

**SANYANG MOTOR CO., LTD.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	27~57
(7) Related-party transactions	57~64
(8) Pledged assets	64
(9) Commitments and contingencies	64~65
(10) Losses Due to Major Disasters	65
(11) Subsequent Events	65
(12) Other	65~66
(13) Other disclosures	
(a) Information on significant transactions	66~74
(b) Information on investees	74~76
(c) Information on investment in Mainland China	76~79
(d) Major shareholders	79
(14) Segment information	79
9. List of major account titles	80~90

## **Independent Auditors' Report**

To the Board of Directors of Sanyang Motor Co., Ltd.:

### **Opinion**

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

In our opinion, based on our audit results and the audit reports of other auditors (please refer to the Other Matters section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **1. Revenue recognition**

Refer to Note 4(q) "Revenue recognition" for the accounting principles on the recognition of revenue and Note 6(u) "Revenue from contracts with customers" for details of revenues.

Description of key audit matter:

The Company's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Company are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Company were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Understand the Company's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales agreements.
- (c) Test internal controls of the Company over shipment and revenues recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2022 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

## 2. Valuation of accounts receivable

Refer to Note 4(f) “Financial instruments” for the accounting policies on the valuation of accounts receivable, Note 5(a) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(d) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Company is relatively significant, and the recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Obtain the Management’s overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.
- (b) Analyze and test the accuracy of accounts receivable aging report.
- (c) Perform the subsequent period collection of accounts receivable test.

### **Other Matters**

In the investment accounted for using the equity method of the Company, Taiwan Tea Corporation financial statements were not audited by our firm, but by another auditor. Therefore, regarding the financial statements of Taiwan Tea Corporation included in the above-mentioned individual financial statements, our opinion on the amounts listed in their financial statements is based on the audit report of the other auditor. As of December 31, 2022, the amount of Taiwan Tea Corporation accounted for using the equity method accounted for 9.92% of the total assets, and for the years ended December 31, 2022, the share of profit (loss) of subsidiaries, associates and joint venture for using the equity method in Taiwan Tea Corporation accounted for (17.70)% of the profit before income tax.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements**

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

## **Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements**

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2023

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

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**(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)**  
**SANYANG MOTOR CO., LTD.**

**Balance Sheets**

**December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>December 31, 2022</b>		<b>December 31, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents (Note 6(a))	\$ 2,175,711	5	1,469,419	4
1170	Notes and accounts receivable, net (Notes 6(d) and (u))	912,909	2	1,026,571	3
1180	Accounts receivable from related parties, net (Notes 6(d) ,(u) and 7)	506,701	1	316,340	1
1310	Inventories (for manufacturing business) (Notes 6(e) )	4,015,334	10	2,113,817	6
1460	Non-current assets held for sale(Notes 6(f) )	97,036	-	-	-
1476	Other current financial assets (Note 6(a) and 8)	54,371	-	142,659	1
1479	Other current assets (Note 7)	171,370	1	86,831	-
		<u>7,933,432</u>	<u>19</u>	<u>5,155,637</u>	<u>15</u>
<b>Non-current assets:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	132,037	-	141,484	-
1550	Investments accounted for using the equity method (Notes 6(g), (h), (i) and 7)	25,585,616	62	21,602,535	62
1600	Property, plant and equipment (Notes 6(j), 7 and 8)	4,894,622	12	4,945,448	14
1755	Right-of-use assets (Note 7)	83,261	-	109,123	-
1760	Investment property, net (Notes 6(k) and 8)	2,391,001	6	2,404,562	7
1840	Deferred income tax assets (Note 6(r))	450,607	1	420,425	1
1980	Other non-current financial assets (Note 8 and 9)	103,773	-	267,460	1
1995	Other non-current assets, others	27,433	-	29,823	-
		<u>33,668,350</u>	<u>81</u>	<u>29,920,860</u>	<u>85</u>
<b>Total assets</b>		<b><u>\$ 41,601,782</u></b>	<b><u>100</u></b>	<b><u>35,076,497</u></b>	<b><u>100</u></b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

**Balance Sheets**

**December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

<b>Liabilities and Equity</b>		<b>December 31, 2022</b>		<b>December 31, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(m))	\$ 4,838,567	11	3,420,644	10
2110	Short-term notes and bills payable (Note 6(l))	-	-	299,798	1
2120	Current financial liabilities measured at fair value through profit or loss (Note 6(b))	-	-	2,299	-
2130	Current contract liabilities (Note 6(u))	41,451	-	42,712	-
2170	Accounts payable (Note 6(n))	2,398,944	6	2,155,409	6
2180	Accounts payable to related parties (Notes 6(n) and 7)	510,993	1	586,179	2
2200	Other payables	1,507,851	4	1,392,100	4
2220	Other payables to related parties (Note 7)	158,150	-	154,721	-
2230	Current tax liabilities	295,068	1	188,772	1
2251	Current provisions for employee benefits (Note 6(q))	70,682	-	68,906	-
2252	Short-term provisions for warranties (Note 6(p))	424,851	1	393,224	1
2280	Current lease liabilities (Note 7)	25,928	-	25,505	-
2322	Long-term borrowings, current portion (Note 6(o))	413,333	1	80,000	-
2399	Other current liabilities, others (Note 6(f))	264,978	1	108,575	-
		<u>10,950,796</u>	<u>26</u>	<u>8,918,844</u>	<u>25</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(o))	10,106,667	24	8,020,000	23
2570	Deferred income tax liabilities (Note 6(r))	1,401,672	4	1,401,672	4
2580	Non-current lease liabilities (Note 7)	58,644	-	84,572	-
2640	Net defined benefit liability, non-current (Note 6(q))	806,217	2	841,373	3
2645	Guarantee deposits received	351,532	1	348,757	1
2670	Other non-current liabilities, others (Note 9)	92,373	-	49,176	-
		<u>12,817,105</u>	<u>31</u>	<u>10,745,550</u>	<u>31</u>
	<b>Total liabilities</b>	<u>23,767,901</u>	<u>57</u>	<u>19,664,394</u>	<u>56</u>
<b>Equity (Note 6(g) and (s)):</b>					
3100	Share capital	7,974,896	19	7,976,396	23
3200	Capital surplus	1,713,762	4	1,708,432	5
3300	Retained earnings	9,603,610	23	7,182,522	20
3400	Other equity	(1,325,571)	(3)	(1,322,431)	(4)
3500	Treasury shares	(132,816)	-	(132,816)	-
	<b>Total equity</b>	<u>17,833,881</u>	<u>43</u>	<u>15,412,103</u>	<u>44</u>
	<b>Total liabilities and equity</b>	<u><u>\$ 41,601,782</u></u>	<u><u>100</u></u>	<u><u>35,076,497</u></u>	<u><u>100</u></u>

See accompanying notes to parent company only financial statements.



(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(u) and 7)	\$ 35,882,517	100	29,876,799	100
5000	Operating costs (Note 6(e) and 7)	31,649,964	88	26,161,020	88
		4,232,553	12	3,715,779	12
5910	Unrealized profit from sales	(27,619)	-	(21,087)	-
	<b>Gross profit from operations</b>	<b>4,204,934</b>	<b>12</b>	<b>3,694,692</b>	<b>12</b>
	<b>Operating expenses (Notes 6(q), (v) and 7):</b>				
6100	Selling expenses	781,585	2	786,503	2
6200	Administrative expenses	800,420	2	678,236	2
6300	Research and development expenses	879,954	3	804,092	3
6450	Expected credit gain (Note 6(d))	(2,742)	-	(8,917)	-
		2,459,217	7	2,259,914	7
	<b>Net operating income</b>	<b>1,745,717</b>	<b>5</b>	<b>1,434,778</b>	<b>5</b>
	<b>Non-operating income and expenses:</b>				
7010	Other income (Notes 6(w) and 7)	81,322	-	73,814	-
7020	Other gains and losses (Note 6(h), (w) and 7)	563,039	2	(41,524)	-
7050	Finance costs (Note 6(w) and 7)	(162,453)	-	(115,570)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (note 6(g))	1,239,605	3	665,767	2
		1,721,513	5	582,487	2
7900	<b>Profit before income tax</b>	<b>3,467,230</b>	<b>10</b>	<b>2,017,265</b>	<b>7</b>
7950	<b>Less: Income tax expenses (Note 6(r))</b>	<b>351,195</b>	<b>1</b>	<b>187,075</b>	<b>1</b>
8200	<b>Profit for the period</b>	<b>3,116,035</b>	<b>9</b>	<b>1,830,190</b>	<b>6</b>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(27,469)	-	(104,296)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(9,447)	-	8,333	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	151,715	-	226,656	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	5,494	-	20,859	-
	<b>Total of items that may not be reclassified subsequently to profit or loss</b>	<b>120,293</b>	<b>-</b>	<b>151,552</b>	<b>1</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	409,237	1	(39,361)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Total of items that may be reclassified subsequently to profit or loss</b>	<b>409,237</b>	<b>1</b>	<b>(39,361)</b>	<b>-</b>
8300	<b>Other comprehensive income</b>	<b>529,530</b>	<b>1</b>	<b>112,191</b>	<b>1</b>
8500	<b>Comprehensive income</b>	<b>\$ 3,645,565</b>	<b>10</b>	<b>1,942,381</b>	<b>7</b>
	<b>Earnings per share (Note 6(t))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	<b>\$ 3.93</b>		<b>2.30</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	<b>\$ 3.93</b>		<b>2.30</b>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

**Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	Retained earnings						Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity
<b>Balance at January 1, 2021</b>	\$ 8,030,776	1,730,173	2,485,822	1,573,678	2,524,438	6,583,938	(1,700,999)	259,847	(1,441,152)	(132,816)	14,770,919
Profit for the year	-	-	-	-	1,830,190	1,830,190	-	-	-	-	1,830,190
Other comprehensive income for the year	-	-	-	-	(82,408)	(82,408)	(39,361)	233,960	194,599	-	112,191
Comprehensive income for the year	-	-	-	-	1,747,782	1,747,782	(39,361)	233,960	194,599	-	1,942,381
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	136,185	-	(136,185)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(130,078)	130,078	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,044,001)	(1,044,001)	-	-	-	-	(1,044,001)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(163,787)	(163,787)
Retirement of treasury shares	(54,380)	(719)	-	-	(108,688)	(108,688)	-	-	-	163,787	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	1,139	-	-	-	-	-	-	-	-	1,139
Changes in equities of long-term investments	-	(22,161)	-	-	(72,387)	(72,387)	-	-	-	-	(94,548)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	75,878	75,878	-	(75,878)	(75,878)	-	-
<b>Balance at December 31, 2021</b>	7,976,396	1,708,432	2,622,007	1,443,600	3,116,915	7,182,522	(1,740,360)	417,929	(1,322,431)	(132,816)	15,412,103
Profit for the year	-	-	-	-	3,116,035	3,116,035	-	-	-	-	3,116,035
Other comprehensive income for the year	-	-	-	-	(19,417)	(19,417)	409,237	139,710	548,947	-	529,530
Comprehensive income for the year	-	-	-	-	3,096,618	3,096,618	409,237	139,710	548,947	-	3,645,565
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	164,258	-	(164,258)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(109,352)	109,352	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,036,931)	(1,036,931)	-	-	-	-	(1,036,931)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(4,351)	(4,351)
Retirement of treasury shares	(1,500)	(20)	-	-	(2,831)	(2,831)	-	-	-	4,351	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(239)	-	-	-	-	-	-	-	-	(239)
Changes in equities of long-term investments	-	5,589	-	-	(187,855)	(187,855)	-	-	-	-	(182,266)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	552,087	552,087	-	(552,087)	(552,087)	-	-
<b>Balance at December 31, 2022</b>	<b>\$ 7,974,896</b>	<b>1,713,762</b>	<b>2,786,265</b>	<b>1,334,248</b>	<b>5,483,097</b>	<b>9,603,610</b>	<b>(1,331,123)</b>	<b>5,552</b>	<b>(1,325,571)</b>	<b>(132,816)</b>	<b>17,833,881</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SANYANG MOTOR CO., LTD.

**Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 3,467,230	2,017,265
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	522,572	576,821
Amortization expense	11,642	23,178
Expected credit gain	(2,742)	(8,917)
Net (gain) loss on financial asset and liabilities measured at fair value through profit or loss	(2,299)	2,299
Interest expense	162,453	115,570
Interest revenue	(8,501)	(2,602)
Dividend revenue	(33,282)	(17,284)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(1,239,605)	(665,767)
Loss on disposal of property, plant and equipment	53,832	38,998
Loss on disposal of investment properties	-	8
Gain on disposal of Investments accounted for under equity method	(498,877)	-
Unrealized profit from sales	27,619	21,087
Others	118	902
Total adjustments to reconcile profit (loss)	<u>(1,007,070)</u>	<u>84,293</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable, net	116,404	(172,160)
Accounts receivable from related parties	(190,361)	(128,852)
Inventories	(1,927,665)	(204,079)
Other current assets	(88,414)	50,427
Contract liabilities	(1,261)	10,108
Accounts payable	243,535	(167,186)
Accounts payable to related parties	(75,186)	(1,138)
Provisions for employee benefits	1,776	(10,622)
Other payables (including related parties)	119,115	(177,443)
Short-term provisions for warranties	31,627	(15,632)
Other current liabilities	36,593	(53,883)
Net defined benefit liabilities	<u>(62,625)</u>	<u>(77,305)</u>
Total adjustments	<u>(2,803,532)</u>	<u>(863,472)</u>
<b>Cash inflow generated from operations</b>	663,698	1,153,793
Interest received	8,025	2,574
Interest paid	(162,186)	(115,082)
Income taxes paid	<u>(265,238)</u>	<u>(233,048)</u>
<b>Net cash flows from operating activities</b>	<u>244,299</u>	<u>808,237</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD.****Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using the equity method	(2,144,086)	(150,000)
Acquisition of property, plant and equipment	(470,692)	(479,291)
Proceeds from disposal of property, plant and equipment	11,802	22,424
Increase in receipts in advance due to disposal of assets	135,389	-
Acquisition of investment properties	(98,271)	(63,560)
Other current financial assets	88,288	26,952
Other non-current financial assets	163,687	115,001
Other non-current assets	(9,252)	(13,778)
Dividends received	311,217	47,461
<b>Net cash flows used in investing activities</b>	<b>(2,011,918)</b>	<b>(494,791)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	37,235,326	41,126,446
Decrease in short-term borrowings	(35,817,403)	(43,072,555)
Decrease in short-term notes and bills payable	(300,000)	(202)
Proceeds from long-term borrowings	9,800,000	5,200,000
Repayments of long-term borrowings	(7,380,000)	(2,300,000)
Increase in guarantee deposits received	2,775	59,278
Payments of lease liabilities	(25,505)	(25,090)
Cash dividends paid	(1,036,931)	(1,044,001)
Cost of increase in treasury shares	(4,351)	(163,787)
<b>Net cash flows from (used in) financing activities</b>	<b>2,473,911</b>	<b>(219,911)</b>
<b>Net increase in cash and cash equivalents</b>	<b>706,292</b>	<b>93,535</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,469,419</b>	<b>1,375,884</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,175,711</b>	<b>1,469,419</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

SANYANG MOTOR CO., LTD. (the “Company”) was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together, the registered office is located at No. 3, Chung Hua Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam’s scooter market in 2000.

The major business activities of the Company are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

**(2) Approval date and procedures of the financial statements**

The financial statements were authorized for issuance by the Board of Directors on March 15, 2023.

**(3) New standards, amendments and interpretations adopted**

- (a) The impact of the International Financial Reporting Standards ( “IFRSs” ) endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its Parent Company only financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its Parent Company only financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have been issued by the Internal Accounting Standards Board (IASB), but yet to be endorsed by the FSC, to have a significant impact on its Parent Company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9— Comparative Information”
- Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the Parent Company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the Parent Company only financial statements.

- (a) Statement of compliance

These Parent Company only financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

The Parent Company only financial statements have been prepared on the historical cost basis except for the following significant accounts:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial instruments at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Parent Company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its subsidiaries that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled within the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowances charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The Parent Company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified

(Continued)

## SANYANG MOTOR CO., LTD.

### Notes to the Financial Statements

to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

#### (j) Investment in Subsidiaries

The Company accounts for its investments using the equity method when it has control over them. Under the equity method, the profit or loss and other comprehensive income stated in the statement of comprehensive income will be identical to the profit or loss and other comprehensive income attributable to the owners of parent company stated in the consolidated statement of comprehensive income, and the equity as shown in the balance sheet will be the same as the equity attributable to owners of parent company as shown in the consolidated balance sheet.

The Company regards the changes in ownership in the subsidiaries as equity transactions with other shareholders under the circumstances the controllability still exists.

#### (k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

(1)Buildings	3~55 years
(2)Machinery equipment	2~15 years
(3)Utilities and vehicles	3~15 years
(4)Office equipment and others	3~10 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(n) Intangible assets

(i) Recognition and measurement

The goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	3 years
2) Royalty	5 years
3) Others	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For the assets expect for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods-automobiles, scooters and their parts

The Company manufactures and sells automobiles, scooters and their parts. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the location according to the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision, please refer to Note 6(p).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Service Revenue

The Company provides repair, maintenance and other related services. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators. The revenue from technical remuneration is recognized when the sales actually occur.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses in the periods during which services are rendered by the employees.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in

(Continued)

## SANYANG MOTOR CO., LTD.

### Notes to the Financial Statements

retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company determines that interest or penalties related to income tax (including uncertain tax treatments) do not meet the definition of income taxes, and IAS37 is adopted.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

Please refer to the consolidated financial report of the Company for the years ended December 31, 2022 and 2021 for information on operating segments information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the Parent Company only financial statements in conformity with the regulations and IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. These assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for further description of the valuation of inventories.

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

**Assessment**

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Company periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Company evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Company strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(x).

The assumptions used in measuring fair value please refer to the following notes:

- (i) Note 6(u) Investment property
- (ii) Note 6(x) Financial instruments

**(6) Explanation of significant accounts:**

- (a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Petty cash	\$ 230	280
Bank deposits	1,575,481	1,469,139
Time deposits	600,000	-
Cash and cash equivalents	<b><u>\$ 2,175,711</u></b>	<b><u>1,469,419</u></b>

- (i) Time deposits with a maturity of over three months and without restrictions are classified as other current financial assets. As of December 31, 2022 and 2021, the balances of such deposits classified as other current financial assets are amounted to \$200 thousand and zero, respectively.
- (ii) Please refer to note 6(x) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

- (b) Financial liabilities measured at fair value through profit or loss

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Financial liabilities mandatorily measured at fair value through profit or loss – current:</b>		
Forward exchange contracts	<b><u>\$ -</u></b>	<b><u>2,299</u></b>

The Company uses derivative financial instruments to hedge certain currency risk arising from its operating activities. The derivative financial instrument at fair value through profit or loss and financial liabilities held for trading as the Company did not apply hedge accounting are as follows:

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

	<b>December 31, 2021</b>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Buy forward exchange contracts	USD 19,528	Buy USD Sell NTD	January 4, 2022 ~ May 23, 2022

(c) Financial assets at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Equity investments at fair value through other comprehensive income:</b>		
Common shares of domestic unlisted companies	<u>\$ 132,037</u>	<u>141,484</u>

- (i) The Company designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Company intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2022 and 2021, dividend revenues of \$33,282 thousand and \$17,284 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2022 and 2021.
- (iv) Please refer to Note 6(x) for credit risk and market risk.
- (v) As of December 31, 2022 and 2021, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals.

(d) Notes and accounts receivable (including related parties)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable from operating activities	\$ 281,368	249,023
Accounts receivable — measured at amortized cost	708,338	857,087
Accounts receivable from related parties — measured at amortized cost	506,701	316,340
Less: Loss allowance	(76,797)	(79,539)
	<u>\$ 1,419,610</u>	<u>1,342,911</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

Expected credit losses for notes and accounts receivable were determined as follows:

Credit rating	Gross carrying amount	December 31, 2022		
		Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 1,419,610	0%	-	No
Medium risk	76,797	100%	76,797	Yes
<b>Total</b>	<b>\$ 1,496,407</b>		<b>76,797</b>	

Credit rating	Gross carrying amount	December 31, 2021		
		Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 1,342,911	0%	-	No
Medium risk	79,539	100%	79,539	Yes
<b>Total</b>	<b>\$ 1,422,450</b>		<b>79,539</b>	

The aging analyses of notes and accounts receivable were determined as follows:

	December 31, 2022	December 31, 2021
Current	\$ 1,283,928	1,230,619
Overdue 1 to 90 days	135,682	112,292
Overdue 180 days	76,797	79,539
	<b>\$ 1,496,407</b>	<b>1,422,450</b>

For the credit risk of other receivables as of December 31, 2022 and 2021, please refer to note 6(x).

The movements in the allowance for notes and accounts receivable were as follows:

	2022	2021
Balance at January 1	\$ 79,539	88,456
Recovery of accounts receivable impaired	(2,742)	(8,917)
Balance at December 31	<b>\$ 76,797</b>	<b>79,539</b>

As of December 31, 2022 and 2021, the Company did not provide any notes and accounts receivable as collaterals.

For further credit risk information, please refer to note 6(x).

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Raw materials and consumables	\$ 1,727,458	1,085,026
Work in process	73,304	71,445
Finished goods	802,255	518,763
Inventories in transit	1,412,317	438,583
	<b><u>\$ 4,015,334</u></b>	<b><u>2,113,817</u></b>

(i) For the years ended December 31, 2022 and 2021, the details of the cost of sales were as follows:

	<b>For the years ended December 31 2022</b>	<b>2021</b>
Cost of goods sold	\$ 31,672,058	26,185,175
Revenue from sale of scraps	(60,091)	(53,932)
Loss (gain) on physical inventory	1	(14)
Loss on disposal of inventory	7,286	32,019
Loss on (gain on reversal of) inventory market price decline and obsolescence	30,710	(2,228)
	<b><u>\$ 31,649,964</u></b>	<b><u>26,161,020</u></b>

(ii) The Company recognized gain on reversal of inventory write-downs for the year ended December 31, 2021 due to sale of inventories.

(iii) As of December 31, 2022 and 2021, the Company did not provide any inventories as collaterals.

(f) Non-current assets held for sale

The Company sold 12 pieces of land numbered 259, located at the Ronhua Section, Xinfeng Township, Hsinchu County and the building on it. It was resolved by the Board of Directors on June 14, 2022. The contract of real estate transaction was signed on June 15, 2022. As of December 31, 2022, the transfer of ownership was still in process. Therefore, \$97,036 thousand of the investment properties were reclassified as non-current assets held for sale. According to the contract of real estate transaction, there was no impairment for the sales price of \$1,200,000 thousand less sales cost. The estimated gain on disposal was approximately \$1,085 million. As of December 31, 2022, the amount of \$120,000 thousand has been received, recognized as "other current liabilities-other."

(g) Investments accounted for using the equity method

A summary of the Company's financial information on investments accounted for using the equity method is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiaries	\$ 25,585,616	21,334,691
Associates	-	267,844
	<b><u>\$ 25,585,616</u></b>	<b><u>21,602,535</u></b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(ii) Associates

The Company's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Carrying amount of individually insignificant associates' equity	<b>\$ -</b>	<b><u>267,844</u></b>
	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Attributable to the Company:		
Net loss from continuing operations	\$ (36,422)	(23,933)
Other comprehensive income (loss)	-	-
Comprehensive income	<b><u>\$ (36,422)</u></b>	<b><u>(23,933)</u></b>

- (iii) In July 2021, APh ePower Co., Ltd. conducted a cash capital increase, and the Company subscribed to additional shares of \$150,000 thousand at a percentage different from its existing ownership percentage, resulting in an increase in its shareholding percentage from 23.21% to 29.51%. Later, in March 2022, the Company purchased 4,000 shares of APh ePower Co., Ltd. from non-related parties for \$60,000 thousand, resulting in an increase in its shareholding percentage from 29.51% to 32.79%.

In May 2022, APh ePower Co., Ltd. conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh Corp., APh ePower Co., Ltd. became a 100% owned subsidiary of APh Corp. Because of the transaction, the Company obtained 40,000 thousand shares of APh Corp. instead, with a total amount \$317,451 thousand and a shareholding percentage of 32.79%.

The Company will participate in the capital increase plan of APh Corp. from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board of Directors on June 2, 2022. On July 1, 2022, the Company subscribed to additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 12.05% of the total equity shares, and recognized the difference between from additional paid-in-capital of \$2,444 thousand and retained earnings of \$187,855 thousand. Later on November 1, 2022, the Company subscribed to additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 8.39% of the total equity shares. With the accumulated percentage of shareholdings reaching 53.23%, the Company obtained control over it. From that date, it became a subsidiary of the Company. Please refer to Note 6 (h) for details.

- (iv) For the years ended 2022 and 2021, the subsidiaries disposal of non-current financial assets at fair value through other comprehensive income, resulting in unrealized gains and losses on the valuation of financial assets being reclassified to retained earnings amounted to \$552,087 thousand and \$75,878 thousand, respectively.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(v) For the assessment of whether the Company has substantial control over each investee company, please refer to the consolidated financial statements for the year 2022.

(vi) Collateral

As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using the equity method as collaterals.

(h) Business combination

The Company successively participated in the capital increase plan of APh Corp. in 2022. As of November 1, 2022, the accumulated shareholding percentage reached 53.23%. From that date the Company obtained control over it. APh Corp. is in investment industry. The main operations of its 100% owned subsidiary APh ePower Co., Ltd. are the production, development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing, which is beneficial for the Company to develop the market share of electric vehicles and businesses in renewable energy.

From the date of obtaining control (November 1, 2022) to December 31, 2022, the Company recognized a net loss of \$20,424 thousand for APh Corp..

(i) The consideration transferred price for obtaining control was \$400,000 thousand in cash.

(ii) The fair values of identifiable assets acquired and liabilities assumed on the acquisition date are detailed as follows:

Cash and cash equivalents	\$ 870,900
Inventories	1,309
Prepayments	15,152
Other current assets	150
Property, plant and equipment	108,620
Right-of-use assets	153,008
Intangible assets	4,013
Intangible assets—Patents and acquired special technology	372,490
Other non-current assets	10,168
Other payables	(6,506)
Current lease liabilities	(12,361)
Other current liabilities	(124)
Non-current lease liabilities	(140,648)
Fair value of identifiable net assets	<u><u>\$ 1,376,171</u></u>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(iii) Goodwill

Recognition of goodwill due to acquisition of control was as follows:

Consideration transferred	\$ 400,000
Add : Non-controlling interest (measured at proportionate share of identifiable net assets attributable to non-controlling interests)	643,609
Add : Fair value of the acquirer's previously held equity interest	1,000,000
Less : Fair value of identifiable net assets	<u>(1,376,171)</u>
Goodwill	<u><u>\$ 667,438</u></u>

The Company recognized a gain of \$498,877 thousand arising from the remeasurement of fair value of 44.84% equity of APh Corp. owned before the acquisition date. For the year ended December, the gain was recognized as "other gain and loss".

Goodwill is mainly from the future development in energy market and profitability of APh ePower Co., Ltd., the subsidiary is 100% owned by APh Corp. It is expected to create synergy from the integration of the electronic vehicle business of the company and the Company.

(i) Changes in equity interest of subsidiary

Acquisition of additional equity interest in subsidiary

In July 2022, the Company increased its equity interest in Nanyang Industrial by acquiring additional shares for a cash consideration of \$4,086 thousand, resulting in an increase in its equity interest from 89.60% to 89.78%.

The impact of the changes in equity interest in Nanyang Industrial on the equity attributable to the Company's shareholders is as follows:

Carry amount of additional equity acquired	\$ 3,847
Payment of consideration	<u>(4,086)</u>
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u><u>\$ (239)</u></u>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(j) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follow:

		Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Construction in progress	Accumulated impairment	Total
<b>Cost or deemed cost:</b>									
Balance on January 1, 2022	\$	2,998,045	2,552,563	10,739,709	1,047,813	699,825	133,786	-	18,171,741
Additions		-	18,507	176,585	11,313	13,979	250,308	-	470,692
Disposals		-	(1,446)	(647,712)	(9,099)	(32,475)	-	-	(690,732)
Transfer from inventories		-	-	-	-	26,148	-	-	26,148
Transfer from (to) construction in progress		-	98,446	137,359	2,021	1,773	(239,599)	-	-
Transfer to investment property		-	(61,958)	-	-	-	-	-	(61,958)
Reclassifications		-	-	-	-	-	(118)	-	(118)
Balance on December 31, 2022	\$	<u>2,998,045</u>	<u>2,606,112</u>	<u>10,405,941</u>	<u>1,052,048</u>	<u>709,250</u>	<u>144,377</u>	<u>-</u>	<u>17,915,773</u>
Balance on January 1, 2021	\$	2,998,045	2,534,023	11,291,458	1,038,242	715,667	56,595	-	18,634,030
Additions		-	15,547	168,861	14,814	28,990	251,079	-	479,291
Disposals		-	(722)	(881,854)	(12,037)	(66,237)	-	-	(960,850)
Transfer from inventories		-	-	-	-	20,172	-	-	20,172
Transfer from (to) construction in progress		-	3,715	161,244	6,794	1,233	(172,986)	-	-
Reclassifications		-	-	-	-	-	(902)	-	(902)
Balance on December 31, 2021	\$	<u>2,998,045</u>	<u>2,552,563</u>	<u>10,739,709</u>	<u>1,047,813</u>	<u>699,825</u>	<u>133,786</u>	<u>-</u>	<u>18,171,741</u>
<b>Accumulated depreciation and impairment loss :</b>									
Balance on January 1, 2022	\$	-	2,078,215	9,605,749	951,643	533,765	-	56,921	13,226,293
Depreciation for the year		-	47,964	372,233	13,574	47,114	-	-	480,885
Disposals		-	(1,437)	(585,626)	(9,050)	(26,763)	-	(2,222)	(625,098)
Transfer to investment property		-	(60,929)	-	-	-	-	-	(60,929)
Balance on December 31, 2022	\$	<u>-</u>	<u>2,063,813</u>	<u>9,392,356</u>	<u>956,167</u>	<u>554,116</u>	<u>-</u>	<u>54,699</u>	<u>13,021,151</u>
Balance on January 1, 2021	\$	-	2,036,816	9,993,715	950,229	544,860	-	64,121	13,589,741
Depreciation for the year		-	42,020	432,152	13,315	48,493	-	-	535,980
Disposals		-	(621)	(820,118)	(11,901)	(59,588)	-	(7,200)	(899,428)
Balance on December 31, 2021	\$	<u>-</u>	<u>2,078,215</u>	<u>9,605,749</u>	<u>951,643</u>	<u>533,765</u>	<u>-</u>	<u>56,921</u>	<u>13,226,293</u>
<b>Carrying amount:</b>									
Balance on December 31, 2022	\$	<u>2,998,045</u>	<u>542,299</u>	<u>1,013,585</u>	<u>95,881</u>	<u>155,134</u>	<u>144,377</u>	<u>(54,699)</u>	<u>4,894,622</u>
Balance on January 1, 2021	\$	<u>2,998,045</u>	<u>497,207</u>	<u>1,297,743</u>	<u>88,013</u>	<u>170,807</u>	<u>56,595</u>	<u>(64,121)</u>	<u>5,044,289</u>
Balance on December 31, 2021	\$	<u>2,998,045</u>	<u>474,348</u>	<u>1,133,960</u>	<u>96,170</u>	<u>166,060</u>	<u>133,786</u>	<u>(56,921)</u>	<u>4,945,448</u>

As of December 31, 2022 and 2021, the property, plant and equipment of the Company were pledged as collaterals; please refer to note 8.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(k) Investment property

	Owned property			
	Land and improvements	Buildings	Construction in progress	Total
Cost or deemed cost:				
Balance on January 1, 2022	\$ 2,000,498	462,355	57,568	2,520,421
Additions	-	11,710	86,561	98,271
Transfer from construction in progress	-	125,560	(125,560)	-
Transfer from property, plant and equipment	-	61,958	-	61,958
Transfer to non-current assets held for sale	(66,838)	(74,555)	-	(141,393)
Balance on December 31, 2022	<u>\$ 1,933,660</u>	<u>587,028</u>	<u>18,569</u>	<u>2,539,257</u>
Balance on January 1, 2021	\$ 2,000,498	374,868	96,962	2,472,328
Additions	-	-	63,560	63,560
Transfer from construction in progress	-	118,271	(118,271)	-
Transfer from prepayment	-	-	15,317	15,317
Disposals	-	(30,784)	-	(30,784)
Balance on December 31, 2021	<u>\$ 2,000,498</u>	<u>462,355</u>	<u>57,568</u>	<u>2,520,421</u>
Accumulated depreciation and impairment loss:				
Balance on January 1, 2022	\$ -	115,859	-	115,859
Depreciation for the year	-	15,825	-	15,825
Transfer from property, plant and equipment	-	60,929	-	60,929
Transfer to non-current assets held for sale	-	(44,357)	-	(44,357)
Balance on December 31, 2022	<u>\$ -</u>	<u>148,256</u>	<u>-</u>	<u>148,256</u>
Balance on January 1, 2021	\$ -	131,656	-	131,656
Depreciation for the year	-	14,979	-	14,979
Disposals	-	(30,776)	-	(30,776)
Balance on December 31, 2021	<u>\$ -</u>	<u>115,859</u>	<u>-</u>	<u>115,859</u>
Carrying amount:				
Balance on December 31, 2022	<u>\$ 1,933,660</u>	<u>438,772</u>	<u>18,569</u>	<u>2,391,001</u>
Balance on January 1, 2021	<u>\$ 2,000,498</u>	<u>243,212</u>	<u>96,962</u>	<u>2,340,672</u>
Balance on December 31, 2021	<u>\$ 2,000,498</u>	<u>346,496</u>	<u>57,568</u>	<u>2,404,562</u>
Fair value:				
Balance on December 31, 2022				<u>\$ 5,269,927</u>
Balance on December 31, 2021				<u>\$ 5,749,085</u>

- (i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency' s website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(ii) As of December 31, 2022 and 2021, the investment property of the Company were pledged as collaterals; please refer to note 8.

(l) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

<b>December 31, 2021</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates (%)</b>	<b>Amount</b>
Commercial paper payable	CBF, IBFC	0.85%	<b><u>\$ 299,798</u></b>

As of 2021, the Company did not provide any assets as collaterals for the short-term notes and bills payable.

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Letters of credit	\$ 188,567	540,644
Unsecured bank loans	300,000	250,000
Secured bank loans	4,350,000	2,630,000
Total	<b><u>\$ 4,838,567</u></b>	<b><u>3,420,644</u></b>
Unused short-term credit lines	<b><u>\$ 6,346,739</u></b>	<b><u>8,383,278</u></b>
Range of interest rates	<b><u>1.29%~1.81%</u></b>	<b><u>0.592%~0.930%</u></b>

For the collaterals for short-term borrowings, please refer to Note 8.

(n) Accounts payable (including related parties)

Notes and accounts payable (including related parties) were summarized as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts payables to suppliers	<b><u>\$ 2,909,937</u></b>	<b><u>2,741,588</u></b>

(o) Long-term borrowings

The long-term borrowings were summarized as follows:

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Expiry date</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.7678%	2024	\$ 500,000
Secured bank loans	NTD	1.3430%~1.8550%	2023~2028	10,020,000
Less: current portion				(413,333)
Total				<b><u>\$ 10,106,667</u></b>
Unused long-term credit lines				<b><u>\$ -</u></b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Expiry date</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.0778%	2023	\$ 500,000
Secured bank loans	NTD	0.8400%~1.2000%	2022~2028	7,600,000
Less: current portion				(80,000)
Total				<b>\$ 8,020,000</b>
Unused long-term credit lines				<b>\$ -</b>

For the collaterals for long-term borrowings, please refer to Note 7 and 8.

(p) Provisions

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 393,224	408,856
Provisions made during the year	195,628	193,677
Provisions used during the year	(140,798)	(153,193)
Provisions reversed during the year	(23,203)	(56,116)
Balance at December 31	<b>\$ 424,851</b>	<b>393,224</b>
Current	\$ 424,851	393,224
Non-current	-	-
Total	<b>\$ 424,851</b>	<b>393,224</b>

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2022 and 2021. The provision is based on estimates made from historical warranty data.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations	\$ 1,485,047	2,861,646
Fair value of plan assets	(678,830)	(2,020,273)
Net defined benefit liabilities	<b>\$ 806,217</b>	<b>841,373</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

The employee benefit liabilities for the Company were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Compensated absence liabilities	<b><u>\$ 70,682</u></b>	<b><u>68,906</u></b>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$678,830 thousand as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Defined benefit obligations at January 1	\$ 2,861,646	3,110,210
Current service costs and interest cost	21,771	28,601
Remeasurements loss (gain):		
— Actuarial loss (gain)—experience adjustments	200,726	65,319
— Actuarial loss (gain)—demographic assumptions	-	68,215
— Actuarial loss (gain)—financial assumptions	(3,985)	-
Benefits paid	<u>(1,595,111)</u>	<u>(410,699)</u>
Defined benefit obligations at December 31	<b><u>\$ 1,485,047</u></b>	<b><u>2,861,646</u></b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value of plan assets at January 1	\$ 2,020,273	2,295,828
Interest income	10,065	11,511
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	169,272	29,238
Contributions paid by the employer	71,621	94,339
Benefits paid	(1,592,401)	(410,643)
Fair value of plan assets at December 31	<b>\$ 678,830</b>	<b>2,020,273</b>

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Company were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current service costs	\$ 7,728	13,270
Net interest of net liabilities for defined benefit obligations	3,978	3,820
	<b>\$ 11,706</b>	<b>17,090</b>
Operating costs	\$ 6,439	9,417
Selling expenses	1,432	2,044
Administration expenses	1,547	2,167
Research and development expenses	2,288	3,462
	<b>\$ 11,706</b>	<b>17,090</b>

5) Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income

Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income for the Company were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cumulative amount, January 1	\$ 1,162,196	1,057,900
Recognized during the year	27,469	104,296
Cumulative amount, December 31	<b>\$ 1,189,665</b>	<b>1,162,196</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	1.500%	0.500%
Future salary increase rate	3.000%	2.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$47,974 thousand.

The weighted-average lifetime of the defined benefit plans is 8.22 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased by 0.25%</b>	<b>Decreased by 0.25%</b>
December 31, 2022		
Discount rate	\$ (23,927)	24,609
Future salary increase rate	23,543	(23,021)
December 31, 2021		
Discount rate	\$ (54,805)	56,426
Future salary increase rate	54,095	(52,847)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$56,216 thousand and \$45,054 thousand for the years ended December 31, 2022 and 2021, respectively.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(r) Income taxes

(i) The components of income taxes for the Company were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	\$ 353,090	228,293
Others	22,793	(69,301)
	<u>375,883</u>	<u>158,992</u>
Deferred tax expense		
Origination and reversal of temporary differences	(24,688)	28,083
Income tax expense	<b>\$ 351,195</b>	<b>187,075</b>

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	<b>2022</b>	<b>2021</b>
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<b>\$ (5,494)</b>	<b>(20,859)</b>

(iii) Reconciliation of income tax and profit before tax was as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before income tax	\$ 3,467,230	2,017,265
Income tax using the Company's domestic tax rate	\$ 693,446	403,453
Share of profit accounted for using the equity method	(247,921)	(133,153)
Gains on disposals of investments	(99,775)	-
Additional tax on undistributed earnings	36,591	15,625
Effect of investment tax credit	443	(46,469)
Adjustments for prior years tax	(14,241)	(38,457)
Change in unrecognized temporary differences	(696)	(2,368)
Effect of tax on repatriated offshore funds	(327)	(4,835)
Others	(16,325)	(6,721)
Income tax expense	<b>\$ 351,195</b>	<b>187,075</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(iv) Unrecognized deferred tax liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, the Company considered it probable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences associated with investments in subsidiaries	<u>\$ 3,005,642</u>	<u>2,146,194</u>
Unrecognized deferred tax liabilities	<u>\$ 601,128</u>	<u>429,239</u>

(v) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Defined benefit plans	Others	Total
<b>Deferred tax assets:</b>			
<b>Balance at January 1, 2022</b>	\$ 232,439	187,986	420,425
Recognized in profit or loss	-	24,688	24,688
Recognized in other comprehensive income	5,494	-	5,494
<b>Balance at December 31, 2022</b>	<u>\$ 237,933</u>	<u>212,674</u>	<u>450,607</u>
 <b>Balance at January 1, 2021</b>	 \$ 211,580	 216,069	 427,649
Recognized in profit or loss	-	(28,083)	(28,083)
Recognized in other comprehensive income	20,859	-	20,859
<b>Balance at December 31, 2021</b>	<u>\$ 232,439</u>	<u>187,986</u>	<u>420,425</u>
	Income from foreign investments	Land value increment tax	Total
<b>Deferred tax liabilities:</b>			
<b>Balance at January 1, 2022</b>	\$ 314,135	1,087,537	1,401,672
Recognized in profit or loss	-	-	-
<b>Balance at December 31, 2022</b>	<u>\$ 314,135</u>	<u>1,087,537</u>	<u>1,401,672</u>
 <b>Balance at January 1, 2021</b>	 \$ 314,135	 1,087,537	 1,401,672
Recognized in profit or loss	-	-	-
<b>Balance at December 31, 2021</b>	<u>\$ 314,135</u>	<u>1,087,537</u>	<u>1,401,672</u>

(vi) The Company's income tax returns for the years through 2020 were assessed by the tax authorities.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares were 950,000 thousand shares, with par value of \$10 per share. The total value of the authorized ordinary shares was amounted to \$9,500,000 thousand. As of that date, 797,490 thousand shares and 797,640 thousand shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

	(in thousands of shares)	
	<b>Ordinary Shares</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	797,640	803,078
Retirement of treasury shares	(150)	(5,438)
Balance on December 31	<b>797,490</b>	<b>797,640</b>

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	\$ 176,538	176,777
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	5,589	-
Stock option from convertible bonds	105,557	105,577
Others	55,334	55,334
	<b>\$ 1,713,762</b>	<b>1,708,432</b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then calculated with the beginning balance of undistributed retained earnings as accumulated one. After the special reserve being set aside or reversed as required by the regulations, the remaining is the distributable earnings and should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and the Company is endeavoring to expand the domestic and foreign market, therefore, future finance demand, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution. The dividend is determined to be distributed in cash or stock to maintain stable dividend distribution. The distribution ratio of stock dividend shall not be higher than 50% of the total divided amount, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

The Company can distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off-setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one. While legal reserve is equal to the total capital amount, it is allowed to not be set aside. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with the rules issued by the Financial Supervisory Commission, the special reserve in the amount of \$1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards.

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified to special earnings reserve during earnings distribution. The amount to be reclassified should be the difference between the current period total net reduction of other shareholders' equity and the special reserve appropriated due to application to first-time adoption of IFRS. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current period earnings and undistributed prior period earnings. As for the year 2020 earnings distribution in 2021, the amount to be reclassified to special reserve shall be a portion of current period earnings plus other line items in the retained earnings movements and undistributed prior period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

distributions. The special reserves were set aside (reserved) by \$(117,813) thousand and \$(113,623) thousand in June, 2022 and July, 2021, respectively.

The Company set aside special reserves, which could not be distributed, and were calculated by the differences of the Company's stock price below the carrying amount of the treasury stock held by the subsidiaries, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The special reserves were set aside (reserved) by \$8,461 thousand and \$(16,455) thousand in June, 2022 and July, 2021, respectively.

3) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the general meeting of shareholders held on June 23, 2022 and July 7, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	<u>\$ 1.30024452</u>	<u>1,036,931</u>	<u>1.30886290</u>	<u>1,044,001</u>

The Board of Directors resolved not to distribute the earnings for the first half of year 2022 and 2021 on November 10, 2022 and November 11, 2021, respectively.

(iv) Treasury shares (including shares held by the subsidiaries)

- 1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed as treasury shares. As of December 31, 2022 and 2021, the market price per share of the Company was \$33.85 and \$27.05, respectively.

The details of the treasury shares held by subsidiaries were as follows:

Company	December 31, 2022		December 31, 2021	
	Shares held		Shares held	
	(in thousand shares)	Acquired Costs	(in thousand shares)	Acquired Costs
Ching Ta Investment Co., Ltd.	981	\$ 37,498	981	37,498
Nanyang Industries Co., Ltd.	4,351	95,318	4,351	95,318
	<u>5,332</u>	<u>\$ 132,816</u>	<u>5,332</u>	<u>132,816</u>

- 3) The Board of Directors of the Company in year 2021, resolved to repurchase 5,438 thousand shares for maintaining the Company's credit and shareholders' benefits. The Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2021.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

4) The Board of Directors of the Company in year 2022, resolved to repurchase 150 thousand shares for maintaining the Company's credit and shareholders' benefits. The Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2022.

(v) Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (1,740,360)	417,929	(1,322,431)
Exchange differences on foreign operations	409,111		409,111
Exchange differences on associates accounted for using the equity method	126	-	126
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	154,622	154,622
Proportionate share of unrealized gains or losses on financial assets measured at fair value through other comprehensive income of an associated company accounted for using the equity method	-	(14,912)	(14,912)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(552,087)	(552,087)
Balance on December 31, 2022	<u><u>\$ (1,331,123)</u></u>	<u><u>5,552</u></u>	<u><u>(1,325,571)</u></u>
Balance on January 1, 2021	\$ (1,700,999)	259,847	(1,441,152)
Exchange differences on foreign operations	(24,876)		(24,876)
Exchange differences on associates accounted for using the equity method	(112)	-	(112)
Disposal of foreign operation reclassified to profit or loss	(14,373)	-	(14,373)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	233,960	233,960
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(75,878)	(75,878)
Balance on December 31, 2021	<u><u>\$ (1,740,360)</u></u>	<u><u>417,929</u></u>	<u><u>(1,322,431)</u></u>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(t) Earnings per share

**Basic earnings per share**

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net income attributable to common shareholders of the Company	<b>\$ 3,116,035</b>	<b>1,830,190</b>
Issued number of ordinary shares on January 1	797,640	803,078
Effects of treasury shares	(4,980)	(7,688)
Weighted average number of ordinary shares on December 31	<b>792,660</b>	<b>795,390</b>
	<b>\$ 3.93</b>	<b>2.30</b>

**Diluted earnings per share**

Net income attributable to common shareholders of the Company (after the adjustment of potential dilutive ordinary shares)	<b>\$ 3,116,035</b>	<b>1,830,190</b>
Weighted average number of ordinary shares	792,660	795,390
Effect of potential dilutive ordinary shares		
Employee share bonus	1,218	935
Weighted average number of ordinary shares (after the adjustment of potential dilutive ordinary shares)	793,878	796,325
	<b>\$ 3.93</b>	<b>2.30</b>

(u) Revenue from contracts with customers

(i) Details of revenue

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Taiwan	\$ 29,476,298	24,204,018
China	596,927	468,401
Asia	1,499,870	1,216,564
Europe	3,449,524	3,429,397
America	817,554	517,355
Others	42,344	41,064
	<b>\$ 35,882,517</b>	<b>29,876,799</b>
Major products/services lines		
Merchandise sales	\$ 35,668,376	29,813,809
Technical services	196,494	50,514
Others	17,647	12,476
	<b>\$ 35,882,517</b>	<b>29,876,799</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 281,368	249,023	223,808
Accounts receivable	1,215,039	1,173,427	897,630
Less: Loss allowance	(76,797)	(79,539)	(88,456)
Total	<b><u>\$ 1,419,610</u></b>	<b><u>1,342,911</u></b>	<b><u>1,032,982</u></b>
Contract liabilities	<b><u>\$ 41,451</u></b>	<b><u>42,712</u></b>	<b><u>32,604</u></b>

Please refer to Note 6(d) for the details of accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2022 and 2021.

(v) Employee remuneration and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$35,380 thousand and \$20,584 thousand, and directors' and supervisors' remuneration amounting to \$35,380 thousand and \$20,584 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expensed under operating expenses during 2022 and 2021. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out a share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the Parent Company only financial statements, were identical to those of the actual distributions for 2022 and 2021.

(w) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income	\$ 8,501	2,602
Rental income	39,539	53,928
Dividend revenue	33,282	17,284
Total other income	<b><u>\$ 81,322</u></b>	<b><u>73,814</u></b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains (losses)	\$ 62,314	(28,258)
Gains on disposals of property, plant and equipment	(53,832)	(38,998)
Gains on disposals of investments	498,877	-
Revenues from indemnities	1,100	12,990
Other gains and losses, net	54,580	12,742
	<b>\$ 563,039</b>	<b>(41,524)</b>

(iii) Finance costs

The details of finance costs were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expense	<b>\$ 162,453</b>	<b>115,570</b>

(x) Financial instruments

(i) Credit risk

1) Maximum amount exposed to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables and other current and non-current financial assets, etc., which are considered to be of low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 15,358,567	15,844,730	4,571,815	861,986	2,723,011	6,279,264	1,408,654
Lease liabilities	84,572	86,862	15,098	11,961	23,921	35,882	-
	<b>\$ 15,443,139</b>	<b>15,931,592</b>	<b>4,586,913</b>	<b>873,947</b>	<b>2,746,932</b>	<b>6,315,146</b>	<b>1,408,654</b>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 11,820,442	12,166,338	3,769,697	124,702	999,820	5,732,237	1,539,882
Lease liabilities	110,077	113,920	15,098	11,961	27,058	59,803	-
Subtotal	11,930,519	12,280,258	3,784,795	136,663	1,026,878	5,792,040	1,539,882
Derivative financial liabilities							
Forward exchange contracts :							
outflows	2,299	542,807	542,807	-	-	-	-
	<b>\$ 11,932,818</b>	<b>12,823,065</b>	<b>4,327,602</b>	<b>136,663</b>	<b>1,026,878</b>	<b>5,792,040</b>	<b>1,539,882</b>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### (iii) Currency risk

#### 1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follows:

	December 31, 2022			December 31, 2021			
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	17,985	30.7150	552,401	26,135	27.6850	723,556
EUR		16,572	32.7400	542,570	10,926	31.3200	342,205
JPY		6,155	0.2325	1,431	536	0.2403	129
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		22,533	30.7150	692,097	41,080	27.6850	1,137,297
EUR	-	-	-	11	31.3200		341
JPY		4,066	0.2325	945	-	-	-

#### 2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables and accounts payable that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and JPY as of December 31, 2022 and 2021 would have increased (decreased) the net profit after tax for the years ended December 31, 2022 and 2021 by \$3,227 thousand and \$574 thousand, respectively.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

The analysis assumes that all other variable factors remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains (losses) on monetary items

For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to \$62,314 thousand and \$28,258 thousand, respectively.

(iv) Interest rate analysis

The financial assets and liabilities' exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate changes.

If the interest rate increased/decreased by 1%, the Company's net income would have increase/decrease by \$109,097 thousand and \$52,669 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Company's variable-rate borrowings.

(v) Other market price risk

If the price of the securities which the Company hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant:

	For the years ended December 31			
	2022		2021	
	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Prices of securities at the reporting date				
Increase 5%	\$ 5,281	-	5,659	-
Decrease 5%	\$ (5,281)	-	(5,659)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, disclosure of fair value information is not required.

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying

(Continued)



# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

		December 31, 2022				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through						
other comprehensive income						
Common shares of domestic unlisted companies		\$ 132,037	-	-	132,037	132,037
		December 31, 2021				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through						
other comprehensive income						
Common shares of domestic unlisted companies		\$ 141,484	-	-	141,484	141,484
Financial liabilities at fair value through						
profit or loss						
Forward exchange contracts		\$ 2,299	-	2,299	-	2,299

### 2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

#### a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

### 3) Valuation techniques for financial instruments measured at fair value

#### a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.
- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Company needs to obtain the fair value of the company's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

### b) Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques models generally accepted by market participants.

### c) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### 4) Transfers between levels

The Company's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2022 and 2021.

### 5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	
	<b>2022</b>	<b>2021</b>
Opening balance, January 1	\$ 141,484	133,151
Total gains and losses recognized in other comprehensive income	(9,447)	8,333
Ending Balance, December 31	<b>\$ 132,037</b>	<b>141,484</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Company's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

Quantified information on significant unobservable inputs was as follow:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset	• Net Asset Value	• Not applicable
	Value Method	• Market illiquidity discount rate (10% as of December 31, 2022 and 2021)	• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset	• Net Asset Value	• Not applicable
	Value Method	• Market illiquidity discount rate (10% as of December 31, 2022 and 2021)	• The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	• The multiplier of price-to-book ratio (1.83 and 2.17 as of December 31, 2022 and 2021, respectively)	The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
		• Market illiquidity discount rate (40% as of December 31, 2022 and 2021)	

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

			Profit or loss		Other comprehensive income	
	Inputs	Fluctuation	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	4,914	(4,914)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	16,135	(16,135)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	5,853	(5,853)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	15,344	(15,344)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the Parent Company only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk means the potential loss for the Company if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

1) Accounts receivable and other receivables

The payment term of the scooter department is mainly by letter of credit or receiving deposits, while the main sales customer of the automobile department is subsidiaries; hence, there is of low credit risk.

The management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of follow up monitoring. Also, the Company continues to evaluate the financial position of its customers. If necessary, to lower the risk of financial loss due to delay, the customers have to provide collaterals under request.

2) Investments

The Company deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Company manages the exposure to credit risk related to each financial institution and believes that cash do not have a significant credit risk concentration.

3) Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries. As of December 31, 2022 and 2021, there were no guarantees provided.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow component in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company's short-term and long-term unused credit lines are amounted to \$7,146,739 thousand and \$8,683,278 thousand respectively, which was enough for the fulfillment of all contractual obligations.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimize the return.

(z) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2022, the Company's capital management strategy is consistent with the prior year as of December 31, 2021, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Company's debt-to-equity ratio on reporting date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 23,767,901	19,664,394
Less: cash and cash equivalents	<u>(2,175,711)</u>	<u>(1,469,419)</u>
Net debt	21,592,190	18,194,975
Total equity	<u>17,833,881</u>	<u>15,412,103</u>
Adjusted capital	<b><u>\$ 39,426,071</u></b>	<b><u>33,607,078</u></b>
Debt-to-equity ratio	<b><u>55%</u></b>	<b><u>54%</u></b>

**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Company during the periods covered in the Parent Company only financial statements.

<b>Name of related party</b>	<b>Relationship with the Company</b>
Shan Young Assets Management Co., Ltd. (Shan Young)	A subsidiary of the Company
Youth Taisun Co., Ltd. (Youth Taisun)	"
Chu-Yang Motor Co., Ltd. (Chu-Yang)	"
NOVA Design Co., Ltd. (NOVA Design)	"
Nanyang Industries Co., Ltd. (Nanyang)	"
Nanchen Industries Co., Ltd. (Nanchen) (Note 1)	"
SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE	"

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
AUTO-LEASE)	
Ching Ta Investment Co., Ltd. (Ching Ta)	A subsidiary of the Company "
APh Co., Ltd. (Aph)(Note 5)	"
APh ePower Co., Ltd. (APh ePower) (Note 5)	"
Profit Source Investment Ltd. (Profit Source)	"
Sanyang Deutschland GmbH (SDE)	"
SY International Ltd. (SYI)	"
Sanyang Italia S.R.L. (SIT)	"
Sanyang Motor Colombia S.A.S (SCB)	"
Yi Young Co., Ltd. (Yi Young)	"
NOVA Design Ltd. (NOVA Samoa)	"
Shian Yang Industries Co., Ltd. (Shian Yang)	"
Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	"
Li Yang Industry Co., Ltd. (Li Yang)	"
Jau Ryh Business Co., Ltd.(Jau Ryh )	"
Nanyang Holding Co., Ltd. (NY Samoa)	"
Three Brothers Machinery Industrial Co., Ltd. (TBM)	"
Fact Co., Ltd.	"
Chong Hing International Limited (Chong Hing)	"
Cosmos System Inc. (Cosmos)	"
New Path Trading Limited (New Path)	"
Plassen International Limited (PIL)	"
Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	"
Sun Goal Limited (Sun Goal)	"
NOVA Design (Shanghai) Ltd. (Nova Shanghai)	"
Su Zhou Hui Ying Motor Sales and Service Co., Ltd. (Su Zhou Hui Ying)(Note 2)	"
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd. (Chang Zhou Nan Yang)	"
Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	"
Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	"
Fu Ta Co., Ltd. (Fu Ta) (Note 3)	"
Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	"
Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	"

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Chin Zong Trading Co., Ltd. (Chin Zong)	A subsidiary of the Company
Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	"
Xiamen Xia Shing Motor Co., Ltd. (Xia Shing Motor)	"
Xiamen Xia Shing Trading Co., Ltd. (Xia Shing Trading)	"
Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	"
Vietnam Casting Forge Precision Co., Ltd. (VCFP)	"
Dinh Duong Joint Stock Company (Dinh Duong)	"
Zoeng Chang Industry Co., Ltd. (Zoeng Chang)	Associate of the Company
King Zone Corporation (King Zone)	A subsidiary of the Company is the juristic director of the entity
Hitachi Astemo Taichung Co., Ltd. (Astemo)	The Company is the juristic director of the entity
Taiwan Tea Corporation (Taiwan Tea)(Note 4)	Associate of the Company
Sanyang Educational Foundation	Same chairman with the Company

Note 1: Nanchen had been liquidated in the second quarter of 2021, so the related party transactions were only disclosed till April 2021.

Note 2: Su Zhou Hui Ying had been liquidated in the second quarter of 2021.

Note 3: Fu Ta had been liquidated in the first quarter of 2021.

Note 4: Since January 11, 2022, Taiwan Tea has been reclassified from related party to an associate of the Company

Note 5: On November 1, 2022, Aph and Aph ePower were transferred from associate of the Company to subsidiaries of the Company.

(b) Significant transactions with related parties

(i) Merchandise sold, technical and consulting services provided to related parties

Significant sales to related parties were as follows:

	<b>Sales</b>	
	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries		
Nanyang	\$ 10,228,937	7,419,720
Other subsidiaries	2,686,614	2,327,962
	<u>12,915,551</u>	<u>9,747,682</u>
Associates	641	646
Other related parties	1,142	1,038
	<u><b>\$ 12,917,334</b></u>	<u><b>9,749,366</b></u>

(Continued)



**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

The prices of automobiles sold by the Company to related parties are determined based on the Company's pricing policy and are not significantly different from the general selling prices. Payment terms include immediate payment upon selection of a vehicle or granting a certain credit limit for vehicle selection after obtaining collateral and paying interest during the payment period. In addition, on December 31, 2022 and 2021, the Company obtained a deposit guarantee from Nanyang Industry, each for \$800,000 thousand, as collateral.

The prices of motorcycles, engines, and components sold by the Company to related parties are based on cost plus a markup and are not significantly different from the general selling prices. Payment terms include payment between 30 to 120 days after shipment.

Significant technical and consulting services to related parties were as follow:

	<b>Technical and consulting services provided</b>	
	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	\$ 88,505	44,826
Associates	5,588	4,206
Other related parties	1,571	1,203
	<b>\$ 95,664</b>	<b>50,235</b>

The prices of the technical services provided by the Company to related parties are based on cost plus markup, while consulting services are priced based on the personnel costs of dispatched personnel. As there are no comparable transactions with unrelated parties, the prices are not indicative of arm's-length transactions. Payment is collected according to the contractually agreed period.

(ii) Goods purchased from related parties:

Purchases from related parties were as follow:

	<b>Purchases</b>	
	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries		
Xia Shing Motor	\$ 3,164,801	2,707,924
Other subsidiaries	971,778	858,616
	<b>4,136,579</b>	<b>3,566,540</b>
Associates	314,787	290,668
Other related parties	830,381	772,703
	<b>\$ 5,281,747</b>	<b>4,629,911</b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

The purchase prices from the aforementioned companies are not significantly different from the purchase prices from general vendors. The payment terms are similar to those from general vendors, which are payment before the 15th of the previous month for purchases made in the first half of the month, payment after the 16th of the previous month for purchases made in the second half of the month, or payment within 45 days after acceptance, with no significant differences from general vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Categories	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiaries-SIT	\$ 360,587	114,132
	Other subsidiaries	145,541	201,593
	Associates	361	429
	Other related parties	212	186
		<b><u>\$ 506,701</u></b>	<b><u>316,340</u></b>
Other receivables (Recognized as “Other current assets” )	Subsidiaries — VMEP	\$ 12,294	6,583
	Other subsidiaries	3,810	2,708
	Associates	1,060	598
	Other related parties	343	217
		<b><u>\$ 17,507</u></b>	<b><u>10,106</u></b>

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Categories	December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries	\$ 329,757	407,085
	Associates	43,710	50,364
	Other related parties	137,526	128,730
		<b><u>\$ 510,993</u></b>	<b><u>586,179</u></b>
Other payables	Subsidiaries	\$ 9,290	16,030
	Sanyang Educational Foundation (Note)	148,683	138,683
	Other related parties	177	8
		<b><u>\$ 158,150</u></b>	<b><u>154,721</u></b>

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

Note: In accordance with the Board resolution, the Company had decided to donate \$100,000 thousand to the Sanyang Educational Foundation for the purpose of education promotion and social welfare contribution, and the donation was recognized as “Administrative Expenses” .

(v) Services acquired from related parties:

Item	Categories	For the years ended December 31	
		2022	2021
Product design services	Subsidiaries—NOVA Design	\$ 111,313	106,268
Warranty services	Subsidiaries	32,588	34,391
Repair services	Subsidiaries	2,874	3,592
Consigned processing services	Subsidiaries	3,891	4,886
"	Associates	1,540	481
"	Other related parties	914	888
		<u><u>\$ 153,120</u></u>	<u><u>150,506</u></u>

(vi) Leases

- 1) The Company leases land and buildings to Nanyang as the automobile service factories, and a monthly rental payment is stated in the lease agreement. The related rental income was \$23,898 thousand and \$21,945 thousand for the years ended December 31, 2022 and 2021, respectively.
- 2) The Company leases land and buildings to NOVA Design as the headquarter, and a monthly rental payment is stated in the lease agreement. The related rental income was \$19 thousand and \$14,304 thousand for the year ended December 31, 2022 and 2021, respectively.
- 3) The Company rented a warehouse from its subsidiary, Nanyang on May 14, 2020. Considering the market conditions of neighboring districts, the lease term was 6 years, and a right-of-use asset of \$136,842 thousand was recognized accordingly. Related interest expenses for the lease liability were in the amount of \$1,491 thousand and \$1,853 thousand for year 2022 and 2021, respectively, and the lease liability was in the amount of \$81,442 thousand and \$103,873 thousand as of December 31, 2022 and 2021, respectively.
- 4) The Company leases land and buildings to Taiwan tea as the headquarter, and a monthly rental payment is stated in the lease agreement. The related rental income was \$74 thousand and zero for the year ended December 31, 2022 and 2021, respectively.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(vii) Property transactions

- 1) Machinery equipment acquired from related parties were as follows:

	<b>Objects</b>	<b>For the years ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Subsidiaries	Machinery and molds	\$ 13,761	12,464
Associates	"	1,315	1,199
Other related parties	"	220	504
		<b>\$ 15,296</b>	<b>14,167</b>

- 2) Machinery equipment and molds sold to related parties:

	<b>For the years ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Disposal price</b>	<b>Gains on disposal</b>	<b>Disposal price</b>	<b>Gains on disposal</b>
Associates	\$ 159	158	-	-

- 3) Acquisition of financial assets:

- a. The Company participated in the capital increased by cash of Shan Young on first Quarter of 2022, in accordance with the Board resolution, acquiring 100,000 thousand shares at subscription price of \$10 per share with \$1,000,000 thousand. The capital increase date was on April 6, 2022.
- b. For the year 2022 and 2021, the Company did not conduct cash capital increases in proportion to its equity holdings in Aph and Aph ePower. For further details, please refer to Note 6(g) and 6(h) in the accompanying financial statements.

(viii) Other

- 1) Interest income from delayed receipts of payments

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	\$ 227	143

- 2) Advertising

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	\$ 339	1,303
Associates	147	-
	<b>\$ 486</b>	<b>1,303</b>

- 3) Shan Young provided its real estate for the Company as collateral for bank loans. As of December 31, 2022 and 2021, the book value of the aforementioned real estate was \$7,400,000 thousand and \$4,900,000 thousand, respectively.
- 4) Chong Hing provided time deposits amounted CNY201,000 thousand and CNY265,000 thousand for the Company as collateral for bank loans in 1,000,000 thousand as of December 31, 2022 and 2021, respectively.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(c) Key management personnel compensation

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	<b>\$ 64,003</b>	<b>50,716</b>

**(8) Pledged assets**

The book values of pledged assets provided by the Company were as follows:

<b>Asset</b>	<b>Items being guaranteed</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current financial assets	The deposits for armament purchases of the Ministry of National Defense, performance bond or other similar security for the purchase and sale contract of automobile parts, etc.	\$ 54,171	142,659
Other non-current financial assets	The deposits for armament purchases and warranties of the Ministry of National Defense, and deposits of work-study programs, etc.	12,136	151,479
Property, plant and equipment	Long-term and short-term borrowings, and financing guarantee credit, etc.	3,531,528	3,463,232
Investment property	Long-term and short-term borrowings, and financing guarantee credit, etc.	2,365,014	2,241,957
Total		<b>\$ 5,962,849</b>	<b>5,999,327</b>

**(9) Commitments and contingencies**

(a) Significant unrecognized contractual commitments

(i) The balance of issued but unused letters of credit:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
USD	<b>USD 91,263</b>	<b>USD 67,651</b>
JYP	<b>JPY 111,230</b>	<b>-</b>

(ii) The unpaid balance of signed contracts of construction in progress and computer software, etc.:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unpaid balance	<b>\$ 280,679</b>	<b>154,106</b>

(iii) The performance guaranteed bills received by the Company :

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Performance guaranteed bills received	<b>\$ 53,705</b>	<b>77,596</b>

(iv) The Company signed a contract of joint construction with allocation of buildings with Yao

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

Da Construction Co., Ltd. on June, 19, 2018. The joint construction will take place at the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. The ratio of joint construction is 58% for landowner (the Company) and 42% for constructor (Yao Da Construction Co., Ltd.). The construction is in progress. The Company has completed the pre-sale of real estate development trust in April 2021. The construction is in progress and for pre-sale. The sales prices of the contract signed by the Company and client were as follows:

	December 31, 2022	December 31, 2021
Sales contract price (pre-tax)	<u>\$ 103,830</u>	<u>-</u>
Amounts collected (pre-tax)	<u>\$ 15,579</u>	<u>-</u>

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other:**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
<b>By item</b>						
Employee benefits						
Salary	1,401,118	959,982	2,361,100	1,110,923	1,001,851	2,112,774
Labor and health insurance	92,352	77,756	170,108	92,252	78,867	171,119
Pension (Note)	31,581	48,314	79,895	27,524	55,589	83,113
Remuneration of directors	-	56,799	56,799	-	40,648	40,648
Others	83,305	66,518	149,823	72,537	59,942	132,479
Depreciation	379,599	142,973	522,572	437,986	138,835	576,821
Amortization	6,037	5,605	11,642	14,988	8,190	23,178

Note : The pension fund of \$11,973thousand and \$20,969 thousand was settled in the current period, which was not paid by the labor pension reserve account of the Bank of Taiwan and was recorded as operating expense.

For the years ended December 31, 2022 and 2021, the information on the number of employees and employee benefit expense of the Company is as follows :

	2022	2021
Number of employees	<u>2,294</u>	<u>2,298</u>
Number of directors (non-employee)	<u>6</u>	<u>6</u>
Average employee benefit expense	<u>\$ 1,207</u>	<u>1,091</u>
Average employee salary expense	<u>\$ 1,032</u>	<u>922</u>
Percentage of adjustment for average employee salary expense	<u>11.93%</u>	<u>(1.2)%</u>
Remuneration for supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Compensation policies are as follows:

- (a) Directors (including independent directors)
- (i) According to Article 24 of Incorporation, the remunerations to the president, the directors and the supervisors are determined based on their contribution and participation in the Company's operation, considering the domestic and foreign industrial standards, and approved by the Board of Directors. In accordance with Article 31-1 of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.
- (ii) In addition, transportation allowances are reimbursed to the president, the directors and the supervisors when they attend the meeting of Board of Directors.

(b) Management

The compensation to the management of the Company is determined mainly based on their personal performances, considering the industrial standards to make its compensation level competitive. The Compensation Committee of the Company will review the aforementioned compensation plan, and then submit it to the Board of Directors for approval.

(c) Employees

The salaries to the employees are adjusted on an annual basis, considering their positions, personal performances, and market earnings surveys.

### (13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	132,330 (CNY30,000)	88,220 (CNY20,000)	88,220 (CNY20,000)	2.5-4%	Short term financing	-	Business operation	-	Real estate	88,220 (CNY20,000)	263,653 (CNY59,772)	263,653 (CNY59,772)
2	Sanyang Global	XTBM	Other receivables	Y	13,233 (CNY3,000)	-	-	3.91%	Short term financing	-	Business operation	-	None	-	204,008 (CNY46,250)	204,008 (CNY46,250)
2	Sanyang Global	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	66,165 (CNY15,000)	66,165 (CNY15,000)	66,165 (CNY15,000)	2.5%	Short term financing	-	Business operation	-	Real estate	66,165 (CNY15,000)	204,008 (CNY46,250)	204,008 (CNY46,250)
3	Chin Zong	VMEP	Other receivables	Y	61,430 (USD2,000)	52,216 (USD1,700)	52,216 (USD1,700)	Note 2	Short term financing	-	Business operation	-	None	-	40,726	40,726
4	Chong Hing	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	110,275 (CNY25,000)	-	-	4.00%	Short term financing	-	Business operation	-	None	-	1,508,385 (CNY341,960)	1,508,385 (CNY341,960)
5	Nova Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	220,550 (CNY50,000)	110,275 (CNY25,000)	110,275 (CNY25,000)	2.50%	Short term financing	-	Business operation	-	Real estate	396,990 (CNY90,000)	119,881 (CNY27,178)	119,881 (CNY27,178)

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
6	Ching Ta	Yi Young Co., Ltd.	Other receivables	Y	100,000	80,000	-	1.07%	Short term financing	-	Business operation	-	None	-	486,125	486,125

Note 1: The numbering method is as follows:

(1)“0” represents the parent company.

(2)Investees are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short-term financing shall not exceed 40% of the equity of SCK and Sun Goal.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the equity of Chin Zong, Chong Hing and Nova Shanghai. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the equity of Chin Ta. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed the total amount of business operation from the previous year.

Note 6: Chin Zong had no outstanding balance loan to VMEP as of January 11, 2023.

The loans to VMEP

Note 7: Nova Shanghai was mistakenly recorded with a duplicated maximum outstanding balance during the period in this period due to premature approval by the board of directors, but the company did not actually exceed the limit.

Note 8: Inter-company transactions have been eliminated in the consolidated financial statements.

### (ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guarantee		Limit on total endorsements/ guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name	Relationship (Note 8)										
1	Shan Young	The Company	3	13,836,989	7,400,000	7,400,000	6,705,504	8,300,000	88.41%	13,836,989	N	Y	N
2	SYI	Ching Ta	4	1,112,138	510,000	510,000	110,000	122,860 (USD4,000)	6.88%	1,112,138	N	N	N
3	Chong Hing	Shan Young	4	3,770,962	2,300,000	2,300,000	2,210,400	2,501,956 (CNY440,300) (USD18,225)	60.99%	3,770,962	N	N	N
3	Chong Hing	The Company	3	3,770,962	1,000,000	1,000,000	750,000	886,611 (CNY201,000)	26.52%	3,770,962	N	Y	N
4	TBM BVI	TBM	3	76,580	30,000	30,000	27,000	31,944 (USD1,040)	29.89%	76,580	N	Y	N

Note 1: The numbering method is as follows:

(1) “0” represents the parent company.

(2) Investees are sequentially numbered from 1 by company.

Note 2: According to policy for endorsements/ guarantees of Shang Young, limit on total endorsements/ guarantees provided to a single party and ceiling on total endorsements/ guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year.

Note 3: According to policy for endorsements/ guarantees of SYI, limit on total endorsements/ guarantees provided to a single party and ceiling on total endorsements/ guarantees provided shall not exceed 15% of the equity of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year.

Note 4: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsement s/ guarantees provided shall not exceed 10% of the Company’s equity.

(Continued)



# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Note 5: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 7: According to policy for endorsements/ guarantees of TBM BVI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company's equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 8: The relationship is classified into the following seven types:

- (1) Transactions between the companies.
- (2) The Company directly or indirectly holds more than 50% voting right.
- (3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- (4) The Company directly or indirectly holds more than 90% voting right.
- (5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- (7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

### (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NT\$/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
The Company	Equity-Hitach Astemo Taichung Co.,	The Company is the juristic director of the entity	Note 1	5,339	98,287	19.94 %	98,287	
The Company	Equity-Lico Technology Corporation	-	Note 2	8,861	-	7.13 %	-	
The Company	Equity-Sheng Mao Investment Co., Ltd.	The Company is the juristic director of the entity	Note 1	1,500	33,750	25.00 %	33,750	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	1,500	28,275	0.16 %	28,275	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	360	8,100	6.00 %	8,100	
Youth Taisun	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	75	1,490	0.50 %	1,490	
Nanyang	Equity-The Company	Parent company	Note 1	4,351	147,280	0.55 %	147,280	
Nanyang	Equity-Chaur Chin Industries Co., Ltd.	-	Note 1	1	139	0.28 %	139	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	300	6,750	5.00 %	6,750	
Ching Ta	Equity-The Company	Parent company	Note 1	981	33,224	0.12 %	33,224	
Ching Ta	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	60	1,350	1.00 %	1,350	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	2,600	51,662	17.33 %	51,662	
Ching Ta	Equity King Zone Co., Ltd.	The Group is the juristic director of the entity	Note 1	800	5,200	10.00 %	5,200	
Ching Ta	Equity-Tac / Taiwan Aerospace Corp.	-	Note 2	17	-	0.01 %	-	

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
Ching Ta	Preferred Equity-Setex Technologies, Inc.	-	Note 2	78	15,459	2.45 %	15,459	
Ching Ta	Equity LSC Ecosystem Corporation	-	Note 1	9,167	3,758	6.94 %	3,758	
Ching Ta	Equity Gold Yu Co., Ltd.	-	Note 1	3,000	55,200	5.56 %	55,200	
Ching Ta	Equity Full Speed Express Corp.	-	Note 1	1,290	245	3.60 %	245	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	6,800	128,180	0.73 %	128,180	
Ching Ta	Equity-Chyuan Mei	-	Note 1	38	380	19.00 %	380	
Chu-Yang	Equity Ding Tai Motor Co., Ltd.	-	Note 1	100	1,000	2.55 %	1,000	
Chu-Yang	Equity Ding Sheng Motor Co., Ltd.	-	Note 1	165	1,650	5.44 %	1,650	
Chu-Yang	Equity Hong Yu Motor Co., Ltd.	-	Note 1	310	3,100	9.54 %	3,100	
Chu-Yang	Equity Sang Shun Wang Motor Co., Ltd.	-	Note 1	100	1,086	3.45 %	1,086	
Fact Co., Ltd.	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	60	1,063	1.00 %	1,063	
Fact Co., Ltd.	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	1,500	23,471	10.00 %	23,471	
TBM	Equity Vietnam Hong Zheng Science & Technology Co., Ltd.	-	Note 1	-	11,355	19.00 %	11,355	
TBM	Equity Vietnam Hung Li Science & Technology Co., Ltd.	-	Note 1	-	1,141	1.62 %	1,141	
TBM	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	600	13,500	10.00 %	13,500	
TBM	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	750	14,904	5.00 %	14,904	
Sanyang Global	Equity Shang Guang (Shanghai) Investment Ltd.	-	Note 1	1,519	362,730	6.76 %	362,730	

Note 1: Financial assets at fair value through other comprehensive income

Note 2: Financial assets at fair value through profit or loss

Note 3: The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7150 ; RMB\$1=NT\$4.4110

Average exchange rate for the reporting period: US\$1=NT\$29.8025 ; RMB\$1=NT\$4.4229

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD/In thousands of shares)

Name of company	Category and name of security	Account name	Counter-party	Relationship with the company	Beginning Balance		Purchases			Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Valuation	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note 1)
Shan Young	Equity-Taiwan Tea Co, Ltd.	Investments accounted for using the equity method	Centralized securities exchange market	Non related party	156,420	3,021,628	56,011	1,181,723	-	-	-	-	-	212,431	3,985,973
The Company	Equity-APh ePower Co., Ltd.	Investments accounted for using the equity method	Acquired : Natural person Disposed : Offsetting of shares (Note 2)	Acquired : Non related party Disposed : Associates	36,000	267,844	4,000	60,000	-	40,000	317,451	317,451	-	-	-
The Company	Equity-APh	Investments accounted for using the equity method	Cash capital increase and offsetting of shares (Note 2)	Subsidiary	-	-	93,333	1,117,451	-	-	-	-	-	93,333	1,379,577
The Company	Equity-Shan Young	Investments accounted for using the equity method	Cash capital increase	Subsidiary	656,300	7,679,451	100,000	1,000,000	-	-	-	-	-	756,300	8,370,044
APh	Equity-APh ePower Co., Ltd.	Investments accounted for using the equity method	Cash capital increase (Note 3)	Subsidiary	-	-	52,367	785,500	-	-	-	-	-	174,367	954,301

Note 1: The ending balance include share of profit of subsidiaries, associates and joint ventures accounted for using the equity method, adjustments related to equity, and adjustments for equity previously held and remeasured at fair value.

Note 2: In May 2022, APh ePower Co., Ltd. conducted a payment-in-kind equity share exchange, whereby one ordinary share was exchanged for one share of APh Corp. As a result of the transaction, the Company obtained 40,000 thousand shares of APh Corp., with a total amount of \$317,451 thousand. In June 2022, the Company subscribed to an additional 26,667 thousand shares of APh Corp., for a total amount of \$400,000 thousand. Later, in November 2022, the Company subscribed to a further 26,667 thousand shares of APh Corp., with a total amount of \$400,000 thousand, thereby obtaining control. Please refer to Notes 6(g) and 6(h) for further details.

Note 3: The shares of APh ePower Co., Ltd. held by APh Corp. at the end of the period included 122,000 thousand shares obtained from the payment-in-kind of equity shares with the shareholder of APh ePower Co., Ltd. in May 2022.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other terms
							Owner	Relationship with the Company	Date of transfer	Amount			
Nanyang	Land, numbered 233, located at Shuibiantou Section, Taoyuan Dist..	111.05.20	372,662	372,662	Natural person	Non-related party	-	-	-	-	Appraisal report	Business purpose	

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Acquisition date	Carrying value	Transaction amount	Status of receive	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Reference for determining price	Other terms
The Company	Land, number 259, located at Ronghua Section, and 12 other plots, and building number 00128, Ronghua Section	2022.06.14	1979.02.27 ~ 1993.06.10	97,036	1,200,000	120,000	(Note)	Chuan Shing Engineering Corporation	Non-related party	Earning profit	Appraisal report	

Note : The property rights transfer is not yet completed and is recorded as non-current assets held for sale. For details, please refer to Note 6(f).

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Amount
			Purchases /Sales	Amount	Percentage of total purchases /sales	Credit terms	Name of purchaser/seller	Counter-party	Relationship	Purchases /Sales	
The Company	Nanyang	Note 2	Sales	(10,232,064)	(29) %	8 billion in credit and payment received right after shipment	According to the pricing policy of the Company	No ordinary transaction can be compared to	4,803	-%	Interest is imposed if there is any delay
The Company	Chu-Yang	Note 2	Sales	(838,784)	(2) %	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	"	"	31,989	2%	
The Company	SIT	Note 2	Sales	(970,330)	(3) %	Payment received 120 days after shipment	"	"	360,587	25%	
The Company	SDE	Note 2	Sales	(114,331)	- %	Payment received 120 days after shipment	"	"	24,111	2%	
The Company	Xia Shing Trading	Note 2	Sales	(210,501)	(1) %	Payment received 30 days after shipment, payment received 45 days after shipment of parts for warranty	"	"	8,103	1%	
The Company	Xia Shing Motor	Note 2	Sales	(381,883)	(1) %	Payment received 30 days after shipment, payment received 45 days after shipment of parts for warranty	"	"	12,644	1%	
The Company	VMEP	Note 2	Sales	(113,745)	- %	Payment received 120 days after the end of the month	"	"	36,089	3%	
The Company	Xia Shing Motor	Note 2	Purchases	3,164,801	12 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	No ordinary transaction can be compared to	"	(175,325)	(6)%	

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# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Amount
			Purchases /Sales	Amount	Percentage of total purchases /sales	Credit terms	Name of purchaser/seller	Counter-party	Relationship	Purchases /Sales	
The Company	TBM	Note 2	Purchases	577,117	2 %	Payment paid 45 days after acceptance	"	"	(94,674)	(3)%	
The Company	Youth Taisun	Note 2	Purchases	316,446	1 %	Payment paid 45 days after acceptance	"	"	(46,431)	(2)%	
The Company	Hitach Astemo Taichung Co., Ltd.	Note 4	Purchases	757,225	3 %	Payment paid 45 days after acceptance	"	"	(124,215)	(4)%	
The Company	Zoeng Chang Industry Co., Ltd.	Note 2	Purchases	314,787	1 %	Payment paid 45 days after acceptance	"	"	(43,710)	(2)%	
Nanyang	Sunshine Auto-Lease	Note 2	Sales	(403,040)	(3) %	Payment received right after shipment	"	"	10,084	8%	
Nanyang	Jau Ryh	Note 2	Sales	(100,030)	(1) %	Payment received 37 days after the data review is approved	"	"	5,345	4%	
Nanyang	Li Yang	Note 2	Sales	(185,886)	(1) %	CBU : Payment received 7 days after shipment Part : Payment received on the 15th day of next month.	"	"	1,023	1%	
Nanyang	The Company	Note 1	Purchases	10,232,064	91 %	8 billion in credit and payment paid right after shipment	"	"	(4,803)	(2)%	Interest is imposed if there is any delay
Chu-Yang	The Company	Note 1	Purchases	838,784	100 %	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	"	"	(31,989)	(100)%	Interest is imposed if there is any delay
SIT	The Company	Note 1	Purchases	970,330	99 %	Payment paid 120 days after shipment	"	"	(360,587)	(88)%	
SDE	The Company	Note 1	Purchases	114,331	99 %	Payment paid 120 days after shipment	"	"	(24,111)	(96)%	
Xia Shing Trading	Sanyang Global	Note 3	Sales	(230,083)	(8) %	Payment received 120 days after the end of the month	"	"	224,004	98%	
Xia Shing Trading	The Company	Note 1	Purchases	210,501	7 %	Payment paid 30 days after shipment, payment received 45 days after shipment of parts for warranty	"	"	(8,103)	(2)%	
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	2,432,554	81 %	Payment paid 120 days after shipment	"	"	(159,757)	(47)%	
Xia Shing Motor	The Company	Note 1	Sales	(3,164,801)	(31) %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month. °	"	"	175,325	20%	
Xia Shing Motor	Xia Shing Trading	Note 2	Sales	(2,432,554)	(24) %	Payment received 120 days after the end of the month	"	"	159,757	18%	
Xia Shing Motor	VMEP	Note 3	Sales	(744,896)	(7) %	Payment paid 120 days after shipment	"	"	258,572	30%	
Xia Shing Motor	The Company	Note 1	Purchases	381,883	3 %	Payment received 30 days after shipment, payment paid 45 days after shipment of parts for warranty	"	"	(12,644)	(1)%	
Xia Shing Motor	XTBM	Note 3	Purchases	243,401	2 %	Payment paid 30 days after the end of the month	"	"	(12,350)	(1)%	
Xia Shing Motor	SCK	Note 3	Purchases	453,187	4 %	Payment paid 15 days after the end of the month	"	"	(2,836)	-%	
TBM	The Company	Note 1	Sales	(577,117)	(84) %	Payment received 45	"	"	94,674	82%	

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Amount
			Purchases /Sales	Amount	Percentage of total purchases /sales	Credit terms	Name of purchaser/seller	Counter-party	Relationship	Purchases /Sales	
						days after acceptance					
Youth Taisun	The Company	Note 1	Sales	(316,446)	(97) %	Payment received 45 days after acceptance	"	"	46,431	99%	
Sunshine Auto-Lease	Nanyang	Note 1	Purchases	403,040	48 %	Payment paid right after shipment	"	"	(10,084)	(31)%	
Jau Ryh	Nanyang	Note 1	Purchases	100,030	67 %	Payment paid 37 days after the data review is approved	"	"	(5,345)	(96)%	
VMEP	The Company	Note 1	Purchases	113,745	4 %	Payment paid 120 days after shipment	"	"	(36,089)	(5)%	
VMEP	Xia Shing Motor	Note 3	Purchases	744,896	24 %	Payment paid 120 days after acceptance	"	"	(258,572)	(34)%	
VMEP	Sanyang Global	Note 3	Purchases	241,705	8 %	Payment paid 60 days after shipment for December and 120 days after shipment for all other months	"	"	(210,864)	(28)%	
VMEP	VTBM	Note 2	Purchases	195,720	6 %	Payment paid 45 days after acceptance	"	"	(19,685)	(3)%	
Li Yang	Nanyang	Note 1	Purchases	185,886	52 %	CBU : Payment paid 7 days after shipment Part : Payment paid on the 15th day of next month.	"	"	(1,023)	(53)%	
Sanyang Global	VMEP	Note 3	Sales	(241,705)	(69) %	Payment received 60 days after shipment for December and 120 days after shipment for all other months	No ordinary transaction can be compared to	No ordinary transaction can be compared to	210,864	94%	
Sanyang Global	Xia Shing Trading	Note 3	Purchases	230,083	65 %	Payment paid 120 days after the end of the month	"	"	(224,004)	(90)%	
XTBM	Xia Shing Motor	Note 3	Sales	(243,401)	(87) %	Payment received 120 days after the end of the month	"	"	12,350	87%	
VTBM	VMEP	Note 1	Sales	(195,720)	(82) %	Payment received 45 days after the end of the month of delivery	"	"	19,685	74%	
SCK	Xia Shing Motor	Note 3	Sales	(453,187)	(55) %	Payment received 15 days after the end of the month	"	"	2,836	2%	
NOVA Design	The Company	Note 1	Sales	(102,940)	(80) %	Payment received 45 days after acceptance	"	"	8,689	77%	

Note 1: Investor company accounts for the Company using the equity method.

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: Substantive related party.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss company
					Amount	Action taken		
The Company	SIT	Subsidiaries	360,587 (EUR 11,014)	4.09	-		46,415 (EUR 1,418)	-
Xia Shing Trading	Sanyang Global	The same parent company	224,004 (CNY 50,783)	2.05	-		63,959 (CNY 14,500)	-
Xia Shing Motor	The Company	The parent company of the Group	175,325 (USD 5,708)	15.45	-		175,325 (USD 5,708)	-
Xia Shing Motor	Xia Shing Trading	Subsidiaries	159,757 (CNY 36,218)	30.45	-		135,439 (CNY 30,705)	-
Xia Shing Motor	VMEP	The same parent company	258,572 (USD 8,418)	2.68	-		170,714 (USD 5,558)	-
Sanyang Global	VMEP	The same parent company	210,864 (USD 6,865)	2.29	-		60,816 (USD 1,980)	-
NOVA Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Associates of the Group	110,275 (CNY 25,000)	Not applicable	-		-	-

(ix) Trading in derivative instruments: Please refer to note 6(b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Shan Young	Taiwan	Real estate development and management	4,843,889	3,843,889	756,300	100.00%	8,370,044	(342,848)	(342,848)	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	219,671	10,175	10,175	"
"	Chu Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	55,329	23,417	23,417	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	833,486	150,728	89.78%	2,248,597	447,524	401,402	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	193,392	400	400	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	7,624	16.27%	92,634	34,259	5,574	"

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Ching Ta	Taiwan	Investment activities	785,609	785,609	111,467	99.66%	1,264,998	44,651	44,500	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,770,953	117,272	117,272	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	100,229	1,039	1,039	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	7,414,251	1,037,662	1,037,662	Note 1
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	215,271	30,817	30,817	"
"	APh ePower Co., Ltd.	Taiwan	Power source development industry	-	410,000	-	- %	-	(118,421)	(10,393)	Note 1 、 Note 3
"	APh	Taiwan	Investment activities	1,270,000	-	93,333	53.23%	1,379,577	(99,854)	(46,453)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	(2,374)	(16,003)	(16,003)	Note 1
"	Yi Young Co., Ltd.	Taiwan	Waste management industry	280,000	-	28,000	100.00%	263,044	(16,956)	(16,956)	"
Shan Young	Taiwan Tea Co., Ltd.	Taiwan	Sale of tea, real estate transactions, including planning and development	3,738,224	-	212,431	26.89%	3,985,973	(1,650,230)	Disclosure not required	Note 2
"	APh	APh ePower Co., Ltd.	Power source development industry	1,053,900	-	174,367	100.00%	954,301	(118,421)	"	Note 1 、 Note 3
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	28,807	61.46%	334,494	34,259	"	Note 1
"	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	31,317	31,317	3,000	100.00%	33,019	974	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	38,393	8,109	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	99,792	(127)	"	"
"	Jau Ryh	Taiwan	Distribution, repair, and maintenance of automobiles and parts	34,328	34,328	2,993	100.00%	51,863	15,568	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	96,038	36,213	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	62,490	(2,918)	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	6,391	55.00%	84,237	35,319	"	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	9,898	21.12%	120,248	34,259	"	"
"	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	30,922	(7,555)	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	85,240	(2,918)	"	"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	335,058	70,376	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	51,085	(16,718)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	22.32%	101,683	(2,752)	"	"
"	Taiwan Tea Co., Ltd.	Taiwan	Sale of tea, real estate transactions, including planning and development	156,852	-	7,495	0.95%	139,881	(1,650,230)	"	"
"	HE XU International Co., Ltd.	Taiwan	Leisure and recreation venue industry	30,000	-	3,000	30.00%	29,829	(572)	"	"
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	794,843	794,843	-	100.00%	3,770,948	117,272	"	Note 1
				(USD25,878)	(USD25,878)			(USD122,772)	(USD3,935)		
SYI	Cosmos	British Virgin Islands	Investment shareholding company	406,224	406,224	-	100.00%	459,634	41,594	"	"

(Continued)



# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value			
"	VMEPH	Cayman Islands	Investment shareholding company	(USD13,226)	(USD13,226)			(USD14,964)	(USD1,396)	"	"
				3,040,294	3,040,294	608,818	67.07%	1,051,379	(1,205)	"	"
"	NEW PATH	Samoa	Investment shareholding company	(USD98,984)	(USD98,984)			(USD34,230)	(USD(40))	"	"
				282,786	282,786	-	100.00%	516,834	20,588	"	"
"	PIL	British Virgin Islands	Investment shareholding company	(USD9,207)	(USD9,207)			(USD16,827)	(USD691)	"	"
				424,973	424,973	-	100.00%	3,006,262	919,075	"	"
"	Sun Goal	Samoa	Investment shareholding company	(USD13,836)	(USD13,836)			(USD97,876)	(USD30,839)	"	"
				268,167	268,167	-	100.00%	199,521	18,056	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	(USD8,731)	(USD8,731)			(USD6,496)	(USD606)	"	"
				147,035	147,035	-	100.00%	100,352	19,669	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	41,125	(157)	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	85,000	150,000	8,500	100.00%	101,814	18,108	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,096,632	5,096,632	-	100.00%	1,394,690	24,411	"	"
				(USD165,933)	(USD165,933)			(USD45,407)	(USD819)		
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc.	138,218	138,218	-	100.00%	144,514	(469)	Disclosure not required	Note 1
				(USD4,500)	(USD4,500)			(USD4,705)	(USD(16))		
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	14,282	14,282	-	31.00%	18,648	(157)	"	"
				(USD465)	(USD465)			(USD607)	(USD(5))		
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	221,547	221,547	-	99.94%	219,969	(8)	"	"
				(USD7,213)	(USD7,213)			(USD7,162)	(USD-)		
Qing Zhao Investment Co., Ltd.	Sunny Mind High Technology Inc.	Samoa	Investment shareholding company	330,951	330,951	-	100.00%	186,035	(16,104)	"	Note 2

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

Note 3: The Company acquired the equity of Aph Corp. by exchanging one share of Aph ePower Co., Ltd. for one share of Aph Corp. Please refer to Note 6(g) for details.

### (c) Information on investment in Mainland China:

#### (i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated
					Outflow	Inflow						
Xia Shing Motor	Manufacturing, assembling and sale of scooters and its parts, along with the follow-up	706,445	(ii)Note 1 (2)1	424,973	-	-	424,973	1,198,761	76.67%	919,090	3,004,414	-

(Continued)

# SANYANG MOTOR CO., LTD.

## Notes to the Financial Statements

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
	warranty service	(USD23,000)		(USD13,836)			(USD13,836)	(USD40,224)		(USD30,839)	(USD97,816)	
Xia Shing Trading	Wholesale of scooter parts and components	13,233	(ii)Note1 (3)1	-	-	-	-	45,405	76.67%	Note 4	44,864	-
		(CNY3,000)						(CNY10,266)			(CNY10,171)	
SCK	Manufacturing and sale of scooter parts	1,014,824	(ii)Note1 (2)1	713,387	-	-	713,387	59,649	100.00%	59,649	659,130	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	(USD33,040) (Note 1)	(ii)Note1 (2)1	(USD23,226) 1,096,587	-	-	(USD23,226) 1,096,587	(USD2,001) -	-	(USD2,001) -	(USD21,460) -	538,280
Sanyang Global	Developing, wholesaling, importing and exporting the following items: computer software, tool equipment, molds, (electric)scooter and automobile and their parts	276,435	(ii)Note1 (2)1	(USD35,702) 276,435	-	-	(USD35,702) 276,435	20,527	100.00%	20,527	510,019	(USD17,525) -
		(USD9,000)		(USD9,000)			(USD9,000)	(USD689)		(USD689)	(USD16,605)	
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	46,288	(ii)Note1 (1)	13,883	-	-	13,883	-	30.00%	-	-	-
		(USD1,507)		(USD452)			(USD452)					
NOVA Shanghai	Product design	399,356	(ii)Note1 (2)2	353,560	-	-	353,560	(7,812)	100.00%	(7,812)	299,700	-
		(USD13,002)		(USD11,511)			(USD11,511)	(USD(262))		(USD(262))	(USD9,757)	
XTBM	Manufacturing, processing and sale of scooter parts	135,146	(ii)Note1 (2)3	135,146	-	-	135,146	19,327	54.81%	10,594	37,114	-
		(USD4,400)		(USD4,400)			(USD4,400)	(USD648)		(USD355)	(USD1,208)	
GTBM	Manufacturing, processing and sale of scooter parts	(Note 2)	(ii)Note1 (2)3	21,439	-	-	21,439	-	-	-	-	-
		(USD698)		(USD698)			(USD698)					
Su Zhou Hui Ying	Retail of automobiles and its parts	(Note 3)	(ii)Note1 (2)4	190,464	-	-	190,464	-	-	-	-	-
		(USD6,201)		(USD6,201)			(USD6,201)					
Chang Zhou Nan Yang	Retail of automobile and its parts	124,396	(ii)Note1 (2)4	124,396	-	-	124,396	(127)	89.78%	(114)	89,594	-
		(USD4,050)		(USD4,050)			(USD4,050)	(USD(4))		(USD(4))	(USD2,917)	
Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,575	(ii)Note1 (2)5	153,575	-	-	153,575	8,565	29.19%	2,500	51,127	-
		(USD5,000)		(USD5,000)			(USD5,000)	(USD287)		(USD83)	(USD1,665)	

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,575 (USD5,000)	(ii)Note1 (2)5	-	-	-	-	(24,739) (USD(830))	29.19%	(7,221) (USD(242))	(8,838) (USD(288))	-
Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,206 (CNY500)	(ii)Note1 (2)6	-	-	-	-	-	29.19%	-	2,198 (CNY498)	-

Note 1: The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.

Note 2: The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.

Note 3: The Company was approved by Investment Commission, MOEA (Permit No. 09900323700) for the investment of US\$7,400 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on August 17, 2010. The Company was approved by Investment Commission, MOEA (Permit No. 10100039390) for the investment of US\$2,200 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on February 10, 2012. The liquidation of Su Zhou Hui Ying Motor Sales and Service Co., Ltd. has been completed on May 10, 2021 and Investment Commission, MOEA (Permit No. 11000177800) approved the withdrawal of the investment of US\$3,399 thousand on August 3, 2021.

Note 4: Recognized in Xia Shing Motor.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,630,064 (USD85,628)	3,589,355 (USD116,860)	12,145,493

Note 1: The method of investment is classified into the following three types:

- (1) Through company in the third region to transfer money to invest in the investee in Mainland China.
- (2) Through setting up company in the third region to invest in the investee in Mainland China.
  - 1.The Company set up company in the third region to invest in the investee in Mainland China.
  - 2.NOVA Design set up company in the third region to invest in the investee in Mainland China.
  - 3.TBM set up company in the third region to invest in the investee in Mainland China.
  - 4.Nanyang set up company in the third region to invest in the investee in Mainland China.
  - 5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.
  - 6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.

(Continued)

**SANYANG MOTOR CO., LTD.**  
**Notes to the Financial Statements**

(3) Through investing company in Mainland China to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company's financial reports audited by international accounting firm which collaborated with the Company's audit team or certified public accountants of R.O.C..

Note 3: In accordance with Principles for the review of investment or technical cooperation in the Mainland China issued by Investment Commission, MOEA, the limit on investment in Mainland China is the higher of 60% of the Company's or the Group's equity.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7150 ; CNY1=NTD4.4110

Average exchange rate for the reporting period: USD1=NTD29.8025 ; CNY1=NTD4.4229

(iii) Significant transactions:

For the direct or indirect significant transactions between the Company and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2022, please refer to "Information on significant transaction"

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Da Yang Investment Ltd.		54,905,000	6.88%
Chuan Yuan Investment Ltd.		47,375,000	5.94%
Bai Ke Investment Ltd.		45,730,000	5.73%

Note: The aforementioned information of major shareholders is extracted from the statistics maintained by Taiwan Depository and Clearing Corporation, which reveal the shareholders whose shareholding ratios are over 5%. The calculation is based on the non-physical securities (including ordinary shares, preferred shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every preferred.

**(14) Segment information:**

Please refer to the consolidated financial statements for the year ended December 31, 2022.

(Continued)

**Sanyang Motor Co., Ltd.**  
**Statement of cash and cash equivalents**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Petty cash	TWD : 230,000	\$ 230
Bank deposits	TWD : 1,473,263,611	1,575,481
	USD : 2,760,408.51	
	EUR : 488,709.80	
	JPY : 6,154,717	
Time deposits	TWD : 600,000,000	600,000
		<u><b>\$ 2,175,711</b></u>

Note : 1.Exchange rate at balance sheet date are as follows :

USD : 30.7150

EUR : 32.7400

JPY : 0.2325

2.The period for accepting time deposits is from December 2, 2022, to January 12, 2023, with an interest rate of 1.2%.

**Sanyang Motor Co., Ltd.**

**Statement of inventories**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>		<b>Cost</b>
	<b>Cost</b>	<b>Item</b>	
Finished goods	\$ 802,255	861,063	
Work in progress	73,304	73,304	
Raw materials	1,838,683	1,842,943	
Consumables	6,514	6,514	
Inventories in transit	1,412,317	1,412,317	
Total	4,133,073	<b><u>4,196,141</u></b>	
Less: Allowance for inventory market price decline and obsolescence	(117,739)		
Net	<b><u>\$ 4,015,334</u></b>		

## Sanyang Motor Co., Ltd.

### Statement of changes in investments accounted for using the equity method

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Additions		Deduction		Reclassification		Investment income (losses)	foreign financial statements	Capital surplus	Unrealized gains (losses) on financial	Share of actual gains (losses) of the investee company's' defined benefits obligations	Retained earnings	Ending Balance				
	Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares				Amount	assets at fair value through other comprehensive income			Shares	Percentage of Ownership	Amount	Collateral
Shan Young Assets Management Co., Ltd.	656,300	\$7,679,451	100,000	1,000,000	-	-	-	-	(342,848)	-	-	33,441	-	-	756,300	100.00%	8,370,044	None	
Youth Taisun Co., Ltd.	18,093	215,471	-	-	-	8,617	-	-	10,175	-	-	2,642	-	-	18,093	100.00%	219,671	"	
Chu Yang Motor Co., Ltd.	2,900	40,911	-	-	-	8,999	-	-	23,417	-	-	-	-	-	2,900	100.00%	55,329	"	
Nanyang Industries Co., Ltd.	134,919	1,882,151	15,809	4,086	-	40,555	-	-	401,402	1,879	(239)	(127)	-	-	150,728	89.78%	2,248,597	"	
NOVA Design Co., Ltd.	19,080	187,428	-	-	-	-	-	-	400	2,094	-	1,863	1,607	-	19,080	100.00%	193,392	"	
SUNSHINE AUTO LEASE Co., Ltd.	7,249	87,060	375	-	-	-	-	-	5,574	-	-	-	-	-	7,624	16.27%	92,634	"	
Ching Ta Investment Co., Ltd.	111,467	1,449,874	-	-	-	219,764	-	-	44,500	6,833	8,033	(25,429)	951	-	111,467	99.66%	1,264,998	"	
APh ePower Co., Ltd.	36,000	267,844	4,000	60,000	-	-	(40,000)	(317,451)	(10,393)	-	-	-	-	-	-	-	%	-	"
APh	-	-	53,333	1,298,878	-	-	40,000	317,451	(46,453)	-	(2,444)	-	-	(187,855)	93,333	53.23%	1,379,577	"	
Yi Young Co., Ltd.	-	-	28,000	280,000	-	-	-	-	(16,956)	-	-	-	-	-	28,000	100.00%	263,044	"	
Profit Source Investment Ltd.(Samoa)	-	3,600,180	-	-	-	-	-	-	117,272	53,501	-	-	-	-	-	100.00%	3,770,953	"	
Sanyang Deutschland GmbH	-	94,844	-	-	-	-	-	-	1,039	4,346	-	-	-	-	-	100.00%	100,229	"	
SY International Ltd.	-	5,909,189	-	-	-	-	-	-	1,037,662	330,633	-	136,767	-	-	-	100.00%	7,414,251	"	
SY Italia S.r.l	-	175,139	-	-	-	-	-	-	30,817	9,315	-	-	-	-	-	100.00%	215,271	"	
Sanyang Motor Colombia S.A.S(SCB)	-	12,993	-	-	-	-	-	-	(16,003)	636	-	-	-	-	-	100.00%	(2,374)	"	
Total		\$ 21,602,535		2,642,964		277,935	-	-	1,239,605	409,237	5,350	149,157	2,558	(187,855)			25,585,616		

Note 1: The additions were due to cash capital increase, purchase of equity from non-related parties, and recognition of gains measured at fair value. For more information, please refer to Note 6(g) and 6(h).  
The deductions were due to receipt of cash dividends.

Note 2: The retained earnings were adjusted for the cash capital increase that was not subscribed according to the proportion of shares held.

**Sanyang Motor Co., Ltd.**  
**Statement of changes in property, plant and equipment**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan dollars)**

Please refer to Note 6(j) for the regarding information.

**Statement of changes in investment property**

Please refer to Note 6(k) for the regarding information.



# Sanyang Motor Co., Ltd.

## Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Loan Type	Lender	Ending Balance	Financing Period	Interest Rates	Credit Line	Collateral
Purchase loan	Taiwan Cooperative Bank, Songshan Branch	\$ 83,758	2022.10.7~2023.4.7	1.5010%	600,000	None
"	Land Bank of Taiwan, Hsingong Branch	70,019	2022.11.10~2023.5.1	1.7100%	Shared credit line with (A)	The land and buildings located at HuKou Township, Hsinchu County
"	Bank of Taiwan, Beida Rd. Branch	34,790	2022.12.1~2023.5.30	1.7500%	Shared credit line with (B)	The land and buildings located at Zhongli District, Taoyuan City and Zhubei City, Hsinchu County
Unsecured bank loans	Export Import Bank of R.O.C., Hsinchu Branch	300,000	2022.3.21~2023.3.21	1.5449%	300,000	None
Secured bank loans	ChangHwa Bank, Songshan Branch	500,000	2022.10.7~2023.10.6	1.4850%	2,000,000	The land and buildings located at Neihs District, Taipei City and Xinfeng Township, Hsinchu County
"	Taiwan Business Bank, Songshan Branch	100,000	2022.11.17~2023.2.17	1.8090%	2,500,000	The land and buildings located at HuKou Township, Hsinchu County
"	Land Bank of Taiwan, Hsingong Branch (A)	400,000	2022.10.17~2023.2.16	1.4900~1.7100%	1,000,000	The land and buildings located at HuKou Township, Hsinchu County
"	Bank of Taiwan, Beida Rd. Branch (B)	300,000	2022.12.15~2023.6.13	1.7500%	500,000	The land and buildings located at Zhongli District, Taoyuan City and Zhubei City, Hsinchu County
"	YuanTa Bank, Ximen Branch	800,000	2022.10.27~2023.1.16	1.2900%	800,000	The land and buildings located at southern District, Tainan City.
"	ShinKong Bank, East Taipei Branch	1,000,000	2022.11.18~2023.2.20	1.7000%~1.7900%	1,400,000	The land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
"	HuaNan Bank, Songshan Branch	500,000	2022.12.22~2023.1.18	1.7000%	2,000,000	The land and buildings located at Xinzhuang District, New Taipei City, and the land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
"	TaiShin Bank, Kanto Bridge Branch	750,000	2022.12.15~2023.2.15	1.5100%	1,000,000	The time deposits of the subsidiary, Chong Hing
		<u>\$ 4,838,567</u>				

**Sanyang Motor Co., Ltd.**  
**Statement of trade payables**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
A Company	Loan	\$ 489,893	
B Company	"	125,546	
Others	"		Each of the items was less than 5%
		<u>1,783,505</u>	of the account balance
Total		<u><u>\$ 2,398,944</u></u>	

**Sanyang Motor Co., Ltd.**

**Statement of long-term borrowings**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Lendor</b>	<b>Loan Type</b>	<b>Financing Period</b>	<b>Interest rates</b>	<b>Ending Balance</b>	<b>Collateral</b>
Export Import Bank of R.O.C., Hsinchu Branch	Credit line \$500,000 thousand	2022.12~2024.12 The loan may be appropriated but cannot be revolved	1.7678%	\$ 500,000	None
YuanTa Bank, Ximen Branch	Credit line of secured loans \$1,000,000 thousand	2022.11~2024.4 The loan may be appropriated and revolved (two-year loan)	1.4200%	1,000,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Agribank, Hsinchu Branch	Credit line of secured loans \$700,000 thousand	2022.6~2025.3 The loan may be appropriated and revolved (three-year loan)	1.3430%	700,000	The land and buildings located at Neihu District, Taipei City
Bank of Taiwan, Beida Rd. Branch	Credit line of secured loans \$400,000 thousand	2022.11~2024.6 The loan may be appropriated and revolved (three-year loan)	1.8550%	400,000	The land and buildings located at Zhongli City, Taoyuan County, Hukou Township and Zhubei City, Hsinchu County.
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans 900,000 thousand	2022.6~2025.6 The loan may be appropriated and revolved (three-year loan)	1.5810%	900,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans \$2,000,000 thousand	2020.12~2025.11 The loan may be appropriated and revolved (five-year loan)	1.7010%	1,920,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part A: \$1,000,000 thousand	2020.11~2025.11 The loan may be appropriated but cannot be revolved (five-year loan)	1.7000%	1,000,000	The land and buildings located at HuKou Township, Hsinchu County
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part B: \$1,000,000 thousand	2022.10~2025.11 The loan may be appropriated and revolved (five-year loan)	1.5700%	1,000,000	//
Bank of Taiwan, Beida Rd. Branch	Credit line of secured loans \$500,000 thousand	2021.6~2026.6 The loan may be appropriated but cannot be revolved (five-year loan)	1.7050%	500,000	The land and buildings located at Hukou Township, Hsinchu County, and Gangshan District, Kaohsiung City.
HuaNan Bank, Songshan Branch	Credit line of secured loans \$600,000 thousand	2022.11~2027.3 The loan may be appropriated and revolved (five-year loan)	1.5800%	600,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Agribank, Hsinchu Branch	Credit line of secured loans \$2,000,000 thousand	2021.6~2028.6 The loan may be appropriated and revolved (seven-year loan)	1.4650%	<u>2,000,000</u>	The land and buildings located at HuKou Township, Hsinchu County
Subtotal				10,520,000	
Less: Current portion				<u>413,333</u>	
Total				<u><u>\$ 10,106,667</u></u>	

**Sanyang Motor Co., Ltd.**  
**Statement of operating revenue**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Automobiles	15,419 units	\$ 11,972,533	
Scooters	369,926 units	21,072,651	
Engines and spare parts		<u>2,827,962</u>	
Total sales		35,873,146	
Less: Sales discounts and returns		<u>(204,770)</u>	
Net sales		35,668,376	
Revenues from technical services		196,494	
Other revenues		<u>17,647</u>	
Net operating revenues		<u><u>\$ 35,882,517</u></u>	

**Sanyang Motor Co., Ltd.**  
**Statement of operating costs**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Raw materials	
Beginning inventories	\$ 1,610,638
Add: Purchases	24,515,777
Less: Non-manufacturing requisitions	(24,440)
Disposals	(5,526)
Loss on physical inventories	(1)
Ending inventories	<u>(3,257,514)</u>
Usage	22,838,934
Direct labor	811,473
Manufacturing expenses	<u>1,862,576</u>
Manufacturing costs	25,512,983
Add: Beginning work in process	71,445
Less: Ending work in process	<u>(73,304)</u>
Costs of Goods manufactured	25,511,124
Add: Beginning finished goods	518,763
Purchases	2,956,257
Less: Ending finished goods	(802,255)
Disposals	(1,760)
Others	<u>(55,742)</u>
Manufacturing costs	28,126,387
Revenues from sale of scraps	(60,091)
Loss on physical inventories	1
Disposals	7,286
Loss on inventory market price decline and obsolescence	<u>30,710</u>
Cost of goods sold	28,104,293
Cost of technical services	115,501
Warranty expenses	172,424
Commodity tax	<u>3,257,746</u>
Operating costs	<b><u>\$ 31,649,964</u></b>

**Sanyang Motor Co., Ltd.**  
**Statement of selling expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 223,197
Recycling and clearing expenses	232,062
Advertising expenses	131,378
Others (Each of the items was less than 5% of the account balance)	<u>194,948</u>
Total	<u><u>\$ 781,585</u></u>

**Statement of administrative expenses**

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 288,665
Donation expenses	131,443
Depreciation	61,925
Others (Each of the items was less than 5% of the account balance)	<u>318,387</u>
Total	<u><u>\$ 800,420</u></u>

**Statement of research and development expenses**

<u>Item</u>	<u>Amount</u>
Salary expenses	\$ 448,120
Depreciation	152,326
Consumables	44,945
Others (Each of the items was less than 5% of the account balance)	<u>234,563</u>
Total	<u><u>\$ 879,954</u></u>

**Sanyang Motor Co., Ltd.**  
**Statement of other gains and losses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note 6(w) for the regarding information.

**Statement of finance costs**

Please refer to Note 6(w) for the regarding information.