in the current year. The company's 2022 and 2021 years were net losses before tax, so the employee remuneration and director's remuneration were not estimated.

For information on employee remuneration and director remuneration for resolutions of the company's board of directors, please visit the "Public Information Observatory" of the Taiwan Stock Exchange.

9. Foreign currency exchange gains and losses

	<u>Year 2022</u>	<u>Year 2021</u>
Total gain	\$ 83,351	\$ 11,264
Total loss	( <u>12,747</u> )	( <u>33,279</u> )
Net loss/gain	<u>\$ 70,604</u>	( <u>\$ 22,015</u> )

10. Impairment losses on non-financial assets

	<u>Year 2022</u>	<u>Year 2021</u>
Inventories(Included in the operation costs)	<u>\$ -</u>	<u>\$ 1,300</u>

22. Income Tax

1. Income tax expense (income) recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Deferred Income Tax		
Occurred at current year	( <u>\$ 1,864</u> )	<u>\$ 3,659</u>

The adjustment of accounting income and income tax (benefit) is as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Net loss before tax	( \$ <u>14,189</u> )	( \$ <u>132,741</u> )
Net loss before tax		
Income tax benefit calculated at statutory tax rate	( \$ 2,838 )	( \$ 26,548 )
Non-deductible expenses	-	12
Tax-free income	-	( 4,911 )
Unrecognized loss deductions and deductible temporary differences	<u>974</u>	<u>35,106</u>
Income tax relating to components of other comprehensive income	( \$ <u>1,864</u> )	\$ <u>3,659</u>

2. Income tax(Note 28) recognized in other comprehensive profit or loss

	<u>Year 2022</u>	<u>Year 2021</u>
<u>Deferred Income Tax</u>		
Occurred at current year		
Conversion of foreign operating units	( \$ <u>2,192</u> )	( \$ <u>1,425</u> )

3. Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax assets		
Tax refund receivable	\$ <u>213</u>	\$ <u>3,131</u>

4. Deferred tax assets

Changes in deferred tax assets are as follows:

<u>Year 2022</u>				
<u>Deferred tax assets</u>	<u>Balance as of the beginning of year</u>	<u>Recognized in profit or loss</u>	<u>Deferred tax income (expense) recognized in OCI</u>	<u>Balance as of the end of year</u>
Temporary differences				
Uncollectible accounts	\$ -	\$ 803	\$ -	\$ 803
Inventory depreciation and sluggish loss	9,186	( 216 )	-	8,970
Leave Payable	1,068	130	-	1,198
Unrealized sales benefit	4,502	4,684	-	9,186
Unrealized exchange loss	1,358	( 1,358 )	-	-
Liabilities provision	517	222	-	739
Conversion of foreign operating units	2,842	-	( 2,192 )	650
Others	<u>5,067</u>	<u>874</u>	<u>-</u>	<u>5,941</u>
	<u>\$ 24,540</u>	<u>\$ 5,139</u>	<u>( \$ 2,192 )</u>	<u>\$ 27,487</u>

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Deferred tax assets	Balance as of the beginning of year	Recognized in profit or loss	Deferred tax income (expense) recognized in OCI	Balance as of the end of year
Temporary differences				
Unrealized exchange loss	\$ -	\$ 3,275	\$ -	\$ 3,275

Year 2021

Deferred tax assets	Balance as of the beginning of year	Recognized in profit or loss	Deferred tax income (expense) recognized in OCI	Balance as of the end of year
Temporary differences				
Uncollectible accounts	\$ 8,926	\$ 260	\$ -	\$ 9,186
Inventory depreciation and sluggish loss	1,021	47	-	1,068
Unrealized sales benefit	3,326	1,176	-	4,502
Unrealized exchange loss	3,476	( 2,118)	-	1,358
Liabilities provision	662	( 145)	-	517
Conversion of foreign operating units	4,267	-	( 1,425)	2,842
Others	<u>7,946</u>	<u>( 2,879)</u>	<u>-</u>	<u>5,067</u>
	<u>\$ 29,624</u>	<u>( \$ 3,659)</u>	<u>( \$ 1,425)</u>	<u>\$ 24,540</u>

5. Deductible temporary differences and unused loss deduction amounts not recognized in the balance sheet as deferred tax assets

	December 31, 2022	December 31, 2021
Loss deductions		
Due year 2029	\$ -	\$ 17,709
Due year 2030	110,513	151,439
Due year 2031	<u>116,568</u>	<u>116,957</u>
	<u>\$ 227,081</u>	<u>\$ 286,105</u>

Deductible temporary differences

Net defined benefit liability	\$ 16,667	\$ 17,292
Impairment loss on property, plant and equipment	<u>2,255</u>	<u>2,453</u>
	<u>\$ 18,922</u>	<u>\$ 19,745</u>

6. Information about unused loss deductions and tax exemptions  
The information as of December 31, 2022 is as follow:

Balance not yet deducted	Final deduction year
\$ 110,513	2030
<u>116,568</u>	2031
<u>\$ 227,081</u>	

7. Income tax verification

The year 2020 income tax declaration of the Company has been approved by the tax collection agency

23. Net loss per share

The loss and weighted average number of common stocks used to calculate the net loss per share are as follows:

Net loss of the year

	<u>Year 2022</u>	<u>Year 2021</u>
Net loss	( \$ <u>12,325</u> )	( \$ <u>136,400</u> )

Number of shares

	<u>Year 2022</u>	<u>Unit: Thousands Year 2021</u>
Weighted average number of common stocks used to calculate diluted net loss per share	<u>87,546</u>	<u>67,820</u>

If the Company can choose to issue employee remuneration in stock or cash, when calculating the diluted net loss per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential ordinary shares have a dilutive effect, it will be included in the weighted average number of outstanding shares. Calculate diluted net loss per share. When calculating the diluted net loss per share before deciding on the number of shares issued for employee compensation in the next year, the dilution effect of these potential common stock will also continue to be considered.

24. Capital Risk Management

The capital management of the Company is to optimize the balance of debt and equity to make effective use of capital and ensure the smooth operation of each company. The overall strategy of the Company has not changed. The capital structure of the Company is composed of net debt and equity and does not need to comply with other external capital requirements. The management of the Company re-examines the capital structure on a quarterly basis, including consideration of the cost of various types of capital and related risks. According to the recommendations of the management, the Company will pay dividends or repay liabilities, and invest in financial products to increase the company's income and management capital structure.

25. Financial instruments

1. Fair value information - financial instruments not measured at fair value

Financial instruments of the Company that are not measured at fair value, such as cash and cash equivalents, financial assets measured at amortized cost-current, net receivables, other receivables, deposits, long-term and short-term loans The book amounts of , payables, other payables and deposits are reasonable approximations of fair values.

## 2. Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 629,188	\$ 917,657
<u>Financial Liabilities</u>		
Financial assets measured at amortized cost (Note 2)	1,115,667	1,475,135

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost - current, notes receivable and accounts (including related parties), other receivables (including related parties), deposits and long-term notes receivable and long-term receivables - related parties and other financial assets measured at cost after amortization.

Note 2: The balance includes short-term loans, short-term bills payable, bills payable and accounts (including related parties), other payables (including related parties), long-term loans (including long-term loans due within one year) and deposits, etc. Financial liabilities are measured at amortized cost.

## 3. Objectives and policies on financial risks

The main financial instruments of the Company include equity investment, accounts receivable and notes, loans, accounts payable and notes, etc. The financial management of the Company provides services for each business unit, supervises, and manages the financial risks related to the operation of the Company according to the level of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

### 1) Market risk

#### a. Foreign currency risk

The Company engages sales activities in foreign currency thus exposing the Company to risk of exchange rate fluctuations.

Please refer to Note 29 for the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the Company on the balance sheet date.

### Sensitivity Analysis

The Company is mainly affected by fluctuations in foreign exchange rates such as the U.S. dollar and the Chinese Yuan. The table below details the sensitivity analysis of the Company when the exchange rates of the Company's foreign currencies to NT change. When the relevant foreign currencies appreciate by 1%, the impact on the profit and loss of the Company is as follows:

	US Dollar	
	Year 2022	Year 2021
Profit and loss	\$ 3,778	\$ 6,098

  

	Chinese Yuan	
	Year 2022	Year 2021
Profit and loss	\$ 582	\$ 662

#### b. Interest Rate Risk

Because individuals within the Company borrow funds at floating rates, risks arise. The Company manages interest rate risk by maintaining an appropriate mixture of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
Financial Assets	\$ 98,362	\$ 278,539
Financial Liabilities	87,286	149,571
Cash flow interest rate risk		
Financial Assets	67,967	233,824
Financial Liabilities	834,958	1,106,717

### Sensitivity Analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the balance sheet date is all outstanding during the reporting period. The rate of change used when reporting interest rates internally to key management within the Group is a 1% increase or decrease in interest rates and represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases by 1%, and all other variables remain unchanged, the combined company's net loss before tax in 2022 and 2021 will increase by NT \$7,670,000 and NT \$8,729,000 respectively, mainly due to the change in interest rates of deposits

and loans of the Company.

The sensitivity of the Company to interest rates decreased in the current period, mainly due to the reduction of debt instruments with variable interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults in contractual obligations and causes financial losses to the Group. As of the balance sheet date, the largest credit risk exposure of the Company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the individual balance sheet.

The policy adopted by the Company is to conduct transactions with reputable objects. The Company uses other publicly available financial information and mutual transaction records to evaluate major customers. The Company continues to monitor the credit risk and the credit evaluation of the counterparty, and controls the credit risk through the annual credit limit of the counterparty.

3) Liquidity risk

The Company manages and maintains sufficient cash and equivalent cash to support the group's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

The operating capital of the Company and the amount of bank financing obtained are sufficient to meet future operating needs, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations

a. Liquidity and interest rate risk table for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Company may be required to repay. Therefore, the bank loans that the company can be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the bank's immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the yield curve on the balance sheet date.



	<u>Within a year</u>	<u>More than a year</u>
<u>December 31, 2022</u>		
No interest liabilities	\$ 173,547	\$ 25,104
Lease liability	3,157	2,129
Floating Rate Instrument - Bank Loans 1.7982% ~ 4.3%	446,046	420,544
Fixed Rate Instruments - Short-Term Notes Payable 2.038% ~ 2.408%	82,100	-
	<u>\$ 704,850</u>	<u>\$ 447,777</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Within a year</u>	<u>More than a year</u>
Lease liability	<u>\$ 3,157</u>	<u>\$ 2,129</u>

	<u>Within a year</u>	<u>More than a year</u>
<u>December 31, 2021</u>		
No interest liabilities	\$ 197,886	\$ 25,104
Lease liability	3,121	1,561
Floating Rate Instrument – Bank Loans 0.7366% ~ 4.3%	698,721	496,130
Fixed Rate Instruments - Short-Term Notes Payable 1.288% ~ 1.838%	145,500	-
	<u>\$ 1,045,228</u>	<u>\$ 522,795</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Within a year</u>	<u>More than a year</u>
Lease liability	<u>\$ 3,121</u>	<u>\$ 1,561</u>

b. Financing amount

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured Bank Overdraft Facility		
-Amount used	\$ 398,333	\$ 90,000
-Amount unused	<u>90,000</u>	<u>150,000</u>
	<u>\$ 488,333</u>	<u>\$ 240,000</u>
Secured Bank Overdraft Facility		
-Amount used	\$ 436,625	\$ 1,016,717
-Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 436,625</u>	<u>\$ 1,016,717</u>

26. Related party transactions

The transactions between the Company and related parties are as follows:

1. Name of the related part and relationship

<u>Name of the related party</u>	<u>Relationship</u>
YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	Subsidiary
YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Subsidiary
YING HAN TECHNOLOGY Limited(Russia Ying Han)	Subsidiary
HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Subsidiary
YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	Subsidiary
Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam Ying Han)	Subsidiary
Tianjin Ying Han Technology Co., Ltd.(Tianjin Ying Han)	Subsidiary
Shanghai Ying Han Machinery Technology Co., Ltd(Shanghai Ying Han)	Subsidiary
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	Subsidiary
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Subsidiary
YLM USA, INC(YLM USA)	Other related party(The chairman of the Company is the immediate family to this related party's person in charge)

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<u>Name of the related party</u>	<u>Relationship</u>
YING LIN MACHINE INDUSTRIAL CO., LTD.(Ying Lin)	Investors with Significant Influence
TM Technology, Inc.(TM)	Other related party(The chairman of the Company is also the chairman of this related party's person in charge)
Lian Yang (TIAN JIN) Machine Co.,Ltd.(Lian Yang)	Other related party(The chairman of the Company is the second degree family to this related party's person in charge)
Long-Sing Construction Co., Ltd. (Long-Sing)	Other related party(The chairman of the Company is the immediate family to this related party's person in charge)
Kaixing Energy Co., Ltd.(Kaixing)	Other related party(TM Technology 100% holds this related party)

## 2. Operating Revenue

<u>Item</u>	<u>Category</u>	<u>Year 2022</u>	<u>Year 2021</u>
Sales Revenue	Subsidiary		
	Turkey Ying Han	\$ 80,996	\$ 58,565
	Tianjin Ying Han	39,052	23,905
	Shanghai Ying Han	36,861	62,578
	Poland Ying Han	31,260	30,293
	Others	28,688	30,387
	Other related party		
	YLM USA	54,628	28,365
	Investors with Significant Influence	-	2
		<u>\$ 271,485</u>	<u>\$ 234,095</u>

The sales price of the parts and machinery is negotiated by both parties due to the nature of the product is customization.

The Company set the credit term based on the financial condition, market region, and trading experience of each client.

## 3. Inventory

<u>Category</u>	<u>Year 2022</u>	<u>Year 2021</u>
Investors with Significant Influence		
Ying Lin	\$ 4,180	\$ 2,249
Other related party		
YLM USA	953	9,991
	<u>\$ 5,133</u>	<u>\$ 12,240</u>

The price of equipment, machines and spare parts and credit terms set for the replated parties is the same as non-related party.

4. Receivables from related parties

Item	Category	December 31 2022	December 31 2021
Account receivable	Subsidiary		
	Shanghai Ying Han	\$ 28,413	\$ 50,948
	Turkey Ying Han	64,496	48,645
	Poland Ying Han	26,202	22,436
	Tianjin Ying Han	34,233	18,188
	Others	11,445	7,564
	Other related party		
	YLM USA	<u>44,281</u>	<u>48,949</u>
		<u>\$ 209,070</u>	<u>\$ 196,730</u>
Other accounts receivable	Other related party	\$ 115	\$ -
	Subsidiary	<u>-</u>	<u>40</u>
		<u>\$ 115</u>	<u>\$ 40</u>
Long-term receivable	Other related party		
	YLM USA	<u>\$ 15,917</u>	<u>\$ 19,298</u>

There is no guarantee for the outstanding receivables from related parties. The amount receivable from related parties in 2022 and 2021 has not been provisioned for loss.

5. Accounts payable – related party

Item	Category	December 31 2022	December 31 2021
Accounts Payable	Investors with Significant Influence Ying Lin	<u>\$ 3,254</u>	<u>\$ 4,344</u>
Others Payable	Subsidiary	\$ 4,899	\$ 9,301
	Other related party	<u>4,752</u>	<u>1,845</u>
		<u>\$ 9,651</u>	<u>\$ 11,146</u>

6. Lease Liabilities

Item	Category	December 31 2022	December 31 2021
Lease Liabilities	Subsidiary	<u>\$ 2,982</u>	<u>\$ 76</u>

7. Guarantee deposit

<u>Item</u>	<u>Category</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Guarantee deposit	Other related party YLM USA	<u>\$ 25,104</u>	<u>\$ 25,104</u>

8. Prepayment

<u>Category</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Other related party	<u>\$ 481</u>	<u>\$ -</u>

9. Loans to related parties

<u>Item</u>	<u>Category</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Others account receivable	Subsidiary	<u>\$ 87,237</u>	<u>\$ 25,313</u>

There is no interest on loans to related parties.

10. Lease Agreement

<u>Item</u>	<u>Category</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Lease Liabilities	Investors with Significant Influence Ying Lin	<u>\$ 1,561</u>	<u>\$ 4,665</u>

<u>Item</u>	<u>Category</u>	<u>Year 111</u>
Interest	Investors with Significant Influence	<u>\$ 16</u>
		<u>\$ 65</u>

11. Rental Agreement

The Company is leased to other related parties under an operating lease with a lease period of 1 to 5 years. The rental income recognized in 2022 and 2021 is NT\$ 1,820,000 and NT \$1,800,000 respectively.

12. Others

In year 2022 and 2021, the Company recognized the processing fees and business-related expenses of investors with significant influence as NT \$5,832,000 and NT \$8,397,000 respectively; the business-related expenses recognized as other related party were NT \$10,113,000 and NT \$1,885,000 respectively; The payment to subsidiaries to promote the business is NT \$14,758,000 and NT \$ 10,923,000 ; The other income listed in other related party is NT \$301,000 and NT \$0 respectively.

13. Salary of management

The total amount paid to chairman and management is as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Short-term employee benefit	\$ 11,805	\$ 9,896
Post-employment benefits	<u>296</u>	<u>302</u>
	<u>\$ 12,101</u>	<u>\$ 10,198</u>

The remuneration of directors and other management personnel is determined by the remuneration committee in accordance with individual performance and market trends.

27. Pledged assets

The following assets were provided as collateral for financing borrowings:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 499,064	\$ 499,064
Building	147,884	164,310
Investment property	18,694	19,241
Pledged certificate of deposit (financial assets measured at cost after amortization - current)	<u>-</u>	<u>250,739</u>
	<u>\$ 665,642</u>	<u>\$ 933,354</u>

28. Other Matter

The Company was affected by the global pandemic Covid-19 and the reduction in orders resulted in a sharp drop in operating income in 2020. In response to the impact of the pandemic, the Company has applied to the government subsidy for salary and working capital at a total of NT \$24,552,000 in 2021 (see Note 21). As of the release date after the approval of this individual financial report, the Company is still continuously assessing the economic impact of the pandemic on the pandemic.

29. Foreign currency with significant impact and liabilities

The following information is summarized and expressed in terms of foreign currencies other than the individual functional currencies of the consolidated companies. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Information on foreign currency financial assets with significant impact is as follows:

Unit: Thousands

<u>December 31, 2022</u>			
Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
<u>Monetary item</u>			
USD	\$ 12,527	30.71 (USD:TWD)	\$ 384,808
EUR	396	32.72 (EUR:TWD)	12,946
CNY	14,286	4.408 (CNY:TWD)	62,974
JPY	1,918	0.2201 (JYP:TWD)	422
<u>Non-monetary item</u>			
Related companies using the equity method			
CNY	54,617	4.408 (CNY:TWD)	240,750
THB	3,226	0.8941 (THB:TWD)	2,884
PLN	( 3,806 )	6.9767 (PLN:TWD)	( 26,552 )
TRY	( 26,427 )	1.6411 (TRY:TWD)	( 43,369 )
MYR	345	6.699 (MYR:TWD)	2,313
RUB	( 3,406 )	0.4377 (RUB:TWD)	( 1,491 )
INR	5,550	0.3716 (INR:TWD)	2,062
IDR	1,522,502	0.00198 (IDR:TWD)	3,015
VND	( 760,721 )	0.0012 (VND:TWD)	( 978 )
USD	1,499	30.71 (USD:TWD)	46,047

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<u>Foreign Currency Liability</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Amount</u>
<u>Monetary item</u>			
USD	\$ 229	30.71 (USD:TWD)	\$ 7,043
EUR	116	32.72 (EUR:TWD)	3,791
CNY	1,088	4.408 (CNY:TWD)	4,796
 <u>December 31, 2021</u>			
<u>Foreign Currency Assets</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Amount</u>
<u>Monetary item</u>			
USD	\$ 22,438	27.68 (USD:TWD)	\$ 621,087
EUR	409	31.32 (EUR:TWD)	12,802
CNY	15,978	4.3440 (CNY:TWD)	69,408
JPY	2,198	0.2405 (JPY:TWD)	509
<u>Non-monetary item</u>			
Related companies using the equity method			
CNY	63,081	4.3440 (CNY:TWD)	274,024
THB	4,829	0.8347 (THB:TWD)	4,031
PLN	( 3,157 )	6.8177 (PLN:TWD)	( 21,525 )
TRY	( 12,400 )	2.1301 (TRY:TWD)	( 26,414 )
MYR	331	6.3550 (MYR:TWD)	2,104
RUB	( 5,416 )	0.3720 (RUB:TWD)	( 2,015 )
INR	5,075	0.3681 (INR:TWD)	1,868

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Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
IDR	\$ 1,318,817	0.0020 (IDR:TWD)	\$ 2,584
VND	( 449,426 )	0.0012 (VND:TWD)	( 537 )
<u>Foreign Currency Liabilities</u>			
<u>Monetary item</u>			
USD	407	27.68 (USD:TWD)	11,266
EUR	100	31.32 (EUR:TWD)	3,147
CNY	729	4.344 (CNY:TWD)	3,165

Foreign currency exchange profits and losses with significant impact (realized and unrealized) are as follows:

<u>Monetary item</u>	Year 2022		Year 2021	
	Functional currency Exchange currency	Net Losses and Profits	Functional currency Exchange currency	Net Losses and Profits
USD	30.71(USD:TWD)	\$ 25,760	27.68(USD:TWD)	( \$ 26,492 )
EUR	32.72(EUR:TWD)	163	31.32(EUR:TWD)	( 218 )
CNY	4.408(CNY:TWD)	2,364	4.3440(CNY:TWD)	246
Others		42,317		4,449
		<u>\$ 70,604</u>		<u>( \$ 22,015 )</u>

30. Other disclosures

1) Major transactions

1. Lending funds to others(Schedule I)
2. Endorsement for others(Schedule II)
3. Securities held at the end of the period(N/A)
4. Accumulated buying or selling of the same securities amounted to NT \$300 million or more than 20% of the paid-in capital. (N/A)
5. The amount of property acquired is NT\$300 million or more than 20% of the paid-in capital. (N/A)
6. The amount of disposing of property is NT\$300 million or more than 20% of the paid-in capital. (N/A)
7. The amount of goods purchased and sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (N/A)
8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital. (N/A)
9. Engage in derivative transactions. (N/A)

2) Reinvestment Business (Schedule III)

3) Mainland Investment Information:

1. The name of the mainland invested company, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment

profit and loss, investment book amount at the end of the period, repatriated investment profit and loss, and investment quota in the mainland. (Schedule IX)

2. The following major transactions, prices, payment terms, and unrealized profits and losses with mainland invested companies directly or indirectly via third regions. (Schedule V)

- <1> The purchase amount and percentage and the ending balance and percentage of related payables.
- <2> The sales amount and percentage and the closing balance and percentage of related receivables.
- <3> The amount of assets transactions and the amount of profits and losses arising therefrom.
- <4> Ending balance of bill endorsement or guarantee and its purpose.
- <5> Maximum balance of financing, ending balance, interest rate range and total interest of the current period.
- <6> Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services, etc.

- 4) Corporate shareholders: Names, shareholding amounts, and percentages of shareholders who own more than 5% of the company's equity. (Schedule VI)

YING HAN Technology Co., Ltd. and Subsidiaries  
**Funds Lent to Others**  
January 1 to December 31, 2022

Schedule I

Units: Thousands of New Taiwan Dollars

No. (Note 1)	Company that lent funds	Company lent funds to	Business Objective	If It's Related Party	Highest Balance of the period	Balance at the end of the period (Note4)	Actual spending amount	Ratio (%)	Fund loan nature(Note3)	Business dealings amount	Reasons for short-term financing	Allowance and debt amount	Collateral		Individual fund loan and limit	Loan and total limit
													Item	Value		
0	YING HAN Technology Co., Ltd.	YING HAN TECHNOLOGY LIMITED(Russia)	Other accounts payable	Yes	\$ 5,974	\$ 3,674	\$ 1,863	-	1	\$ 3,674	Business dealings	\$ -	-	\$ -	\$ 3,674 (Note2)	\$ 446,680 (Note2)
		Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam)	Other accounts payable	Yes	6,556	2,022	1,084	-	1	2,022	Business dealings	-	-	-	2,022 (Note2)	446,680 (Note2)
		HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Other accounts payable	Yes	6,724	571	-	-	1	571	Business dealings	-	-	-	571 (Note2)	446,680 (Note2)
		YING HAN TEKNOLOJI LTD. STI(Turkey Ying Han )	Other accounts payable	Yes	58,565	58,565	43,798	-	1	58,565	Business dealings	-	-	-	58,565 (Note2)	446,680 (Note2)
		YING HAN TECHNOLOGY SP. ZO. O. (Poland Ying Han )	Other accounts payable	Yes	30,293	30,293	4,175	-	1	30,293	Business dealings	-	-	-	30,293 (Note2)	446,680 (Note2)
		YLM TUBE SOLUTIONS AND SERVICE P. LTD(India Ying Han )	Other accounts payable	Yes	1,315	502	-	-	1	502	Business dealings	-	-	-	502 (Note2)	446,680 (Note2)
		PT.YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Other accounts payable	Yes	952	952	-	-	1	952	Business dealings	-	-	-	952 (Note2)	446,680 (Note2)
		YLM INDUSTRIAL CO., LTD. (Thailand Ying Han)	Other accounts payable	Yes	30,659	22,666	-	-	1	22,666	Business dealings	-	-	-	22,666 (Note2)	446,680 (Note2)
		Tianjin Yinghan Technology Co., Ltd.	Other accounts payable	Yes	28,450	23,905	10,240	-	1	23,905	Business dealings	-	-	-	23,905 (Note2)	446,680 (Note2)
		Shanghai Yingheng Machinery Technology Co., Ltd.	Other accounts payable	Yes	62,578	62,578	26,191	-	1	62,578	Business dealings	-	-	-	62,578 (Note2)	446,680 (Note2)

Note 1: Number 0 in the number column refers to the issuer. Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: (1) The total amount of the company's funds lent to others shall not exceed 40% of the company's net value at the end of the period.

(2) The limit of the company's capital loan to individual companies or firms is limited to the lower of the business transaction amount and 10% of the company's net value at the end of the period.

Note 3: (1) Business dealings.

(2) There is a need for short-term financing.

Note 4: It is the amount approved by the board of directors for the loan.

YING HAN Technology Co., Ltd. and Subsidiaries  
**Endorsement for Others**  
January 1 to December 31, 2022

Schedule II

Units: Thousands of New Taiwan Dollars except for remarks

No. (Note1)	Endorsement guarantor company name	Guaranteed by the endorsement		Quota for a single enterprise endorsement guarantee (Note3)	The highest endorsement in this period guaranteed balance(Note4)	End of term endorsement guaranteed balance(Note4)	Actual spending amount	Guarantee Amount secured by property Endorsement	Cumulative Endorsement Guarantee  The amount accounted for the most recent Financial Statement Net Worth ratio of(%)	Endorsement guarantee maximum limit(Note3)	Parent company Subsidiary endorsement guarantee	Subsidiary pair Parent company endorsement guarantee	Mainland China endorsement guarantee
		Name of the company	Relationship (Note2)										
0	The Company	Tianjin Yinghan Technology Co., Ltd.	(2)	\$ 223,340	\$ 176,320 (RMB 40,000,000)	\$ 176,320 (RMB 40,000,000)	-	-	15.79	\$ 558,350	Y	N	Y

Note1: The description of the number column is as follows:

(1) 0 for the issuer.

(2) Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note2: (1) Companies with business deals.

(2) A company in which the company directly and indirectly holds more than 50% of the voting shares.

(3) Inter-companies in which the company directly and indirectly holds 90% of the voting shares.

Note3: The company's endorsement guarantee limit for a single enterprise is 20% of the company's net value at the end of the period, but for subsidiaries that hold more than 50% of the company's shares, it is limited to no more than 50% of the company's net value at the end of the period.

Note4: The relevant amount is converted based on the exchange rate at the end of the period when one RMB equals NT\$4.4080.

YING HAN Technology Co., Ltd. And Subsidiaries  
**Invested Company Related Information**  
January 1 to December 31, 2022

Schedule III

Unit: Share, Thousands of New Taiwan Dollars  
(Except for foreign currency)

Name of Company	Name of Invested Company	Location	Main business items	Beginning investment amount		Balance at the end of period			Loss and profit of invested company	Loss and profit recognized in this period (Note1)	Note
				The end of period	The end of last period	Share	Ratio ( % )	Booking Amount			
The Company	YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	Poland	Trading of machinery equipment and parts	\$ 6,466	\$ 6,466	500	100	( \$ 26,552 )	( \$ 5,957 )	( \$ 4,263 )	Note2
	YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Turkey	Trading of machinery equipment and parts	21,006	21,006	-	100	( 43,369 )	( 26,334 )	( 26,334 )	
	YING HAN TECHNOLOGY(Russia Ying Han)	Russia	Trading of machinery equipment and parts	6,253	6,253	-	100	( 1,491 )	875	875	
	HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Malaysia	Trading of machinery equipment and parts	161	161	400,000	100	2,313	85	85	
	YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	Thailand	Trading of machinery equipment and parts	4,477	4,477	23,000	46	2,884	( 2,410 )	( 1,502 )	Note3
	Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.	Vietnam	Trading of machinery equipment and parts	6,142	6,142	-	100	( 978 )	( 212 )	( 538 )	Note4
	YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	India	Trading of machinery equipment and parts	2,194 (USD 71,434)	2,194 (USD 71,434)	369,999	99.99	2,062	180	180	
	PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Indonesia	Trading of machinery equipment and parts	3,344 (USD 108,900)	3,344 (USD 108,900)	108,900	99	3,015	446	446	
	Rdata System Co., Ltd	Taiwan	UAV- Unmanned Aerial Vehicle system testing and sales	16,500	-	1,100,000	55	15,960	( 981 )	( 540 )	
	YING HAN TECHNOLOGY(USA), INC.(USA Ying Han)	USA	Trading of machinery equipment and parts	46,065 (USD 1,500,000)	-	60,000	100	46,047	( 18 )	( 18 )	

Note1: It is only necessary to list the profit and loss amount of each subsidiary recognized by the company as a direct transfer investment and each investee company that adopts the equity method, and the rest is not required.

Note2: The investment profit and loss recognized in the current period includes the current loss of NT \$5,957,000 plus the unrealized gross sales loss of NT \$32,000 in downstream transactions, minus the realized gross sales profit of NT \$1,662,000.

Note3: The investment gains and losses recognized in the current period include the current loss of NT \$1,109,000 plus the unrealized sales gross profit of NT \$926,000 in downstream transactions, minus the realized sales gross profit of NT \$533,000.

Note4: The investment profit and loss recognized in the current period includes the loss of NT \$212,000 in the current period plus the unrealized gross profit of sales of NT \$510,000 in downstream transactions, minus the realized gross profit of NT \$184,000 in sales.

Note5: Please refer to schedule IX for relevant information on investee companies in mainland China.

**YING HAN Technology Co., Ltd. And Subsidiaries**  
**Mainland Investment Information**  
January 1 to December 31, 2022

Schedule IX

Units: Thousands of New Taiwan Dollars except for remarks

Invested Company in Mainland	Main Business Items	Paid-in capital (Note4)	Investment method (Note1)	Beginning of period Accumulated Remittance from Taiwan Amount(Note4)	Remittance or withdrawal of investment amount in the current period		The end of period Accumulated Remittance from Taiwan Amount(Note4)	Loss and profit of invested company this period	The company directly or indirect investment Shareholding %	Recognized in this period Loss and profit of investment (Note2)	Investment at the end of period Booking Value	As of this period Repatriated investment income	Note
					Export	Import							
Tianjin Yinghan Technology Co., Ltd.	Manufacturing of machinery equipment and parts	\$ 175,047 (USD 5,700,000)	(1)	\$ 175,047 (USD 5,700,000)	\$ -	\$ -	\$ 175,047 (USD 5,700,000)	( \$ 17,373 )	100	( \$ 23,260 ) (2)B.	\$ 150,838	\$ -	Note3
Shanghai Yingheng Machinery Technology Co., Ltd.	Trading of machinery equipment and parts	113,627 (USD 3,700,000)	(1)	113,627 (USD 3,700,000)	-	-	113,627 (USD 3,700,000)	( 14,394 )	100	( 14,394 ) (2)B.	89,912	-	-

Accumulated remittances from Taiwan at the end of the current period Amount of investment in mainland China (Note4)	The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs (Note4)	According to the regulations of the Investment Review Committee of the Ministry of Economic Affairs Investment limit for mainland China (Note5)
\$ 288,674 (USD 9,400,000)	\$ 288,674 (USD 9,400,000)	\$ 670,019

Note1: Investment methods are divided into the following three types, just classify by the category:

- (1) Directly engage investment in Mainland.
- (2) Reinvest in mainland China through a company in a third area (please specify the investment company in the third area).
- (3) Other methods.

Note2: Investment profit and loss column recognized in the current period:

- (1) If it is under preparation and there is no investment profit or loss, it should be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted.
  - A. Financial statements audited by an international accounting firm that has cooperative relations with accounting firms in the Republic of China.
  - B. Financial statements audited by certified accountants of the parent company in Taiwan.
  - C. Other.

Note3: The investment gains and losses recognized in the current period include the current loss of NT\$17,373,000 plus the unrealized gross profit of NT\$9,044,000 from the downstream transaction, minus the realized gross profit of NT\$3,157,000 from the downstream transaction.

Note4: The relevant amount is converted based on the exchange rate at the end of the period, when one U.S. dollar equals NT\$30.71.

Note5: The company's NT\$1,116,699,000 × 60% = NT\$670,019,000.

YING HAN Technology Co., Ltd. And Subsidiaries  
**Major transactions with mainland investee companies directly or indirectly through the third region,  
as well as their prices, payment terms, unrealized gains and losses, and other relevant information**  
January 1 to December 31, 2022

Schedule X

Unit: Thousands of New Taiwan Dollars

The company that imports (sells) goods	Trading partners	Relationship	Trading Status				Circumstances and reasons why the transaction amount is different from the general transaction		Notes receivable (payable), accounts		Note
			Import (selling) goods	Amount	Accounted for total sales Ratio(%)	Credit terms			Balance	Total receivables (payable) notes, Account ratio	
							Unit Price	Credit period		Ratio(%)	
The Company	Tianjin Yinghan Technology Co., Ltd. Ying Han Teknoloji Ltd.	Subsidiary(Holding 100% share) Subsidiary(Holding 100% share)	Sales	(\$ 39,052)	5	To set individually	Fairly	To set individually	\$ 34,233	10	
			Sales	( 36,861)	5	To set individually	Fairly	To set individually	28,413	8	

YING HAN Technology Co., Ltd. And Subsidiaries  
**Business relationship and important transactions between the parent company and the subsidiary companies**  
January 1 to December 31, 2022

Schedule XI

Unit: Thousands of New Taiwan Dollars

No.	Name of trader	Business Dealing Company	Relationship (Note)	Business Dealing Status			
				Subject	Amount	Dealing Conditions	Total consolidated revenue or ratio of total assets (%)
0	YING HAN Technology Co., Ltd.	Tianjin Yinghan Technology Co., Ltd.	1.	Sales revenue	\$ 39,052	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	5
			1.	Accounts Receivable	34,233	-	1
		Ying Han Teknoloji Ltd.	1.	Sales revenue	36,861	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	5
			1.	Accounts Receivable	28,413	-	1
		Vietnam Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.	1.	Sales revenue	4,789	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	1
			1.	Accounts Receivable	2,633	-	-
			1.	Other Receivable	2,774	-	-
			1.	Operating Costs	2,134	-	-
		YING HAN TECHNOLOGY Sp. Z O. O.(Poland Ying Han)	1.	Sales revenue	31,260	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	4
			1.	Accounts Receivable	26,202	-	1
			1.	Other Receivable	737	-	-
			1.	Operating Costs	2,845	-	-
		YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	1.	Sales revenue	80,996	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	11
			1.	Accounts Receivable	64,496	-	3
			1.	Other Receivable	645	-	-
		YING HAN TECHNOLOGY LIMITED(Russia Ying Han)	1.	Sales revenue	389	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-
			1.	Accounts Receivable	203	-	-
			1.	Operating Costs	1,956	-	-
		YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	1.	Sales revenue	17,551	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	2
			1.	Accounts Receivable	7,116	-	-
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	1.	Sales revenue	115	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-		
	1.	Other Receivable	415	-	-		
	1.	Operating Costs	4,801	-	1		

(Continue on the next page)



(Continued)

No.	Name of trader	Business Dealing Company	Relationship (Note)	Business Dealing Status			Total consolidated revenue or ratio of total assets (%)	
				Subject	Subject	Subject		
1	Tianjin Yinghan Technology Co., Ltd.	PT. YING LIN MACHINE AND SERVICE (Indonesia Ying Han)	1.	Sales revenue	\$ 903	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-	
			1.	Accounts Receivable	384	-	-	
			1.	Other Receivable	184	-	-	
			1.	Operating Costs	1,245	-	-	
		HANNSA PRECISION SDN. BHD. (Malaysia Ying Han)	1.	Sales revenue	4,941	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	1	
			1.	Accounts Receivable	1,110	-	-	
			1.	Other Receivable	154	-	-	
		Ying Han Teknoloji Ltd.	Tianjin Yinghan Technology Co., Ltd.	1.	Operating Costs	1,778	-	-
				3.	Sales revenue	9,789	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	1
		2	Ying Han Teknoloji Ltd.	Tianjin Yinghan Technology Co., Ltd.	3.	Accounts Receivable	635	-
3.	Sales revenue				1,034	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-	
			3.	Accounts Receivable	8,760	-	-	

Note: There are the following three types of relationship with the trader, and the types of marking are as follows:

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

YING HAN Technology Co., Ltd.  
Main Shareholder's information  
December 31, 2022

Schedule XII

Name of the main shareholder	Share	
	Number of shares held	Percentage %
YING LIN INVESTMENT CO., LTD	14,678,838	16.76%
XIAO,CAI-YUN INVESTMENT CO., LTD	6,270,000	7.16%
HU CHUN CHIA	5,649,600	6.45%
HU BO XIANG	5,112,600	5.83%

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares that have been delivered without physical registration. The capital recorded in the company's individual financial report and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information is that the shareholder transfers the holdings to the trust, it is disclosed by the individual account of the trustor who opened the trust account opened by the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, please refer to public information Observatory.

## § STATEMENT OF IMPORTANT ACCOUNTING ITEMS §

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YING HAN Technology Co., Ltd.  
Cash and Equivalent Cash Schedule  
December 31, 2022

Schedule 1 Unit: Thousands of New Taiwan Dollars  
(Except for foreign currency)

Item	Due	Annual Interest Rate	Amount
Cash on hand and petty cash			<u>\$ 1,873</u>
Bank deposit			
Check deposit			15
Demand deposit(Note 1)			<u>67,952</u>
			<u>67,967</u>
Cash and Equivalent			
Bank fixed deposit(Note2)	112.1.10~112.1.14	3.20%~3.75%	82,917
Repurchase Agreement (Note 3)	112.1.10	4%	<u>15,445</u>
			<u>\$ 168,202</u>

Note 1: Including NT\$7,491,000, US\$1,586,716.38 (US\$1=NT\$30.71), RMB 61,728.11 (RMB\$1=NT\$4.408), Euro 350,185.05 (EUR\$1=NT\$32.72) and Japanese Yen 10,725.00 (JPY\$1 =NT\$0.232).

Note 2: USD 2,700,000.00 (US\$1 =NT\$30.71)

Note 3: USD 500,000.00 (US\$1=NT\$30.71)

YING HAN Technology Co., Ltd.  
Schedule of Notes Receivable  
December 31, 2022

Schedule 2

Unit: Thousands of New Taiwan Dollars

Name	Summary	Amount
<b>Notes Receivable</b>		
Company A	Sales payment	\$ 13,200
Company B	Sales payment	10,928
Company C	Sales payment	5,439
Company D	Sales payment	4,750
Company E	Sales payment	2,275
Others (Note)	Sales payment	<u>3,048</u>
		<u>\$ 39,640</u>
<b>Long-term Notes Receivable</b>		
Company C	Sales payment	\$ 5,439
Company F	Sales payment	1,009
Company E	Sales payment	758
Company G	Sales payment	<u>567</u>
		<u>\$ 7,773</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

YING HAN Technology Co., Ltd.  
Schedule of Net Accounts Receivable  
December 31, 2022

Schedule 3

Unit: Thousands of New Taiwan Dollars

Name	Summary	Amount
<b>Accounts Receivable</b>		
Non-related Party		
Company K	Sales payment	\$ 8,814
Company I	Sales payment	23,125
Company H	Sales payment	32,718
Company J	Sales payment	11,850
Others(Note 1)	Sales payment	<u>26,246</u>
		102,753
Less: Allowance for losses		<u>7,776</u>
		<u>94,977</u>
Related Party		
YLM USA	Sales payment	44,281
Turkey Ying Han	Sales payment	64,496
Shanghai Ying Han	Sales payment	28,413
Poland Ying Han	Sales payment	26,202
Tianjin Ying Han	Sales payment	34,233
Others(Note 1)	Sales payment	<u>11,802</u>
		209,427
Less: Unrealized interest income		<u>357</u>
		<u>209,070</u>
		<u>\$ 304,047</u>
<b>Long-term Accounts Receivable</b>		
Related Party		
YLM USA	Sales payment	\$ 16,267
Less: Unrealized interest income		<u>350</u>
		<u>\$ 15,917</u>

Note 1: The balance ratio of each account does not exceed 5% of the balance of this subject.

Note 2: NT \$ 2,337,000 for accounts aged over one year

YING HAN Technology Co., Ltd.  
Inventory List  
December 31, 2022

Schedule 4

Unit: Thousands of New Taiwan Dollars

Item	Summary	Amount		Remarks
		Cost	Market Price	
Finished Product	Electric pipe bender, vertical integrated machining center, etc.	\$ 83,202	\$ 104,269	Market price based on net realizable value
WIP	Automatic pipe bending machine, etc.	438,929	802,425	Market price based on net realizable value
Raw Materials	Aluminum rails, reducers, curved and wire feeder machine parts.	<u>144,336</u>	<u>155,769</u>	Market price at replacement cost
		<u>\$ 666,467</u>	<u>\$ 1,062,463</u>	

YING HAN Technology Co., Ltd.  
Other Receivables Schedule  
December 31, 2022

Schedule 5

Unit: Thousands of New Taiwan Dollars

Item	Summary	Amount
Other Receivables		
Tax-refund Receivables	Receivable sales tax refund	\$ 1,146
Others	Solar Electricity Revenue	<u>500</u>
		<u>\$ 1,646</u>
Prepayment		
Prepaid fee	Advance payment of exhibition fees, travel expenses and insurance fees, etc.	\$ 10,802
Advance payment	Advance payment	88
Residual tax credit	Residual tax credit	50
Input tax	Input tax	<u>43</u>
		<u>\$ 10,983</u>



YING HAN Technology Co., Ltd.  
List of changes in long-term equity investment using the equity method  
Year 2022

Schedule 6

Unit: Share; Thousands of New Taiwan Dollars

Name	Balance at the beginning of year		Net Amount of increase (decrease) of year				Balance at the end of year			Market Price	Guarantee or Pledge Situation
	Share	Amount	Share	Amount	Investment (loss) gain (Note1)	Exchange difference on translation of financial statements of foreign operating institutions	Share	Share Holding %	Amount	Market price or net equity value(Note2)	
Long-term equity investment using the equity method											
YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	500	(\$ 21,525)	-	\$ -	(\$ 4,263)	(\$ 764)	500	100	(\$ 26,552)	(\$ 22,028)	N/A
YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	-	( 26,414)	-	-	( 26,334)	9,379	-	100	( 43,369)	( 43,369)	N/A
YING HAN TECHNOLOGY Limited(Russia Ying Han)	-	( 2,015)	-	-	875	( 351)	-	100	( 1,491)	( 1,491)	N/A
HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	400,000	2,104	-	-	85	124	400,000	100	2,313	2,313	N/A
YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	23,000	4,031	-	-	( 1,502)	355	23,000	46	2,884	4,800	N/A
Ying Han Teknologi Ltd. Ylm Industrial Co., Ltd.(Vietnam Ying Han)	-	( 537)	-	-	( 538)	97	-	100	( 978)	920	N/A
Tianjin Ying Han Technology Co., Ltd(Tianjin Ying Han)	-	171,288	-	-	( 23,260)	2,810	-	100	150,838	171,498	N/A
Shanghai Ying Han Technology Co., Ltd(Shanghai Ying Han)	-	102,736	-	-	( 14,394)	1,570	-	100	89,912	89,912	N/A
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	369,999	1,868	-	-	180	14	369,999	99.99	2,062	2,062	N/A
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	108,900	2,584	-	-	446	( 15)	108,900	99	3,015	3,015	N/A
Rdata System Co., Ltd.(Rdata)	-	-	1,100,000	16,500	( 540)	-	1,100,000	55	15,960	10,628	N/A
YING HAN TECHNOLOGY (USA), INC.(USA Ying Han)	-	-	60,000	48,323	( 18)	( 2,258)	60,000	100	46,047	46,047	N/A
		<u>\$ 234,120</u>		<u>\$ 64,823</u>	<u>(\$ 69,263)</u>	<u>\$ 10,961</u>			<u>\$ 240,641</u>	<u>\$ 264,307</u>	

Note  
1: The investment profit and loss recognized in this year includes the loss of NT \$ 64,351,000 plus the unrealized gross profit of sales of NT \$ 10,448,000 minus the realized gross profit of NT\$5,536,000 from downstream transactions.  
Note 2: The difference between the equity net value and the book value is the unrealized gross profit and loss of sales.

YING HAN Technology Co., Ltd.  
Short-term loan schedule  
December 31, 2022

Schedule 7

Unit: Thousands of New Taiwan Dollars

Name	Contract Period	Annual Interest Rate(%)	Balance	Financing amount	Mortgage or Guarantee
Credit loan					
Bank of Taiwan	2022.11.7~2023.11.7	1.995	\$ 170,000	\$ 250,000	N/A
Mega Bank	2022.10.14~2023.10.13	2.10378	100,000	190,000	N/A
Export-Import Bank of China	2021.10.1~2023.4.1	1.7982	60,000	80,000	N/A
Land Bank of Taiwan	2022.8.19~2023.8.19	2.005	<u>30,000</u>	<u>70,000</u>	N/A
			<u>\$ 360,000</u>	<u>\$ 590,000</u>	

YING HAN Technology Co., Ltd.  
Schedule of Accounts Payable  
December 31, 2022

Schedule 8

Unit: Thousands of New Taiwan Dollars

Name	Summary	Amount
SUN-WA TECHNOS (TAIWAN) CO., LTD.	Purchase payment	\$ 7,886
Others(Note)	Purchase payment, processing fee	<u>100,620</u>
		<u>\$ 108,506</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

YING HAN Technology Co., Ltd.  
Contract Liabilities –  
Current, Other Current Liabilities and Margin Deposit Details  
December 31, 2022

Schedule 9

Unit: Thousands of New Taiwan Dollars

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Contract Liabilities – Current		
Contract Liabilities – Current	Pre-acquisition of machines and molds	<u>\$ 64,211</u>
Other current liabilities		
Temporary payment	Withhold labor and health insurance premiums, etc.	<u>\$ 1,651</u>
Guarantee Deposit	Sales Agreement Guarantee	<u>\$ 25,104</u>

YING HAN Technology Co., Ltd.  
Long-term loans and long-term loans due within one year  
December 31, 2022

Schedule 10

Unit: Thousands of New Taiwan Dollars

Creditor Bank	Summary	Contract term	A m o u n t			Total	Mortgage or Guarantee Situation
			Annual Interest Rate(%)	Due in a year	Due after a year		
Bank of Taiwan	Mortgage	103.05.08~118.05.08	1.905	\$ 22,533	\$ 123,934	\$ 146,467	Branch factory
	Economy Ministry Revitalization Loan	109.10.19~115.10.19	2.84	10,000	28,333	38,333	N/A
Mega Bank	Trust Fund Guarantees Ministry of Economy Loans	109.11.25~114.11.25	2.475	17,500	33,542	51,042	Branch factory II
	Mortgage	106.03.16~121.03.16	1.845	22,793	188,044	210,837	Branch factory II
Cathay United	Mortgage	110.8.18~115.8.18	2.77	<u>3,266</u>	<u>25,013</u>	<u>28,279</u>	Solar Equipment Mortgage
				<u>\$ 76,092</u>	<u>\$ 398,866</u>	<u>\$ 474,958</u>	

YING HAN Technology Co., Ltd.  
Schedule of Net Operating Income  
Year 2022

Schedule 11

Unit: Thousands of New Taiwan Dollars

Item	Number of units	Amount
Fully automatic whole plant equipment series	179 units	\$ 470,087
Machinery series	57 units	100,609
Others(Note)		<u>127,502</u>
		698,198
Less: Sales returns and allowances	1 unit	<u>5,611</u>
		<u>\$ 692,587</u>

Note: None of the Amounts exceeds 10% of the subject Amount.

YING HAN Technology Co., Ltd.  
Operating Cost Schedule  
Year 2022

Schedule 12

Unit: Thousands of New Taiwan Dollars

Item	Amount
Materials at the beginning of year	\$ 149,071
Add: Materials purchased this year	253,360
Less: Materials at the end of year	144,336
Materials sold	28,840
Transfer to work in progress	7,974
Transfer fee	1,340
Loss for market price decline and obsolete and slow-moving inventories	137
Inventory loss	<u>90</u>
Direct raw material consumption	219,714
Direct labor	75,274
Manufacturing Fee	<u>99,496</u>
Manufacturing cost	394,484
Add: Work in progress at the beginning of the year	462,145
Purchase this year	51,276
Material transfer	7,974
Less: Work in progress at the end of the year	438,929
Sales of work in progress	56,901
Transfer fee	1,287
Inventory loss	1,700
Loss for market price decline and obsolete and slow-moving inventories	<u>2,592</u>
Cost of finished product	414,470
Add: Finished goods at the beginning of the year	67,256
Inventory depreciation and sluggish recovery benefits	3,807
Less: Finished goods at the end of the year	<u>83,202</u>
Production and sales cost	402,331
Cost of materials sold and work in process	85,741
Scrap income	( 443 )
Duty refund	( 1,375 )
Net inventory deficit	1,790
Others	( 204 )
Inventory depreciation and sluggish recovery benefits	<u>( 1,078 )</u>
	<u>\$ 486,762</u>

YING HAN Technology Co., Ltd.  
Schedule of Operating Expenses  
Year 2022

Schedule 13

Unit: Thousands of New Taiwan Dollars

	Promotional expenses	Management costs	R&D Cost	Expected credit impairment losses	Total
Salary	\$ 32,092	\$ 27,855	\$ 37,412	\$ -	\$ 97,359
Business service fee	14,758	-	-	-	14,758
Freight	7,413	14	46	-	7,473
Insurance	3,579	3,074	4,167	-	10,820
Depreciation expense	505	9,551	895	-	10,951
Service fee	10,113	5,054	148	-	15,315
Travel expenses	6,997	42	445	-	7,484
Commission	9,230	-	-	-	9,230
Exhibition fee	8,957	-	-	-	8,957
Others	1,848	5,466	1,078	-	8,392
Expected credit impairment losses	-	-	-	4,966	4,966
Others (Note)	<u>11,615</u>	<u>10,107</u>	<u>5,677</u>	<u>-</u>	<u>27,399</u>
	<u>\$ 107,107</u>	<u>\$ 61,163</u>	<u>\$ 49,868</u>	<u>\$ 4,966</u>	<u>\$ 223,104</u>

Note: None of the Amounts exceeds 5% of the Amount.



YING HAN Technology Co., Ltd.  
Functional Summary Table of Employee Benefits,  
Depreciation, Depletion and Amortization Expenses

Schedule 14

Unit: Thousands of New Taiwan Dollars

	Year 2022			Year 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee Benefits						
Salary	\$ 81,758	\$ 95,685	\$ 177,443	\$ 84,781	\$ 101,192	\$ 185,973
Labor health insurance	9,688	10,511	20,199	9,974	12,006	21,980
Pension	4,803	5,069	9,872	4,880	5,289	10,169
Director's remuneration	-	1,655	1,655	-	1,565	1,565
Others	1,369	460	1,829	1,585	447	2,032
	<u>\$ 97,618</u>	<u>\$ 113,380</u>	<u>\$ 210,998</u>	<u>\$ 101,220</u>	<u>\$ 120,499</u>	<u>\$ 221,719</u>
Depreciation	\$ 27,416	\$ 10,951	\$ 38,367	\$ 31,557	\$ 6,945	\$ 38,502
Amortization	-	74	74	-	94	94

Note: The number of employees in this year and the previous year were 309 and 329 respectively, of which the number of directors who were not concurrently employees was 4.

- (1) The average employee benefit expense for the year is NT\$ 686,000 ("total employee benefit expenses for the year minus total directors' remuneration and divided by the number of employees for the year minus the number of directors who are not concurrent employees"). The average employee benefit expense in the previous year was NT \$677,000 ("total employee welfare expenses in the previous year minus total directors' remuneration divided by number of employees in the previous year minus number of directors who did not concurrently serve as employees").
- (2) The average salary cost of employees this year is NT\$582,000 (total salary cost this year divided by number of employees this year minus number of directors who are not concurrently employees"). The average salary cost of employees in the previous year was NT\$572,000 (total salary cost in the previous year divided by number of employees in the previous year minus number of directors who did not concurrently serve as employees").
- (3) Adjustment and change of average employee salary expenses 1.75% ("average employee salary expenses for the current year minus average employee salary expenses for the previous year divided by average employee salary expenses for the previous year).
- (4) The company has no supervisors.
- (5) The company's directors, managers and staff remuneration policy:
  - 1) The company's director remuneration policy is stipulated in Article 22 of the company's articles of association: when all directors of the company perform their duties, the company may pay remuneration regardless of the company's operating profit or loss, and the remuneration authorizes the board of directors to The value of the contribution shall be paid according to the normal level of the industry; and, if the company makes a profit in the year, the remuneration shall be distributed in accordance with Article 25 of the company's articles of association.
  - 2) The company's manager and employee remuneration policy include salary, bonus and employee remuneration. The company's salary and bonus policy is based on their education and experience, referring to the salary level of the industry, and evaluating the company's duties and responsibilities and the achievement of goals According to the degree and contribution of the company, as well as the company's operating results for the year, a reasonable remuneration will be given; and, if the company makes a profit for the year, the remuneration will be distributed in accordance with Article 25 of the company's articles of association.