

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated 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 consolidated 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 consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	10~33
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	33~34
(6) Explanation of significant accounts	34~83
(7) Related-party transactions	84~87
(8) Pledged assets	87
(9) Significant commitments and contingencies	87~88
(10) Losses Due to Major Disasters	88
(11) Subsequent Events	88
(12) Other	88
(13) Other disclosures	
(a) Information on significant transactions	89
(b) Information on investees	97~98
(c) Information on investment in Mainland China	99~100
(d) Major shareholders	100
(14) Segment information	101~102

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.  
Chairman: Ching-Yuan, Wu  
Date: March 15, 2023

## **Independent Auditors' Report**

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

### **Opinion**

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

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( “ IFRSs” ), International Accounting Standards ( “ IASs” ), Interpretations developed by the International Financial Reporting Interpretations Committee ( “IFRIC” ) and the former Standing Interpretations Committee ( “SIC” ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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(z) “Revenue from contracts with customers” for details of revenues.

Description of key audit matter:

The Group's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Group 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 Group 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 consolidated financial report.

Corresponding audit procedures:

- (a) Understand the Group's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales agreements.
- (c) Test internal controls of the Group over shipment and revenue 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(g) "Financial instruments policies" 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 Group is relatively significant, and 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 consolidated 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 Matter

We did not audit the financial statements of Taiwan Tea Corporation, which represented investment in another entity accounted for using the equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Taiwan Tea Corporation, is based solely on the report of other auditors. The investment in the Taiwan Tea Corporation for using the equity method constituting 7.23% of consolidated total assets at December 31, 2022 and the related share of profit of associates and joint ventures accounted for using the equity method constituting (15.15)% of consolidated total profit before tax for the years then ended.

Sanyang Motor Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated 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))	\$ 7,867,822	14	4,829,905	10
1170	Notes and accounts receivable, net (Notes 6(d), (z) and 8)	2,737,441	5	2,462,934	5
1180	Notes and accounts receivable from related parties, net (Notes 6(d),(z) and 7)	591	-	627	-
1200	Other receivables (Notes 6(d) and 7)	859,783	2	565,970	1
1310	Inventories (for manufacturing business) (Note 6(e))	7,572,290	13	4,838,867	11
1320	Inventories (for construction business) (Notes 6(e) and 7)	2,291,274	4	2,036,118	5
1410	Prepayments	805,448	1	751,300	2
1460	Non-current assets held for sale (Note 6(f))	97,036	-	-	-
1476	Other current financial assets (Notes 6(a) ,8 and 9)	6,467,492	11	6,614,491	14
1479	Other current assets, others	42,055	-	21,865	-
		<u>28,741,232</u>	<u>50</u>	<u>22,122,077</u>	<u>48</u>
<b>Non-current assets:</b>					
1510	Non-current financial assets at fair value through profit or loss(Note 6(b))	15,459	-	15,459	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	857,766	1	3,827,893	8
1550	Investments accounted for using the equity method (Notes 6(g) and 7)	4,643,509	8	733,112	2
1600	Property, plant and equipment (Notes 6(k), 7 and 8)	13,800,765	24	12,639,469	27
1755	Right-of-use assets (Notes 6(l) and 8)	881,840	2	768,218	2
1760	Investment property, net (Notes 6(m) and 8)	3,731,020	7	3,856,111	8
1780	Intangible assets (Note 6(n))	1,040,230	2	-	-
1840	Deferred income tax assets (Note 6(w))	577,767	1	528,791	1
1935	Long-term lease receivables (Notes 6(d), (z) and 8)	536,517	1	465,016	1
1975	Net defined benefit asset, non-current (Note 6(v))	1,088	-	-	-
1980	Other non-current financial assets (Notes 6(a) and 8)	2,101,008	4	1,422,164	3
1995	Other non-current assets, others	149,073	-	152,908	-
		<u>28,336,042</u>	<u>50</u>	<u>24,409,141</u>	<u>52</u>
<b>Total assets</b>		<b>\$ <u>57,077,274</u></b>	<b><u>100</u></b>	<b><u>46,531,218</u></b>	<b><u>100</u></b>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2022</b>		<b>December 31, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (Note 6(p))	\$ 9,175,249	16	6,868,444	15
2111	Short-term notes and bills payable (Note 6(o))	846,448	2	851,949	2
2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	2,299	-
2130	Current contract liabilities (Note 6(z))	540,482	1	439,329	1
2170	Accounts payable (Note 6(q))	4,413,722	8	4,152,343	9
2180	Accounts payable to related parties (Notes 6(q) and 7)	181,236	-	179,094	-
2200	Other payables (Note 7)	2,966,709	5	2,547,702	6
2230	Current tax liabilities (Note 6(w))	456,569	1	304,652	1
2251	Current provisions for employee benefits (Note 6(v))	117,049	-	110,283	-
2252	Short-term provisions for warranties (Note 6(t))	436,975	1	405,292	1
2280	Current lease liabilities (Note 6(s))	137,028	-	126,197	-
2322	Long-term borrowings, current portion (Note 6(r))	820,030	2	460,373	1
2365	Current refund liabilities	232,239	-	192,265	-
2399	Other current liabilities, others (Note 6(f))	164,341	-	13,361	-
		<u>20,488,077</u>	<u>36</u>	<u>16,653,583</u>	<u>36</u>
<b>Non-current liabilities:</b>					
2540	Long-term borrowings (Note 6(r))	12,224,867	21	9,171,524	20
2552	Non-current provisions (Note 6(t))	225,762	-	174,996	-
2570	Deferred income tax liabilities	1,530,736	3	1,506,396	3
2580	Non-current lease liabilities (Note 6(s))	644,744	1	528,626	1
2640	Net defined benefit liability, non-current (Note 6(v))	810,552	2	851,027	2
2645	Guarantee deposits received	831,101	2	770,260	2
2670	Other non-current liabilities, others (Note 9)	78,947	-	55,104	-
		<u>16,346,709</u>	<u>29</u>	<u>13,057,933</u>	<u>28</u>
<b>Total liabilities</b>		<u>36,834,786</u>	<u>65</u>	<u>29,711,516</u>	<u>64</u>
<b>Equity attributable to owners of parent (Note 6(x)):</b>					
3100	Share capital	7,974,896	14	7,976,396	17
3200	Capital surplus	1,713,762	3	1,708,432	4
3300	Retained earnings	9,603,610	16	7,182,522	15
3400	Other equity	(1,325,571)	(2)	(1,322,431)	(3)
3500	Treasury shares	(132,816)	-	(132,816)	-
		<u>17,833,881</u>	<u>31</u>	<u>15,412,103</u>	<u>33</u>
<b>Total equity attributable to owners of parent:</b>		<u>17,833,881</u>	<u>31</u>	<u>15,412,103</u>	<u>33</u>
36XX	Non-controlling interests	<u>2,408,607</u>	<u>4</u>	<u>1,407,599</u>	<u>3</u>
<b>Total equity</b>		<u>20,242,488</u>	<u>35</u>	<u>16,819,702</u>	<u>36</u>
<b>Total liabilities and equity</b>		<u>57,077,274</u>	<u>100</u>	<u>46,531,218</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Consolidated 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)

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	Operating revenue (Notes 6(z) and 7)	\$ 50,850,618	100	41,617,351	100
5000	Operating costs (Notes 6(e), (v) and 7))	41,132,408	81	33,684,513	81
	<b>Gross profit from operations</b>	<b>9,718,210</b>	<b>19</b>	<b>7,932,838</b>	<b>19</b>
	<b>Operating expenses (Notes 6(d), (v), (aa) and 7 ):</b>				
6100	Selling expenses	3,475,639	7	3,189,297	8
6200	Administrative expenses	1,582,063	3	1,422,515	3
6300	Research and development expenses	1,217,714	2	1,115,518	3
6450	Expected credit (gain) loss	26,050	-	(17,103)	-
		<b>6,301,466</b>	<b>12</b>	<b>5,710,227</b>	<b>14</b>
	<b>Net operating income</b>	<b>3,416,744</b>	<b>7</b>	<b>2,222,611</b>	<b>5</b>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Notes 6(ab) and 7)	289,733	1	202,913	1
7010	Other income (Notes 6(g) and (ab))	426,204	1	89,490	-
7020	Other gains and losses (Notes 6(h) and (ab))	819,720	1	41,112	-
7050	Finance costs (Note 6(ab))	(278,585)	(1)	(196,492)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method (Note 6(g))	(623,830)	(1)	(18,331)	-
		<b>633,242</b>	<b>1</b>	<b>118,692</b>	<b>1</b>
7900	<b>Profit before income tax</b>	<b>4,049,986</b>	<b>8</b>	<b>2,341,303</b>	<b>6</b>
7950	<b>Less: Income tax expenses (Note 6(w))</b>	<b>610,045</b>	<b>1</b>	<b>376,585</b>	<b>1</b>
	<b>Profit for the period</b>	<b>3,439,941</b>	<b>7</b>	<b>1,964,718</b>	<b>5</b>
8300	<b>Other comprehensive income (loss) (Notes 6(g) and (x)):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(24,126)	-	(103,783)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	158,801	-	220,847	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(14,912)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	5,494	-	20,859	-
		<b>125,257</b>	<b>-</b>	<b>137,923</b>	<b>-</b>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	457,723	1	(37,786)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	126	-	(112)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<b>457,849</b>	<b>1</b>	<b>(37,898)</b>	<b>-</b>
8300	<b>Other comprehensive income (after tax)</b>	<b>583,106</b>	<b>1</b>	<b>100,025</b>	<b>-</b>
8500	<b>Comprehensive income</b>	<b>\$ 4,023,047</b>	<b>8</b>	<b>2,064,743</b>	<b>5</b>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 3,116,035	6	1,830,190	5
8620	Non-controlling interests	323,906	1	134,528	-
		<b>\$ 3,439,941</b>	<b>7</b>	<b>1,964,718</b>	<b>5</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 3,645,565	7	1,942,381	5
8720	Non-controlling interests	377,482	1	122,362	-
		<b>\$ 4,023,047</b>	<b>8</b>	<b>2,064,743</b>	<b>5</b>
	<b>Earnings per share (Note 6(y))</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 consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												
	Retained earnings					Other equity					Total equity attributable to owners of parent	Non-controlling interests	Total equity
						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				
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings								
Balance at January 1, 2021	\$ 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	1,295,870	16,066,789
Profit for the year	-	-	-	-	1,830,190	1,830,190	-	-	-	-	1,830,190	134,528	1,964,718
Other comprehensive income for the year	-	-	-	-	(82,408)	(82,408)	(39,361)	233,960	194,599	-	112,191	(12,166)	100,025
Comprehensive income for the year	-	-	-	-	1,747,782	1,747,782	(39,361)	233,960	194,599	-	1,942,381	122,362	2,064,743
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	136,185	-	(136,185)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(130,078)	130,078	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,044,001)	(1,044,001)	-	-	-	-	(1,044,001)	-	(1,044,001)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(163,787)	(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	(7,958)	(6,819)
Changes in equity of associates and joint ventures accounted for using the equity method	-	(22,161)	-	-	(72,387)	(72,387)	-	-	-	-	(94,548)	-	(94,548)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,675)	(2,675)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	75,878	75,878	-	(75,878)	(75,878)	-	-	-	-
Balance at December 31, 2021	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	1,407,599	16,819,702
Profit for the year	-	-	-	-	3,116,035	3,116,035	-	-	-	-	3,116,035	323,906	3,439,941
Other comprehensive income for the year	-	-	-	-	(19,417)	(19,417)	409,237	139,710	548,947	-	529,530	53,576	583,106
Comprehensive income for the year	-	-	-	-	3,096,618	3,096,618	409,237	139,710	548,947	-	3,645,565	377,482	4,023,047
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	164,258	-	(164,258)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(109,352)	109,352	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,036,931)	(1,036,931)	-	-	-	-	(1,036,931)	-	(1,036,931)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(4,351)	(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)	(3,847)	(4,086)
Changes in equity of associates and joint ventures accounted for using the equity method	-	5,589	-	-	(187,855)	(187,855)	-	-	-	-	(182,266)	27	(182,239)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	627,346	627,346
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	552,087	552,087	-	(552,087)	(552,087)	-	-	-	-
Balance at December 31, 2022	\$ 7,974,896	1,713,762	2,786,265	1,334,248	5,483,097	9,603,610	(1,331,123)	5,552	(1,325,571)	(132,816)	17,833,881	2,408,607	20,242,488

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<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>	\$ 4,049,986	2,341,303
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,356,666	1,383,638
Amortization expense	23,314	29,772
Expected credit (gain) loss	26,050	(17,103)
Net gain on financial assets or liabilities at fair value through profit or loss	(2,299)	(374)
Interest expense	278,585	196,492
Interest revenue	(289,733)	(202,913)
Dividend revenue	(47,254)	(56,132)
Share of loss of associates and joint ventures accounted for using the equity method	623,830	18,331
Loss on disposal of property, plan and equipment	51,167	33,797
Loss on disposal of investment properties	-	8
Gain on disposal of investments accounted for using equity method	(498,877)	-
Impairment loss on non-financial assets	24,404	12,567
Gain recognised in bargain purchase transaction	(344,994)	-
Others	(6,680)	(8,888)
Total adjustments to reconcile profit	1,194,179	1,389,195
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	-	22,279
Notes and accounts receivable, net	(252,422)	(327,305)
Accounts receivable from related parties	36	(276)
Other receivables	(258,509)	(46,288)
Inventories	(3,002,669)	(1,383,896)
Prepayments	(19,875)	(90,882)
Other current assets	(5,904)	136
Net defined benefit assets	(1,088)	931
Contract liabilities	94,364	145,912
Accounts payable	231,334	273,180
Accounts payable to related parties	2,142	(47,915)
Other payables	395,792	(244,424)
Provisions	81,802	(33,852)
Other current liabilities	69,520	(53,627)
Net defined benefit liabilities	(59,107)	(73,195)
Provisions for employee benefits	4,760	(9,122)
Other operating liabilities	11,310	4,692
Total adjustments	(1,514,335)	(474,457)
Cash inflow generated from operations	2,535,651	1,866,846
Interest received	272,749	173,383
Interest paid	(277,688)	(195,832)
Income taxes paid	(496,883)	(399,785)
<b>Net cash flows from operating activities</b>	<b>2,033,829</b>	<b>1,444,612</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<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 financial assets at fair value through other comprehensive income	(230,410)	(255,639)
Proceeds from disposal of financial assets at fair value through other comprehensive income	236,989	451,152
Acquisition of investments accounted for using the equity method	(1,774,583)	(150,000)
Acquisition of property, plant and equipment	(2,278,212)	(1,259,712)
Proceeds from disposal of property, plant and equipment	128,021	257,519
Increase in receipts in advance due to disposal of assets	135,389	-
Net cash flow from acquisition of subsidiaries	470,900	-
Increase in other receivables	(264,660)	(304,220)
Decrease in other receivables	264,660	125,130
Acquisition of investment properties	(3,914)	-
Increase in long-term lease receivables	(71,501)	(31,599)
Decrease (increase) in other current financial assets	433,919	(422,869)
Increase in other non-current financial assets	(669,162)	(401,866)
Increase in other non-current assets	(15,390)	(13,652)
Dividends received	56,725	65,152
<b>Net cash flows used in investing activities</b>	<b>(3,581,229)</b>	<b>(1,940,604)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	65,460,778	65,708,592
Decrease in short-term borrowings	(63,242,893)	(67,576,432)
Increase (decrease) in short-term notes and bills payable	(13,387)	130,867
Proceeds from long-term borrowings	14,816,019	6,836,675
Repayments of long-term borrowings	(11,403,019)	(3,409,874)
Increase in guarantee deposits received	60,841	106,277
Payments of lease liabilities	(126,574)	(123,820)
Cash dividends paid	(1,036,931)	(1,044,001)
Cost of increase in treasury shares	(4,351)	(163,787)
Acquisition of subsidiaries	(4,086)	(6,819)
Changes in non-controlling interests	(5,741)	(2,675)
<b>Net cash flows from financing activities</b>	<b>4,500,656</b>	<b>455,003</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>84,661</b>	<b>9,782</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,037,917</b>	<b>(31,207)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,829,905</b>	<b>4,861,112</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 7,867,822</b>	<b>4,829,905</b>

See accompanying notes to consolidated financial statements.

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, 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 Hwa Road, Hukou, Hsinchu, Taiwan (R.O.C.).

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

The consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

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

#### (2) Approval date and procedures of the consolidated financial statements

The consolidated 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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

The Group 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 consolidated 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”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”

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

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

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. (hereinafter referred to as the IFRSs endorsed by FSC).

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2022	December 31, 2021	
The Company	Shan Young Assets Management Co., Ltd.(Shan Young)	Real estate development and management	100.00%	100.00%	
The Company	Youth Taisun Co., Ltd.(Youth Taisun)	Manufacturing of automobiles, scooters and their parts	100.00%	100.00%	
The Company	Chu-Yang Motor Co., Ltd.(Chu-Yang)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Nanyang Industries Co., Ltd.(Nanyang)	Distribution, repair, and maintenance of automobiles and its parts	89.78%	89.60%	Note 6
The Company	Nova Design Co., Ltd.(Nova Design)	Product design	100.00%	100.00%	
The Company	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	16.27%	16.27%	
The Company	Ching Ta Investment Co., Ltd.(Ching Ta)	Investment activities	99.66%	99.66%	
The Company	Profit Source Investment Ltd.(Profit Source)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Deutschland GmbH(SDE)	Sale of scooters and its parts	100.00%	100.00%	
The Company	SY International Ltd.(SYI)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Italia S.r.l.(SIT)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Sanyang Motor Colombia S.A.S(SCB)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Yi Young Co., Ltd.(Yi Young)	Waste disposal	100.00%	- %	Note 4
The Company	APh corporation (APh)	Investment shareholding company	53.23%	- %	Note 7
APh	APh ePower Co., Ltd.(APh ePower)	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.	100.00%	- %	Note 8
NOVA Design	Nova Design Ltd.(Nova Samoa)	Investment shareholding company	42.30%	42.30%	
Nanyang	Li Yang Industry Co., Ltd.(Li Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Nanchen Industries Co., Ltd.(Nanchen)	Sale of automobiles	- %	- %	Note 1
Nanyang	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	61.46%	61.46%	
Nanyang	Jau Ryh Business Co.,Ltd.(Jau Ryh)	Truck rental and leasing	100.00%	100.00%	
Nanyang	Nanyang Holding Co.,Ltd.(NY Samoa)	Investment shareholding company	100.00%	100.00%	
Nanyang	Nanyang Insurance Agent Co., Ltd.(Nanyang Insurance Agent)	Property insurance agency business	92.86%	92.86%	
Nanyang	Shian Yang Industrial Co., Ltd.(Shian Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Ching Ta	Three Brothers Machinery Industrial Co., Ltd.(TBM)	Manufacturing,processing and sale of scooter parts	55.00%	55.00%	
Ching Ta	Fact Co., Ltd.	Manufacturing, processing and sale of hardware and iron	100.00%	100.00%	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2022	December 31, 2021	
Ching Ta	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	21.12%	21.12%	
Ching Ta	Nova Design Ltd.(Nova Samoa)	Investment shareholding company	57.70%	57.70%	
Profit Source	Chong Hing International Ltd.(Chong Hing)	Investment shareholding company	100.00%	100.00%	
Chong Hing	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Product design	61.55%	61.55%	
Sun Goal	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	30.27%	30.27%	
SYI	Cosmos System Inc.(Cosmos)	Investment shareholding company	100.00%	100.00%	
SYI	New Path Trading Ltd.(New Path)	Investment shareholding company	100.00%	100.00%	
SYI	Plassen International Ltd.(PIL)	Investment shareholding company	100.00%	100.00%	
SYI	Vietnam Manufacturing and Export Processing (Holdings) Ltd.(VMEPH)	Investment shareholding company	67.07%	67.07%	
SYI	Sun Goal Ltd.(Sun Goal)	Investment shareholding company	100.00%	100.00%	
NY Samoa	Su Zhou Hui Ying Motor Sales and Service Co., Ltd.(Su Zhou Hui Ying)	Retail of automobiles and its parts	- %	- %	Note 3
NY Samoa	Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.(Chang Zhou Nan Yang)	Retail of automobiles and its parts	100.00%	100.00%	
NOVA Samoa	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Product design	38.45%	38.45%	
TBM	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing, and sale of scooter parts	69.00%	69.00%	
TBM	Three Brothers Machinery Industrial (BVI) Co.,Ltd.(TBM BVI)	Investment shareholding company	100.00%	100.00%	
TBM	Full Ta Co., Ltd. (Full Ta )	Investment shareholding company	- %	- %	Note 2
Cosmos	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	69.73%	69.73%	
New Path	Sanyang Global (Xiamen) Co., Ltd.(Sanyang Global)	Scooter parts and molds development and wholesale	100.00%	100.00%	
VMEPH	Chin Zong Trading Co., Ltd.(Chin Zong)	Wholesale and retail of scooters and its parts	100.00%	100.00%	
VMEPH	Vietnam Manufacturing and Export Processing Co., Ltd.(VMEP)	Manufacturing and sale of scooters and its part	100.00%	100.00%	
PIL	Xiamen Xiashing Motorcycle Co., Ltd.(Xia Shing Motor)	Manufacturing and sale of scooters and its parts	76.67%	76.67%	
Xia Shing Motor	Xiamen Xiashing Trading Co., Ltd.(Xia Shing Trading)	Retail of automobiles and its parts	100.00%	- %	Note 5
TBM BVI	Xiamen Three Brothers Machinery Industrial Co., Ltd.(XTBM)	Manufacturing, processing and sale of scooter parts	100.00%	100.00%	
VMEP	Vietnam Casting Forge Precision Ltd.(VCFP)	Manufacturing of scooter parts, etc	100.00%	100.00%	
VMEP	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing and sale of scooter parts	31.00%	31.00%	
VMEP	Dinh Duong Joint Stock Company(Dinh Duong)	Sale of scooters and real estate development, etc.	99.94%	99.94%	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Note 1: Nanyang purchased 994 thousand shares of Nanchen from non related parties for \$6,819 thousand in the first quarter of 2021, and completed the short-form merger on March 1, 2021, making Nanyang the surviving company.
- Note 2: Full Ta had been liquidated in the first quarter of 2021.
- Note 3: Su Zhou Hui Ying had been liquidated in the second quarter of 2021.
- Note 4: Yi Young was established by the Group in the first quarter of 2022.
- Note 5: Xia Shing Motor increased its invested capital in Xia Shing Trading by CNY 3,000 thousand in the first quarter of 2022.
- Note 6: The Company acquired 0.18% of Nanyang's equity (comprised of 263 held thousand shares) from non-related parties with \$4,086 thousand in the third quarter of 2022.
- Note 7: The Company will participate in the capital increase plan of APh 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 Meeting on June 2, 2022, and has been announced at the Market Observation Post System. As of December 31, 2022, the Company has subscribed to additional shares at \$800,000 thousand at a percentage different from its existing ownership percentage. The accumulated percentage of shareholdings reached 53.23% on November 11, 2022. From that date, the Company obtained control over it.
- Note 8: In May 2022, APh ePower conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh., APh ePower became a 100% owned subsidiary of APh.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 the 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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 Group 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 Group disposes of only part of its investment in an associate or joint venture 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.

(e) 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 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 Group 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.

(f) 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(g) 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 Group 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) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group 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 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

On initial recognition of an equity investment that is not held for trading, the Group 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 Group'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 Group 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.

#### 4) Business model assessment

The Group 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 Group'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

(Continued)

## **SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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 Group'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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features)

#### **6) Impairment of financial assets**

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

The Group 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 balances 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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:

- 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.

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## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group 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 Group's procedures for recovery of amounts due.

#### 7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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.

##### 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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

#### (h) Inventories

##### (i) Manufacturing industry

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.

##### (ii) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes costs incurred in bringing them to their existing location and condition. The cost of real estate development includes the construction costs incurred in developing, the land costs, the borrowing costs and the project costs. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction in progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

3) Properties and land held for sale

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value

(i) 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 Group'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.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. 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, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group 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.

(Continued)

## **SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The consolidated financial statements include the Group' 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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 Group and an associate are recognized only to the extent of unrelated Group' s interests in the associate.

When the Group' 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 Group 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 Group 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 to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group' s ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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 Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group' s proportionate interest in the net assets of the associate. The Group 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 Group' 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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 as other revenue 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.

#### (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 Group.

##### (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
5) Leased assets	5 years

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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iv) Reclassification to investment property

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

(m) Leases

At inception of a contract, the Group 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 Group 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 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 Group's incremental borrowing rate. Generally, the Group 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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 2) there is a change in the Group'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 Group 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 Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group 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

Goodwill arising on the acquisition of subsidiaries 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 Group 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 Group 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 | 2~15 years |
| 2) Royalty           | 19.5 years |
| 3) Others            | 5 years    |

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

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(o) Impairment of non-financial assets

At each reporting date, the Group 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. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 Group 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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

The Group manufactures and sells automobiles, scooters and their parts.

The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The Group 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 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 Group'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(t).

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

2) Service revenue

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 Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Group 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, which is calculated when sales actually occur.

4) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred, while deferred payment terms may be agreed in rare circumstances. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

#### 5) Financing components

The Group 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 Group 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 expensed as the related service is provided.

##### (ii) Defined benefit plans

The Group'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 Group, 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 retained earnings within equity. The Group 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 Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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 Group 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 Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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 Group 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:

- (i) the Group 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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group'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 Group 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 Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group 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 Group accounts for the changes in the fair value of contingent consideration that are not 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(u) Earnings per share

The Group 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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated 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 Group 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 Group 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 Group 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.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### Assessment

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value.

The group 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 Group 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 Group 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(ac).

Please refer to Notes 6(m) and 6(ac) for assumptions used in measuring fair value.

### (6) Explanation of significant accounts:

#### (a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	\$ 2,552	2,159
Bank deposits	4,637,540	3,287,930
Time deposits	2,997,940	1,245,927
Cash equivalents	<u>229,790</u>	<u>293,889</u>
Cash and cash equivalents	<u><u>\$ 7,867,822</u></u>	<u><u>4,829,905</u></u>

(i) Unrestricted time deposits with original maturities after 3 months are classified as other (non)current financial assets. As of December 31, 2022 and 2021, the time deposits aforementioned were \$3,235,553 thousand and \$3,691,949 thousand, respectively.

(ii) Please refer to Note 6(ac) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

#### (b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
No-current financial assets measured at fair value through profit or loss:		
Preferred shares of overseas unlisted companies	<u>\$ 15,459</u>	<u>15,459</u>
Current financial liabilities measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	<u>\$ -</u>	<u>2,299</u>

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(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The Group uses derivative financial instruments to hedge the certain foreign exchange the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss :

	December 31, 2021		
	Amount (in thousands)	Currency	Maturity dates
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

	December 31, 2022	December 31, 2021
<b>Equity investments at fair value through other comprehensive income:</b>		
Common shares of domestic listed companies	\$ 156,455	2,102,835
Private shares of domestic listed companies	-	1,130,278
Common shares of domestic unlisted companies	326,085	360,704
Common shares of overseas unlisted companies	375,226	234,076
<b>Total</b>	<b>\$ 857,766</b>	<b>3,827,893</b>

- (i) The Group designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2022 and 2021, dividend revenues of \$47,251 thousand and \$56,129 thousand respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follows:

	2022	2021
Fair value of disposal	\$ 3,359,258	446,838
Gain or loss on disposal transferred to retained earnings	\$ 552,087	75,878

The group acquired its equity in Taiwan Tea Corporation from the open market successively, and its shareholding percentage exceeded 20% on January 11, 2022. As a result, the equity in Taiwan Tea Corporation, previously recognized as financial assets at fair value through other comprehensive income, was reclassified as investments accounted for using the equity method starting from that date. The fair value on January 11, 2022 is \$3,122,269 thousand, please refer to Note 6(g).

- (iv) Please refer to Note 6(ac) for credit risk and market risk.
- (v) As of December 31, 2022 and 2021, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals.

(Continued)



**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable from operating activities	\$ 316,917	288,962
Installment notes receivable from operating activities	931	931
Less: Unrealized interest revenue from installment sales	(57)	(57)
Subtotal	<u>317,791</u>	<u>289,836</u>
Accounts receivable — measured at amortized cost	2,207,043	1,968,022
Installment accounts receivable — measured at amortized cost	6,708	7,568
Less: Unrealized interest revenue from installment sales	(723)	(907)
Subtotal	<u>2,213,028</u>	<u>1,974,683</u>
Lease receivables — measured at amortized cost	926,657	803,643
Less: Unrealized interest revenue	(44,427)	(30,926)
Subtotal	<u>882,230</u>	<u>772,717</u>
Other receivables	<u>859,783</u>	<u>565,970</u>
Total	4,272,832	3,603,206
Less: loss allowance	(138,500)	(108,659)
	<b><u>\$ 4,134,332</u></b>	<b><u>3,494,547</u></b>
Current	\$ 3,597,815	3,029,531
Non-current	536,517	465,016
Total	<b><u>\$ 4,134,332</u></b>	<b><u>3,494,547</u></b>

The Group 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.

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

	<b>December 31, 2022</b>			
		<b>Weighted average expected credit loss rate</b>	<b>Loss allowance provision</b>	<b>Credit impaired</b>
<b>Credit rating</b>	<b>Gross carrying amount</b>			
Low risk	\$ 3,174,809	0%~5%	13,733	Yes
Medium risk	238,240	27%~100%	124,767	Yes
Total	<b><u>\$ 3,413,049</u></b>		<b><u>138,500</u></b>	

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<b>Credit rating</b>	<b>December 31, 2021</b>			
	<b>Gross carrying amount</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowance provision</b>	<b>Credit impaired</b>
Low risk	\$ 2,771,435	0%~5%	8,871	Yes
Medium risk	265,801	7%~100%	99,788	Yes
Total	<u><b>\$ 3,037,236</b></u>		<u><b>108,659</b></u>	

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	\$ 3,036,085	2,808,612
Overdue 0 to 90 days	218,835	114,975
Overdue 91 to 180 days	53,651	16,532
Over 180 days past due	104,478	97,117
	<u><b>\$ 3,413,049</b></u>	<u><b>3,037,236</b></u>

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

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

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 108,659	223,449
Impairment losses (reversed)	26,050	(17,103)
Amounts written off	(132)	(97,937)
Foreign exchange gains	3,923	250
Balance at December 31	<u><b>\$ 138,500</b></u>	<u><b>108,659</b></u>

As of December 31, 2022 and 2021, notes and accounts receivable of the Group were pledged as collaterals; please refer to Note 8.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (e) Inventories

	December 31, 2022	December 31, 2021
Manufacturing Industry:		
Raw materials and consumables	\$ 3,355,822	2,231,324
Work in process	440,430	331,053
Finished goods	2,124,490	1,550,814
Inventories in transit	<u>1,651,548</u>	<u>725,676</u>
Subtotal	<u>7,572,290</u>	<u>4,838,867</u>
Construction industry:		
Land held for construction site	2,200,743	1,952,773
Prepaid for land purchase	<u>90,531</u>	<u>83,345</u>
Subtotal	<u>2,291,274</u>	<u>2,036,118</u>
Total	<u><b>\$ 9,863,564</b></u>	<u><b>6,874,985</b></u>
Expected to be recovered in more than 12 months	<u><b>\$ 2,200,743</b></u>	<u><b>1,952,773</b></u>

- (i) Shan Young, a subsidiary of the Group, acquired the land located on Fuxing Section., Hsinchu City in the year of 2019 in succession and was involved in the Phase II Land Readjustment Project in Guaung-Pu, East District, Hsinchu City. According to the Plan of Readjustment prepared by preparatory committee in April, 2014, the land owners should bear the allocation of public facilities area in proportion to 39.26% and allocation of expenditures in proportion to 13.57%. The actual aforementioned ratio would depend on the calculation approved by the Hsinchu City Government. In addition, according to the Readjustment Rules made by the preparatory committee in July, 2014, all matters related to the readjustment area would be contracted to Zhen Ding Development Co., Ltd..
- (ii) Shan Young, a subsidiary of the Group, temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and registration of other rights as guarantees. As of December 31, 2022 and 2021, the cost of land, in land registration progress, both amounted to \$412,881 thousand.
- (iii) Dinh Duong, the subsidiary of VMEPH, a subsidiary of the Group, signed the Memorandum of Understanding with Mr. Nguyen Danh Hoang Viet, a non-related party, in the year of 2019. Both parties agreed to collaboratively invest the property located in Ciputra Hanoi International City, Hanoi, Vietnam. According to the terms of the Memorandum, the property cannot be sold at a profit unless both parties agree with it. Also, due to the counter-party is Mr. Nguyen Danh Hoang Viet, the Group has acquired related documents as guarantees. The balance of related prepayments for land purchase at December 31, 2022 and 2021 were \$90,531 thousand and \$83,345 thousand, respectively.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (iv) 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</b>	
	<b>2022</b>	<b>2021</b>
Cost of goods sold	\$ 39,770,413	32,507,289
Revenue from sale of scraps	(77,430)	(66,188)
Loss on disposal of inventory	8,393	34,777
Loss on inventory market price decline and obsolescence	76,918	31,331
Loss on (gain on recovery of) physical inventory	(2,341)	3,079
Cost of technical service	293,958	197,729
Cost of lease	491,814	856,851
Cost of design service	31,431	43,796
Others	539,252	75,849
	<b>\$ 41,132,408</b>	<b>33,684,513</b>

- (v) As of December 31, 2022 and 2021, the Group did not provide any inventories as collaterals.

- (f) Non-current assets as held for sale

The Group 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 Meeting 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, others”

- (g) Investments accounted for using the equity method

- (i) A summary of the group's financial information on investments accounted for using the equity method is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Associates	<b>\$ 4,643,509</b>	<b>733,112</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) The information of the major associate of the investments accounted for using the equity method was as follows:

<b>Associates</b>	<b>Relationship</b>	<b>Registration Country</b>	<b>Percentage of ownership</b>	
			<b>2022.12.31</b>	<b>2021.12.31</b>
Taiwan Tea Corporation	Production and marketing of teas and real estate management and development, etc.	Taiwan	27.84%	Note 1

Note1 : On January 11, 2022, the percentage of shareholdings exceeded 20%; therefore, it shall be recognized as an associate that the Group has more significant influence over it.

The Group subscribed to a private offering of additional 63,250 thousand shares of Taiwan Tea Corporation at a subscription price of \$15.25 per share in October 2018. The ordinary shares from private offering have met the requirements in Article 43-8 of Securities and Exchange Act, and were able to be transferred. Only when it meets the profit requirement, can it conduct public offering.

The fair value of investments in publicly traded stocks of the major associate was as follows:

	<b>2022.12.31</b>
Taiwan Tea Corporation	<b><u>\$ 4,431,496</u></b>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

The financial information of Taiwan Tea Corporation was as follows:

	<b>2022.12.31</b>
Current assets	\$ 1,821,771
Non-current assets	24,340,111
Current liabilities	(1,001,144)
Non-current liabilities	<u>(10,402,232)</u>
Net assets	<b><u>\$ 14,758,506</u></b>
Net assets, attributable to non-controlling interests	<b><u>\$ -</u></b>
Net assets, attributable to investee's shareholders	<b><u>\$ 14,758,506</u></b>

(Continued)

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

	<b>2022.1.11 ~2022.12.31</b>
Sales revenue	\$ <u>376,996</u>
Net loss from continuing operations	(2,205,396)
Other comprehensive income	<u>(56,441)</u>
Comprehensive income	\$ <u>(2,261,837)</u>
Comprehensive income net loss, attributable to non controlling interests	<u>\$ -</u>
Comprehensive income, attributable to investee's shareholders	<u>\$ (2,261,837)</u>
	<b>2022.1.11 ~2022.12.31</b>
Beginning balance of investments in major associate at January 1	\$ -
Transfer from Financial assets at fair value through other comprehensive income	3,122,269
Additions	1,263,263
Gain recognised in bargain purchase transaction	344,994
Comprehensive income attributable to Group(2022.1.11~2022.12.31)	<u>(625,992)</u>
Ending balance of investments in major associate at December 31	4,104,534
Goodwill	<u>21,320</u>
Total carrying amount of equity of the major associate as of December 31	<u>\$ 4,125,854</u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	<u>\$ 517,655</u>	<u>733,112</u>
	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Attributable to the Group:		
Net income (loss) from continuing operations	(10,175)	(18,331)
Other comprehensive income (loss)	<u>(2,450)</u>	<u>(112)</u>
Comprehensive income	<u><b>(12,625)</b></u>	<u><b>(18,443)</b></u>

- (iv) In July 2021, APh ePower conducted a cash capital increase, and the Company subscribed to additional share by \$150,000 thousand at a percentage different from its existing ownership percentage, resulting in the shareholding ratio increased from 23.21% to 29.51%. Later in March 2022, the Company acquired 4,000 thousand shares of APh ePower from non-related parties with \$60,000 thousand, resulting in the shareholding ratio increased from 29.51% to 32.79%.

In May 2022, APh ePower conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh, APh ePower became a 100% owned subsidiary of APh. Because of the transaction, the Group obtained 40,000 thousand shares of APh 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 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 Meeting on June 2, 2022. On July 1, 2022, the Group 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 11, 2022, the Group 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 Group obtained control over it. From that date, it became a subsidiary of the Group. Please refer to Note 6 (h) for details.

- (v) Although the Group is the largest shareholder of some associates, per comprehensive assessment, the key activities of the associates are resolved by the Board Meeting. The Group does not possess more than half of the seats in Board Meeting and hold the voting rights of more than half of its shareholders' attendance rate. Therefore, the Group is unable to dominate their principal business activities. In conclusion, there is only the existence of significant influence over rather than control over the associates stated above.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(h) Business combination

The Group successively participated in the capital increase plan of APh in 2022. As of November 1 2022, the accumulated shareholding percentage reached 53.23%. From that date the Group obtained control over it. APh is in investment industry. The main operations of its 100% owned subsidiary APh ePower 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 that date (November 11, 2022), the group obtained control to December 31, 2022, APh revenue and net loss is \$29 thousand and \$38,931 thousand.

(i) Consideration transferred is \$400,000 thousand in cash.

(ii) The recognized amounts of identifiable assets acquired and liabilities assumed.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

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

(Continued)



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

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows :

Consideration transferred	\$ 400,000
Add : Non-controlling interest in the acquiree, proportionate share of the fair value of the identifiable net assets	643,609
Add : Fair value of pre-existing interest in acquiree	1,000,000
Less: Fair value of identifiable net assets	<u>(1,376,171)</u>
Goodwill	<u><b>\$ 667,438</b></u>

Goodwill is mainly from the future development in energy market and profitability of APh ePower the subsidiary is 100% owned by APh. It is expected to create synergy from the integration of the electronic vehicle business of the company and the Group. Please refer to Note 6 (n) for the impairment evaluation for goodwill.

- (iv) The Group recognized a gain of \$498,877 thousand arising from the remeasurement of fair value of 44.84% equity of APh owned before the acquisition date. The gain was recognized as “other gains and losses” in the 2022 consolidated financial statements of comprehensive income.

(i) Acquisition of non-controlling interests

- (i) In July 2022, the Group further acquired shares of Nanyang in cash with \$4,086 thousand, and the shareholding ratio increased from 89.60% to 89.78%.

The impacts of the changes in the Group's ownership of Nanyang upon the equity attributable to owners of parent were as follows:

Carrying amount of the acquired non-controlling interests	\$ 3,847
The consideration paid to non-controlling interests	<u>(4,086)</u>
Capital surplus - Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u><b>\$ (239)</b></u>

- (ii) In March 2021, the Group further acquired shares of Nanchen in cash with \$6,819 thousand, and the shareholding ratio increased from 80.70% to 89.60%.

The impacts of the changes in the Group's ownership of Nanchen upon the equity attributable to owners of parent were as follows:

Carrying amount of the acquired non-controlling interests	\$ 7,958
The consideration paid to non-controlling interests	<u>(6,819)</u>
Capital surplus - Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u><b>\$ 1,139</b></u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(j) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2022	December 31, 2021
VMEPH and its subsidiaries	Vietnam/Hong Kong	32.93%	32.93%
Xia Shing Motor and its subsidiaries	China	23.33%	23.33%

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

VMEPH and its subsidiaries's collective financial information:

	December 31, 2022	December 31, 2021
Current assets	\$ 3,629,428	2,931,311
Non-current assets	275,561	216,497
Current liabilities	(2,264,414)	(1,672,423)
Non- current liabilities	(72,857)	(19,380)
Net assets	<u>\$ 1,567,718</u>	<u>1,456,005</u>
Non-controlling interests	<u>\$ 516,339</u>	<u>479,554</u>
	For the years ended December 31	
	2022	2021
Sales revenue	<u>\$ 3,961,507</u>	<u>2,599,971</u>
Net loss	\$ (1,205)	(155,659)
Other comprehensive income	112,919	(3,874)
Comprehensive income	<u>\$ 111,714</u>	<u>(159,533)</u>
Net loss, attributable to non controlling interests	<u>\$ (397)</u>	<u>(51,259)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 36,785</u>	<u>(52,540)</u>
Net cash flows from operating activities	\$ 9,658	(108,710)
Net cash flows from investing activities	(127,886)	(148,367)
Net cash flows from financing activities	121,956	109,673
Net increase (decrease) in cash and cash equivalents	<u>\$ 3,728</u>	<u>(147,404)</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Xia Shing Motor's collective financial information:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 3,923,648	3,487,226
Non-current assets	2,510,698	1,639,639
Current liabilities	(2,432,927)	(2,387,595)
Non- current liabilities	(82,789)	(56,273)
Net assets	<b><u>\$ 3,918,630</u></b>	<b><u>2,682,997</u></b>
Non-controlling interests	<b><u>\$ 914,216</u></b>	<b><u>625,946</u></b>

	<b>For the years ended December 31 2022</b>	<b>2021</b>
Sales revenue	<b><u>\$ 10,657,593</u></b>	<b><u>8,751,396</u></b>
Net gain	\$ 1,198,761	676,414
Other comprehensive income	36,872	14,259
Comprehensive income	<b><u>\$ 1,235,633</u></b>	<b><u>690,673</u></b>
Net gain, attributable to non controlling interests	<b><u>\$ 279,671</u></b>	<b><u>157,811</u></b>
Comprehensive income, attributable to non-controlling interests	<b><u>\$ 288,270</u></b>	<b><u>161,134</u></b>
Net cash flows from operating activities	\$ 644,534	720,667
Net cash flows from investing activities	(767,064)	(493,306)
Net cash flows from financing activities	136,417	131,069
Net increase in cash and cash equivalents	<b><u>\$ 13,887</u></b>	<b><u>358,430</u></b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (k) Property, plant and equipment

The movement in the cost, depreciation and impairment of the property, plant and equipment of the Group were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Construction in progress	Accumulated impairment	Total
<b>Cost or deemed cost:</b>									
Balance on January 1, 2022	\$ 6,239,954	7,022,392	14,503,006	1,625,452	1,579,246	1,416,454	318,884	-	32,705,388
Acquired from business combination	-	54,327	62,020	12,298	5,720	-	11,292	-	145,657
Additions	835,708	46,344	276,026	22,163	40,114	384,135	673,722	-	2,278,212
Disposals	-	(8,861)	(782,377)	(136,698)	(89,699)	(240,759)	-	-	(1,258,394)
Transfer from inventories	-	-	-	90,785	26,148	-	-	-	116,933
Transfer from (to) construction in progress	-	261,033	208,036	7,618	32,297	-	(508,984)	-	-
Transfer from prepayments for equipment	-	-	1,295	-	-	-	-	-	1,295
Transfer to investment property	(24,106)	(79,090)	-	-	-	-	-	-	(103,196)
Reclassifications	-	-	-	-	-	-	(2,916)	-	(2,916)
Effect of changes in foreign exchange rates	-	61,824	223,048	23,409	(24,437)	-	7,253	-	291,097
Balance on December 31, 2022	<u>\$ 7,051,556</u>	<u>7,357,969</u>	<u>14,491,054</u>	<u>1,645,027</u>	<u>1,569,389</u>	<u>1,559,830</u>	<u>499,251</u>	<u>-</u>	<u>34,174,076</u>
Balance on January 1, 2021	\$ 6,241,965	6,830,498	15,412,690	1,449,658	1,831,816	1,344,387	377,065	-	33,488,079
Additions	-	17,591	279,951	23,961	64,644	341,435	532,130	-	1,259,712
Disposals	-	(121,332)	(1,460,080)	(209,299)	(148,747)	(269,368)	-	-	(2,208,826)
Transfer from inventories	-	-	-	124,118	20,172	-	-	-	144,290
Transfer from (to) construction in progress	-	292,353	243,639	9,717	33,892	-	(579,601)	-	-
Transfer from prepayments for equipment	-	-	2,215	-	246	-	-	-	2,461
Reclassifications	(2,011)	-	(16,422)	231,440	(188,374)	-	(10,720)	-	13,913
Effect of changes in foreign exchange rates	-	3,282	41,013	(4,143)	(34,403)	-	10	-	5,759
Balance on December 31, 2021	<u>\$ 6,239,954</u>	<u>7,022,392</u>	<u>14,503,006</u>	<u>1,625,452</u>	<u>1,579,246</u>	<u>1,416,454</u>	<u>318,884</u>	<u>-</u>	<u>32,705,388</u>
<b>Accumulated depreciation and impairment loss :</b>									
Balance on January 1, 2022	\$ -	3,796,449	12,759,395	1,280,605	1,130,427	540,005	-	559,038	20,065,919
Depreciation for the year	-	176,815	528,397	53,687	122,989	241,620	-	-	1,123,508
Impairment loss	-	-	-	-	-	-	-	20,291	20,291
Acquired from business combination	-	14,058	16,578	3,214	3,187	-	-	-	37,037
Disposals	-	(7,069)	(689,677)	(69,218)	(78,068)	(174,410)	-	(60,764)	(1,079,206)
Transfer to investment property	-	(68,130)	-	-	-	-	-	-	(68,130)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	1,295	1,295
Effect of changes in foreign exchange rates	-	36,377	207,194	18,666	(19,163)	-	-	29,523	272,597
Balance on December 31, 2022	<u>\$ -</u>	<u>3,948,500</u>	<u>12,821,887</u>	<u>1,286,954</u>	<u>1,159,372</u>	<u>607,215</u>	<u>-</u>	<u>549,383</u>	<u>20,373,311</u>
Balance on January 1, 2021	\$ -	3,738,920	13,383,598	1,286,642	1,119,713	503,196	-	744,939	20,777,008
Depreciation for the year	-	173,493	567,694	55,040	128,179	236,085	-	-	1,160,491
Impairment loss	-	-	-	-	-	-	-	11,293	11,293
Disposals	-	(118,294)	(1,203,858)	(60,950)	(134,307)	(199,276)	-	(200,825)	(1,917,510)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	2,461	2,461
Reclassifications	-	-	(17,873)	-	44,553	-	-	-	26,680
Effect of changes in foreign exchange rates	-	2,330	29,834	(127)	(27,711)	-	-	1,170	5,496
Balance on December 31, 2021	<u>\$ -</u>	<u>3,796,449</u>	<u>12,759,395</u>	<u>1,280,605</u>	<u>1,130,427</u>	<u>540,005</u>	<u>-</u>	<u>559,038</u>	<u>20,065,919</u>
<b>Carrying amount:</b>									
Balance on December 31, 2022	<u>\$ 7,051,556</u>	<u>3,409,469</u>	<u>1,669,167</u>	<u>358,073</u>	<u>410,017</u>	<u>952,615</u>	<u>499,251</u>	<u>(549,383)</u>	<u>13,800,765</u>
Balance on January 1, 2021	<u>\$ 6,241,965</u>	<u>3,091,578</u>	<u>2,029,092</u>	<u>163,016</u>	<u>712,103</u>	<u>841,191</u>	<u>377,065</u>	<u>(744,939)</u>	<u>12,711,071</u>
Balance on December 31, 2021	<u>\$ 6,239,954</u>	<u>3,225,943</u>	<u>1,743,611</u>	<u>344,847</u>	<u>448,819</u>	<u>876,449</u>	<u>318,884</u>	<u>(559,038)</u>	<u>12,639,469</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (i) The Group temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and the registration of other rights as guarantees. As of December 31, 2022 and 2021, the cost of land, in land registration progress, amounted to \$193,421 thousand and \$495 thousand, respectively.
- (ii) VMEP, a subsidiary of the Group, conducted impairment assessment for property, plant and equipment, right-of-use assets and prepayments for equipment on the reporting date. The assessment was based on the recoverable amount of the assets, which was the greater of the value in use and the fair value less the costs to sell. The value in use was calculated based on the estimated cash flows affected by comprehensive conditions such as industrial change, market competition, and variation of future revenues, gross profit and operating costs, etc., then being discounted to its present value. The Group used discount rate of 16.68% and 13% for the years ended 2022 and 2021, respectively, which reflected the risks specific to the assets or CGUs, and impairment losses were accordingly recognized in the amount of \$23,210 thousand (\$19,098 thousand for property plant and equipment, \$254 thousand for prepayments for equipment \$2,550 thousand for right of use assets and \$1,308 thousand for other non-current assets) and \$12,190 thousand (\$10,916 thousand for property plant and equipment, \$52 thousand for intangible assets and \$1,222 thousand for prepayments for equipment); please refer to Note 6(j) and (y).
- (iii) As of December 31, 2022 and 2021, the property, plant and equipment of the Group were pledged as collaterals; please refer to Note 8.
- (l) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
Balance on January 1, 2022	\$ 490,577	942,184	1,432,761
Acquired from business combination	124,976	45,111	170,087
Additions	53,703	58,748	112,451
Reductions	(286)	(19,818)	(20,104)
Effect of changes in foreign exchange rates	29,976	1,257	31,233
Balance on December 31, 2022	<b>\$ 698,946</b>	<b>1,027,482</b>	<b>1,726,428</b>
Balance on January 1, 2021	\$ 490,228	864,860	1,355,088
Additions	-	119,185	119,185
Reductions	-	(39,789)	(39,789)
Effect of changes in foreign exchange rates	349	(2,072)	(1,723)
Balance on December 31, 2021	<b>\$ 490,577</b>	<b>942,184</b>	<b>1,432,761</b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<b>Accumulated depreciation and impairment loss:</b>			
Balance on January 1, 2022	\$ 302,556	361,987	664,543
Acquired from business combination	2,078	15,0014 5,111	17,079
Depreciation for the year	16,000	138,892	154,892
Impairment loss	2,550	-	2,550
Reductions	(286)	(19,370)	(19,656)
Effect of changes in foreign exchange rates	<u>24,243</u>	<u>937</u>	<u>25,180</u>
Balance on December 31, 2022	<u><u>\$ 347,141</u></u>	<u><u>497,447</u></u>	<u><u>844,588</u></u>
Balance on January 1, 2021	\$ 292,124	253,648	545,772
Depreciation for the year	11,001	133,390	144,391
Reductions	-	(24,015)	(24,015)
Effect of changes in foreign exchange rates	<u>(569)</u>	<u>(1,036)</u>	<u>(1,605)</u>
Balance on December 31, 2021	<u><u>\$ 302,556</u></u>	<u><u>361,987</u></u>	<u><u>664,543</u></u>
<b>Carrying amount:</b>			
Balance on December 31, 2022	<u><u>\$ 351,805</u></u>	<u><u>530,035</u></u>	<u><u>881,840</u></u>
Balance on January 1, 2021	<u><u>\$ 198,104</u></u>	<u><u>611,212</u></u>	<u><u>809,316</u></u>
Balance on December 31, 2021	<u><u>\$ 188,021</u></u>	<u><u>580,197</u></u>	<u><u>768,218</u></u>

As of December 31, 2022 and 2021, right-of-use assets of the Group were pledged as collaterals; please refer to Note 8.

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(m) Investment property

The movements of investment property of the Group were as follow :

	Owned property		Right-of-use assets	
	Land and improvements	Buildings	Land and improvements	Total
<b>Cost or deemed cost:</b>				
Balance on January 1, 2022	\$ 1,417,757	2,825,100	151,415	4,394,272
Additions	-	3,914	-	3,914
Transfer from property, plant and equipment	24,106	79,090	-	103,196
Transfer to non-current assets held for sale	(66,838)	(74,555)	-	(141,393)
Effect of changes in foreign exchange rates	-	1,682	10,342	12,024
Balance on December 31, 2022	<u><u>\$ 1,375,025</u></u>	<u><u>2,835,231</u></u>	<u><u>161,757</u></u>	<u><u>4,372,013</u></u>
Balance on January 1, 2021	\$ 1,417,757	2,840,089	151,464	4,409,310
Transfer from prepayment	-	15,317	-	15,317
Disposal/Write-off	-	(30,784)	-	(30,784)
Effect of changes in foreign exchange rates	-	478	(49)	429
Balance on December 31, 2021	<u><u>\$ 1,417,757</u></u>	<u><u>2,825,100</u></u>	<u><u>151,415</u></u>	<u><u>4,394,272</u></u>
<b>Accumulated depreciation and impairment loss:</b>				
Balance on January 1, 2022	\$ -	532,731	5,430	538,161
Depreciation for the year	-	76,420	1,846	78,266
Transfer from property, plant and equipment	-	68,130	-	68,130
Transfer to non-current assets held for sale	-	(44,357)	-	(44,357)
Effect of changes in foreign exchange rates	-	569	224	793
Balance on December 31, 2022	<u><u>\$ -</u></u>	<u><u>633,493</u></u>	<u><u>7,500</u></u>	<u><u>640,993</u></u>
Balance on January 1, 2021	\$ -	486,340	3,634	489,974
Depreciation for the year	-	76,971	1,785	78,756
Disposals/Write offs	-	(30,776)	-	(30,776)
Effect of changes in foreign exchange rates	-	196	11	207
Balance on December 31, 2021	<u><u>\$ -</u></u>	<u><u>532,731</u></u>	<u><u>5,430</u></u>	<u><u>538,161</u></u>
<b>Carrying amount:</b>				
Balance on December 31, 2022	<u><u>\$ 1,375,025</u></u>	<u><u>2,201,738</u></u>	<u><u>154,257</u></u>	<u><u>3,731,020</u></u>
Balance on December 31, 2021	<u><u>\$ 1,417,757</u></u>	<u><u>2,292,369</u></u>	<u><u>145,985</u></u>	<u><u>3,856,111</u></u>
Balance on January 1, 2021	<u><u>\$ 1,417,757</u></u>	<u><u>2,353,749</u></u>	<u><u>147,830</u></u>	<u><u>3,919,336</u></u>
Balance on December 31, 2022				<u><u>\$13,656,597</u></u>
Balance on December 31, 2021				<u><u>\$13,690,285</u></u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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.
- (ii) As of December 31, 2022 and 2021, the investment property of the Group were pledged as collateral; please refer to Note 8.
- (n) Intangible assets

The movements in the cost and amortisation of the intangible assets of the Group were as follow:

	<u>Goodwill</u>	<u>Patents and others</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2022	\$ -	-	-
Acquired from business combinations	<u>667,438</u>	<u>389,508</u>	<u>1,056,946</u>
Balance on December 31, 2022	<u><b>\$ 667,438</b></u>	<u><b>389,508</b></u>	<u><b>1,056,946</b></u>
Balance on December 31, 2021 (beginning balance)	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Accumulated amortisation and impairment loss:</b>			
Balance on January 1, 2022	\$ -	-	-
Acquired from business combinations	-	13,005	13,005
Amortisation for the year	<u>-</u>	<u>3,711</u>	<u>3,711</u>
Balance on December 31, 2022	<u><b>\$ -</b></u>	<u><b>16,716</b></u>	<u><b>16,716</b></u>
Balance on December 31, 2021 (beginning balance)	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Carring Amount :</b>			
Balance on December 31, 2022	<u><b>\$ 667,438</b></u>	<u><b>372,792</b></u>	<u><b>1,040,230</b></u>
Balance on December 31, 2021 (beginning balance)	<u><b>\$ -</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

- (i) The details of amortisation :

The amortization of intangible assets is recognized in the following accounts of the consolidated statement of comprehensive income :

	<u>2022</u>	<u>2021</u>
Administrative expenses	\$ 9	-
Research and development expenses	<u>16,707</u>	<u>-</u>
Total	<u><b>\$ 16,716</b></u>	<u><b>-</b></u>

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Patent

The Group measured the fair value of net assets obtained during acquisition and, respectively, evaluated the fair value and useful life of the significant intangible assets that meets the criteria. The Group obtained control over APh and its subsidiaries (the APh Group) on November 1, 2022. According to the results of the analysis for the APh Group's business, the patent was identified and recognized individually. Based on the development of related technology and application products, source of demand, current usage condition in the industry, law and regulations, the economic useful life was evaluated to be 19.5 years.

(iii) Impairment evaluation for Goodwill

On November 1, 2022, the Group obtained Goodwill arose from the control over the APh Group. The APh Group itself is a cash-generating unit that can generate cash inflows independently. Therefore, the recoverable amount is evaluated based on the value in use of the APh Group. The key assumptions used for calculation of the value in use are as follows:

- 1) The cash flow is covered by the financial budget from 2023 to 2031. It is the evaluation of the future trend in the related industry performed by the management, and the internal and external historical information are considered as well.
- 2) The projected operating revenue is an estimation of the changes based on the type and price of product considering the changes in the industry and market demand and supply.
- 3) The projected operating cost and expenses are estimated based on the variable factors of each cost and expense.
- 4) The discount rate used in the estimation of the recoverable amount of the cash-generating unit in 2022 is a weighted average capital cost calculated based on different sources of funds such as ordinary share equity and loan.

The management believes that the any reasonable changes in the key assumptions used for the estimation of recoverable amount of cash-generating unit will not result in the fact that the carrying amount of cash-generating unit exceeds its recoverable amount. Based on the comparison between the recoverable amount calculated with the key assumptions above mentioned and the book value of the Group's asset for operations and goodwill on the evaluation date, there was no impairment of assets occurred in 2022.

(o) Short-term notes and bills payable

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

<b>December 31, 2022</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates (%)</b>	<b>Amount</b>
Commercial paper payable	CBF	2.038%	\$ 149,993
Acceptance payable			696,455
Total			<b><u>\$ 846,448</u></b>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<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	0.848%	\$ 299,798
Acceptance payable			552,151
Total			<b><u>\$ 851,949</u></b>

For the collaterals for short-term notes and bills payable, please refer to Note 8.

(p) Short-term borrowings

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Letters of credit	\$ 190,376	540,644
Unsecured bank loans	1,130,000	1,100,000
Secured bank loans	7,854,873	5,227,800
Total	<b><u>\$ 9,175,249</u></b>	<b><u>6,868,444</u></b>
Unused short-term credit lines	<b><u>\$ 9,976,414</u></b>	<b><u>12,204,729</u></b>
Range of interest rates	<b><u>1.29%~8.00%</u></b>	<b><u>0.59%~6.00%</u></b>

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

(q) Accounts payable (including related parties)

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>\$ 4,594,958</u></b>	<b><u>4,331,437</u></b>

(r) Long-term borrowings

The long-term borrowings were summarized as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured bank loans	\$ 700,000	700,000
Secured bank loans	12,344,897	8,532,100
Commercial paper payable	-	399,797
Less: current portion	(820,030)	(460,373)
Total	<b><u>\$ 12,224,867</u></b>	<b><u>9,171,524</u></b>
Unused long-term credit lines	<b><u>\$ 320,533</u></b>	<b><u>663,178</u></b>
Range of interest rates	<b><u>1.34%~2.25%</u></b>	<b><u>0.84%~1.45%</u></b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (i) For the collateral for long-term borrowings, please refer to Note 8.
- (ii) Certain financial covenants

As stipulated in the financing contract between Shan Young and Shin Kong Bank, the annual financial report of Shan Young should maintain certain financial ratios such as current ratio and financial debt ratio. As of December 31, 2022 and 2021, the financial report complied with the aforementioned financial covenants.

- (s) Lease liabilities

Lease liabilities of the Group were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 137,028</u>	<u>126,197</u>
Non-current	<u>\$ 644,744</u>	<u>528,626</u>

- (i) For the maturity analysis, please refer to Note 6(ac).
- (ii) The amount recognized in profit or loss was as follows:

	For the year ended December 31 2022	2021
Interest on lease liabilities	<u>\$ 15,322</u>	<u>10,769</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 296</u>	<u>622</u>
Expenses relating to short-term leases	<u>\$ 38,497</u>	<u>21,241</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 7,576</u>	<u>3,342</u>

The amounts recognized in the statement of cash flows for the Group were as follows :

	For the year ended December 31 2022	2021
Total cash outflow for leases	<u>\$ 188,265</u>	<u>159,794</u>

- (iii) Real estate leases

The Group leases land and buildings for its office, stores and plant. The leases of office typically run for a period of 2 to 8 years, stores for 5 to 10 years and plant for 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional payments that are based on changes in sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Some leases of equipment contain extension and cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(iv) Other leases

The Group leases IT equipment and machinery and employee's dormitories with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(t) Provisions

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 580,288	615,540
Provisions made during the year	291,619	233,081
Provisions used during the year	(180,446)	(178,246)
Provisions reversed during the year	(29,372)	(88,687)
Effect of changes in foreign exchange rates	648	(1,400)
Balance on December 31	<b><u>\$ 662,737</u></b>	<b><u>580,288</u></b>
Current	\$ 436,975	405,292
Non-current	225,762	174,996
Total	<b><u>\$ 662,737</u></b>	<b><u>580,288</u></b>

The provision for warranties of 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.

(u) Operating lease

The Group leases out investment property, etc.. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(m) for information on the operating leases of investment property.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Less than one year	\$ 129,347	85,552
One to two years	116,397	69,929
Two to three years	87,475	54,870
Three to four years	58,997	40,525
Four to five years	19,625	18,200
More than five years	7,908	7,959
Total undiscounted lease payments	<b><u>\$ 419,749</u></b>	<b><u>277,035</u></b>

Rental income from investment properties for the years ended December 31, 2022 and 2021, were \$111,514 thousand and \$91,772 thousand, respectively.

(v) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations	\$ 1,571,467	2,951,631
Fair value of plan assets	(762,003)	(2,100,604)
	<b><u>\$ 809,464</u></b>	<b><u>851,027</u></b>
Net defined benefit (assets)	\$ (1,088)	-
Net defined benefit liabilities	810,552	851,027
	<b><u>\$ 809,464</u></b>	<b><u>851,027</u></b>

The employee benefit liabilities for the Group were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Compensated absence liabilities	<b><u>\$ 117,049</u></b>	<b><u>110,283</u></b>

The Group 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 1) Composition of plan assets

The Group 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 Group's Bank of Taiwan labor pension reserve account balance amounted to \$762,003 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.

Nanyang, a subsidiary of the Group, is planning to settle the defined benefits obligations, and the expected payments, which is to be paid to employees in year 2021, in the amount of \$115,207 thousand are accounted for as "Other Payables" on December 31, 2021.

#### 2) Movements in present value of the defined benefit obligations

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Defined benefit obligations at January 1	\$ 2,951,631	3,211,232
Current service costs and interest cost	23,320	29,863
Remeasurements loss (gain):		
— Actuarial loss (gain) — experience adjustments	202,938	64,781
— Actuarial loss (gain) — financial assumptions	(5,176)	(774)
— Actuarial loss (gain) — demographic assumptions	-	69,990
Settlements	-	(6,665)
Benefits paid	(1,601,246)	(416,796)
Defined benefit obligations at December 31	<b><u>\$ 1,571,467</u></b>	<b><u>2,951,631</u></b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated 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 Group 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	\$ 2,100,604	2,370,865
Interest income	10,496	11,979
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	173,635	30,214
Contributions paid by the employer	75,804	103,490
Effect of curtailments or settlements	-	(550)
Benefits paid	(1,598,536)	(415,394)
Fair value of plan assets at December 31	<b>\$ 762,003</b>	<b>2,100,604</b>

### 4) Expenses recognized in profit or loss

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current service costs	\$ 8,803	14,541
Net interest of net liabilities for defined benefit obligations	4,021	3,343
Past service cost and loss(gain) on settlements	608	130
	<b>\$ 13,432</b>	<b>18,014</b>
Operating costs	\$ 7,920	10,632
Selling expenses	1,564	1,569
Administration expenses	1,659	2,351
Research and development expenses	2,289	3,462
	<b>\$ 13,432</b>	<b>18,014</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

Remeasurement of net defined benefit liability recognized in other comprehensive income for the Group were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cumulative amount, January 1	\$ 1,124,172	1,020,389
Recognized during the year	24,126	103,783
Cumulative amount, December 31	<b><u>\$ 1,148,298</u></b>	<b><u>1,124,172</u></b>

- 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	1.5%~1.75%	0.500%~0.625%
Future salary increase rate	1.000%~3.000%	1.000%~2.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$51,248 thousand.

The weighted-average lifetime of the defined benefit plans is 4.02~10.13 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	(25,441)	26,169
Future salary increase rate	25,061	(24,501)
December 31, 2021		
Discount rate	(56,626)	58,305
Future salary increase rate	55,888	(54,619)

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 Group 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 Group 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 \$110,417 thousand and \$95,394 thousand for the years ended December 31, 2022 and 2021, respectively.

(w) Income taxes

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	\$ 655,182	419,809
Others	(25,762)	(68,792)
	<u>629,420</u>	<u>351,017</u>
Deferred tax expense		
Origination and reversal of temporary differences	(19,375)	25,568
Income tax expense from continuing operations	<u>\$ 610,045</u>	<u>376,585</u>

(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	<u>\$ (5,494)</u>	<u>(20,859)</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(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	\$ 4,049,986	2,341,303
Income tax using the Company's domestic tax rate	809,997	468,261
Effect of tax rates in foreign jurisdiction	(76,321)	(36,035)
Non-deductible expenses	3,411	1,971
Share of (profit) loss accounted for using the equity method	(124,766)	3,666
Gain recognised in bargain purchase transaction	(68,999)	-
Adjustments for prior years tax	(74,217)	(37,976)
Change in unrecognized temporary differences	26,572	29,299
Additional tax on undistributed earnings	36,591	15,653
Effect of tax on repatriated offshore funds	(327)	(4,835)
Net changes in investment tax credits	-	(46,469)
Others	78,104	(16,950)
Total	<b>\$ 610,045</b>	<b>376,585</b>

(iv) Deferred tax assets and liabilities

### 1) Unrecognized deferred tax liabilities

The Group was able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries as of December 31, 2022 and 2021. Also, the Group considered it improbable 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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Aggregate amount of temporary differences associated with investments in foreign subsidiaries	<b>\$ 3,005,642</b>	<b>904,620</b>
Unrecognized deferred tax liabilities	<b>\$ 601,128</b>	<b>180,924</b>

### 2) Unrecognized deferred tax assets

Deferred tax assets had not been recognized in respect of the following items:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Tax effect of deductible temporary differences	\$ 64,933	21,698
The carryforward of unused tax losses	597,073	485,209
	<b>\$ 662,006</b>	<b>506,907</b>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for domestic entities and five years for Vietnam and China ones for tax reporting purposes.

Deferred tax assets had not been recognized in respect of these items because it was not probable that future taxable income would be available against which the Group can utilize the benefits therefrom.

As of December 31, 2022, the information on the Group's unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Unused tax losses		
Domestic entities	Vietnam and China entities	Expiry date
\$ 48,178	296,490	2023
-	370,968	2024
30,951	229,972	2025
197,323	176,523	2026
199,999	62,635	2027
183,795	-	2028
232,354	-	2029
241,403	-	2030
324,081	-	2031
307,150	-	2032
<b>\$ 1,765,234</b>	<b>1,136,588</b>	

3) 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>	\$ 233,089	295,702	528,791
Recognized in profit or loss	(92)	43,481	43,389
Recognized in other comprehensive income	5,494	-	5,494
Exchange differences on translation of foreign financial statements	-	93	93
<b>Balance at December 31, 2022</b>	<b>\$ 238,491</b>	<b>339,276</b>	<b>577,767</b>
<b>Balance at January 1, 2021</b>	\$ 213,686	320,458	534,144
Recognized in profit or loss	(1,456)	(24,112)	(25,568)
Recognized in other comprehensive income	20,859	-	20,859
Exchange differences on translation of foreign financial statements	-	(644)	(644)
<b>Balance at December 31, 2021</b>	<b>\$ 233,089</b>	<b>295,702</b>	<b>528,791</b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	Income from foreign investments	Land value increment tax	Others	Total
<b>Deferred tax liabilities:</b>				
<b>Balance at January 1, 2022</b>	\$ 319,553	1,152,120	34,723	1,506,396
Recognized in profit or loss	-	-	24,014	24,014
Exchange differences on translation of foreign financial statements	-	-	326	326
<b>Balance at December 31, 2022</b>	<u>\$ 319,553</u>	<u>1,152,120</u>	<u>59,063</u>	<u>1,530,736</u>
<b>Balance at January 1, 2021</b>	\$ 319,553	1,152,120	34,567	1,506,240
Exchange differences on translation of foreign financial statements	-	-	156	156
<b>Balance at December 31, 2021</b>	<u>\$ 319,553</u>	<u>1,152,120</u>	<u>34,723</u>	<u>1,506,396</u>

(v) Assessment of income tax

- 1) The Company's income tax returns for the years through 2020 were assessed by the tax authorities.
- 2) The status of assessment of the domestic subsidiaries' income tax returns by the tax authorities was as follows:

Approval year	Company
2020	Shan Yang, Chu Yang, Jau Ryh, Sunshine Auto- Lease , Nanyang Insurance Agent, Shian Young, Nova Design, Ching Ta, Fact Co., TBM, Chin Zong, Youth Taisun, Li Yang, Nanyang , Nanchen

(x) 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	<u>797,490</u>	<u>797,640</u>

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Capital surplus

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

	December 31, 2022	December 31, 2021
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
	<u><b>\$ 1,713,762</b></u>	<u><b>1,708,432</b></u>

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.

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, but the distribution ratio of stock dividends shall not be higher than 50% of the total dividends, 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 FSC, 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 as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder's equity and aforementioned special reserve. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be 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 change to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the netreduction of other shareholders' equity shall qualify for additional distributions. The special reserves were (reversed) 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 Company set aside (reversed) special reserves by \$8,461 thousand and \$(16,455) thousand in June, 2022 and July, 2021, respectively..

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 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, and the detailed information could be obtained from the "Market Observation Post System":

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

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 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:

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

- 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 registration was completed in year 2021.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated 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 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
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(552,087)	(552,087)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, unrealized gains on financial assets measured at fair value through other comprehensive income	-	(14,912)	(14,912)
Balance on December 31, 2022	<u>\$ (1,331,123)</u>	<u>5,552</u>	<u>(1,325,571)</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)
Cumulative gains (losses) reclassified to profit or loss on disposal of foreign operations	(14,373)	-	(14,373)
Unrealized gains on 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>\$ (1,740,360)</u>	<u>417,929</u>	<u>(1,322,431)</u>

(Continued)



**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(vi) Non-controlling interests

	<b>Attributed to Non-controlling Interests</b>
Balance on January 1, 2022	\$ 1,407,599
Net income attributable to non-controlling interests	323,906
Exchange differences on translation of foreign financial statements, net of tax	48,612
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	4,179
Actuarial gains (losses) from defined benefits plans	785
Cash dividends from subsidiaries	(5,741)
Changes in non-controlling interests	<u>629,267</u>
Balance on December 31, 2022	<u><b>\$ 2,408,607</b></u>

Note : The increase in non-controlling interests in the current period is mainly due to the acquisition of 52.23% equity of APh and the Group obtained control over it. Please refer to Note 6(h).

Balance on January 1, 2021	\$ 1,295,870
Net income attributable to non-controlling interests	134,528
Exchange differences on translation of foreign financial statements, net of tax	1,463
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(13,113)
Actuarial gain (losses) from defined benefits plans	(516)
Cash dividends from subsidiaries	(2,675)
Changes in non-controlling interests	<u>(7,958)</u>
Balance on December 31, 2021	<u><b>\$ 1,407,599</b></u>

(y) Earnings per share

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

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Diluted earnings per share</b>		
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)	792,660	796,325
	<b>\$ 3.93</b>	<b>2.30</b>

(z) Revenue from contracts with customers

(i) Details of revenue

<b>For the year ended December 31, 2022</b>				
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 33,850,082	-	123,353	33,973,435
China	-	4,269,513	9,835	4,279,348
Asia	1,514,351	4,654,424	-	6,168,775
Europe	2,364,862	2,299,463	-	4,664,325
Others	823,931	940,804	-	1,764,735
	<u>\$ 38,553,226</u>	<u>12,164,204</u>	<u>133,188</u>	<u>50,850,618</u>
Major products/services lines				
Merchandise sales	\$ 36,858,344	12,109,202	-	48,967,546
Technical services	499,585	4,922	-	504,507
Leasing services	332,961	-	97,323	430,284
Design services	-	-	35,134	35,134
Others	862,336	50,080	731	913,147
	<u>\$ 38,553,226</u>	<u>12,164,204</u>	<u>133,188</u>	<u>50,850,618</u>

(Continued)

**SANYANG MOTOR CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<b>For the year ended December 31, 2021</b>				
	<b>Domestic segment</b>	<b>Foreign segment</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 28,063,241	-	93,384	28,156,625
China	-	3,570,094	23,564	3,593,658
Asia	1,222,365	2,830,396	-	4,052,761
Europe	2,517,366	1,873,879	-	4,391,245
Others	496,400	926,662	-	1,423,062
	<b>\$ 32,299,372</b>	<b>9,201,031</b>	<b>116,948</b>	<b>41,617,351</b>
Major products/services lines				
Merchandise sales	\$ 30,886,427	9,198,278	-	40,084,705
Technical services	355,003	904	-	355,907
Leasing services	321,899	-	72,820	394,719
Design services	-	-	44,128	44,128
Others	736,043	1,849	-	737,892
	<b>\$ 32,299,372</b>	<b>9,201,031</b>	<b>116,948</b>	<b>41,617,351</b>

(ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 317,791	289,836	270,533
Accounts receivable	2,207,043	1,968,022	1,817,203
Installment accounts receivables	5,985	6,661	6,669
Lease receivables	882,230	772,717	698,639
Less: Loss allowance	(138,500)	(108,659)	(223,449)
Total	<b>\$ 3,274,549</b>	<b>2,928,577</b>	<b>2,569,595</b>
Contract liabilities	<b>\$ 540,482</b>	<b>439,329</b>	<b>292,179</b>

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

The major change in the balance of contract liabilities is arising from the difference between the time frame of 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(aa) 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 share dividends 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 consolidated financial statements, were identical to those of the actual distributions for 2022 and 2021.

(ab) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income from bank deposits and short-term notes	\$ 277,311	197,600
Others	12,422	5,313
<b>Total interest income</b>	<b>\$ 289,733</b>	<b>202,913</b>

(ii) Other income

The details of other income were as follows:

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Rental income	\$ 33,956	33,358
Dividend revenue	47,254	56,132
Gain recognised in bargain purchase transaction	344,994	-
<b>Total other income</b>	<b>\$ 426,204</b>	<b>89,490</b>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) 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)	244,677	(45,712)
Losses on disposals of property, plant and equipment	(51,167)	(33,797)
Losses on disposals of investment property	-	(8)
Gains on disposals of investments Accounted for Using Equity Method	2,299	-
Gains on financial assets and liabilities at fair value through profit or loss	2,299	374
Impairment losses of non-financial assets	(24,404)	(12,567)
Others	149,438	132,822
Other gains and losses, net	<b>\$ 819,720</b>	<b>41,112</b>

### (iv) 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>\$ 278,585</b>	<b>196,492</b>

### (ac) Financial instruments

#### (i) Credit risk

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

#### (ii) 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 time deposits, 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.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) 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.

	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	\$ 23,066,594	23,667,414	10,157,547	1,073,992	3,389,539	7,619,213	1,427,123
Lease liabilities	781,772	916,321	81,533	69,572	128,860	219,527	416,829
	<u>\$ 23,848,366</u>	<u>24,583,735</u>	<u>10,239,080</u>	<u>1,143,564</u>	<u>3,518,399</u>	<u>7,838,740</u>	<u>1,843,952</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 17,352,290	17,728,130	7,982,502	313,477	1,552,542	6,339,727	1,539,882
Lease liabilities	654,823	730,606	70,874	67,666	118,951	204,198	268,917
	<u>\$ 18,007,113</u>	<u>18,458,736</u>	<u>8,053,376</u>	<u>381,143</u>	<u>1,671,493</u>	<u>6,543,925</u>	<u>1,808,799</u>
Derivative financial liabilities							
Forward exchange contracts outflow	2,299	542,807	542,807	-	-	-	-
Total	<u>\$ 18,009,412</u>	<u>19,001,543</u>	<u>8,596,183</u>	<u>381,143</u>	<u>1,671,493</u>	<u>6,543,925</u>	<u>1,808,799</u>

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

### (iv) Currency risk

#### 1) Exposure to foreign currency risk

The Group'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
<b>Financial assets</b>						
<u>Monetary items</u>						
USD:NTD	\$ 38,849	30.7150	1,193,242	32,413	27.6850	897,354
EUR:NTD	16,572	32.7400	542,570	10,927	31.3200	342,218
USD:CNY	57,536	6.9633	1,767,218	39,307	6.3702	1,088,214
<b>Financial liabilities</b>						
<u>Monetary items</u>						
USD:NTD	23,659	30.7150	726,672	41,080	27.6850	1,137,297
USD:CNY	551	6.9633	16,924	2,572	6.3702	71,208

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Sensitivity analysis

The Group'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 and other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and CNY as of December 31, 2022 and 2021 would have decreased the net profit after tax for the years ended December 31, 2022 and 2021 by \$22,075 thousand and \$8,955 thousand, respectively. The analysis assumes that all other variables remain constant.

#### 3) Foreign exchange gains (losses) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to \$244,677 thousand and \$(45,712) thousand, respectively.

#### (v) Interest rate analysis

The financial assets and liabilities's 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 Group management's assessment of the reasonably possible interest rate changes.

If the interest rate increased/decreased by 1%, the Group's net income would have increase/decrease by \$48,129 thousand and \$31,439 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's variable-rate borrowings and time deposits.

#### (vi) Other market price risk

If the price of the securities which the Group 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)
<b>Prices of securities at the reporting date</b>				
Increase 5%	<u>\$ 34,311</u>	<u>618</u>	<u>153,116</u>	<u>618</u>
Decrease 5%	<u>\$ (34,311)</u>	<u>(618)</u>	<u>(153,116)</u>	<u>(618)</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (vii) 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 bills and notes payable, accounts payable, other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, and for the investments of equity instrument that the quoted prices in active markets are unavailable and the fair value can not be measured reliably, disclosure of fair value information is not required.

The Group 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 amount and fair value of the Group'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	
<b>Financial assets at fair value through profit or loss</b>					
Preferred shares of overseas unlisted companies	\$ 15,459	-	-	15,459	15,459
<b>Financial assets at fair value through other comprehensive income</b>					
Common shares of domestic listed companies	\$ 156,455	156,455	-	-	156,455
Common shares of domestic unlisted companies	326,085	-	-	326,085	326,085
Common shares of overseas unlisted companies	<u>375,226</u>	<u>-</u>	<u>-</u>	<u>375,226</u>	<u>375,226</u>
Subtotal	<u>857,766</u>	<u>156,455</u>	<u>-</u>	<u>701,311</u>	<u>857,766</u>
Total	<u><u>\$ 873,225</u></u>	<u><u>156,455</u></u>	<u><u>-</u></u>	<u><u>716,770</u></u>	<u><u>873,225</u></u>

(Continued)



# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	December 31, 2021				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Preferred shares of overseas unlisted companies	\$ 15,459	-	-	15,459	15,459
<b>Financial assets at fair value through other comprehensive income</b>					
Common shares of domestic listed companies	\$ 2,102,835	2,102,835	-	-	2,102,835
Private shares of domestic listed companies	1,130,278	-	1,130,278	-	1,130,278
Common shares of domestic unlisted companies	360,704	-	-	360,704	360,704
Common shares of overseas unlisted companies	234,076	-	-	234,076	234,076
Subtotal	3,827,893	2,102,835	1,130,278	594,780	3,827,893
Total	<u>\$ 3,843,352</u>	<u>2,102,835</u>	<u>1,130,278</u>	<u>610,239</u>	<u>3,843,352</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Forward exchange contracts	\$ 2,299	-	2,299	-	15,459

### 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

Evaluation of financial instruments traded in active markets is 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.

If the financial instruments held by the Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets and liabilities traded in active markets by the standards and nature. The fair value is measured at the market quoted price.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- The listed private stocks are traded in active markets, whether they are public depends on the standards and nature. The fair value is measured at the market quoted price, and the control premium and restrictions on transfer by regulations and market illiquidity discount should be considered simultaneously.

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.

If the financial instruments held by the Group 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 Group 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 of the fair value is based on the valuation model accepted by the most market participants.

#### c) Fair value hierarchy

The Group 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).

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 4) Transfers between levels

The Group'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

	At fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2022	\$ 15,459	594,780	610,239
Total gains and losses recognized in other comprehensive income	-	103,536	103,536
Purchases	-	380	380
Disposals	-	(350)	(350)
Effect of changes in foreign exchange rate	-	2,965	2,965
Ending Balance, December 31, 2022	<u>\$ 15,459</u>	<u>701,311</u>	<u>716,770</u>
Opening balance, January 1, 2021	\$ 15,459	629,587	645,046
Total gains and losses recognized in other comprehensive income	-	(38,789)	(38,789)
Purchases	-	3,150	3,150
Disposals	-	(350)	(350)
Effect of changes in foreign exchange rate	-	1,182	1,182
Ending Balance, December 31, 2021	<u>\$ 15,459</u>	<u>594,780</u>	<u>610,239</u>

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

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

The Group'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 follows:

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  Value Method	• Net Asset Value  • Market illiquidity discount rate (10% as of December 31, 2022 and 2021)	• Not applicable  • The estimated fair value would increase (decrease) if the market illiquidity discount rate

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

was lower (higher).			
<b>Interrelationship between Significant Unobservable Inputs and Fair Value Measurement</b>			
<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	
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 (1.83~3.06 and 2.17~7.83 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 (30%~40% as of December 31, 2022 and 2021, respectively)	
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	• Year-on-year ratio (5.00% as of December 31, 2022 and 2021, respectively)	• The estimated fair value would increase if the year-on-year percentage increased.
		• Weighted average capital cost (11.09% and 14.07% as of December 31, 2022 and 2021, respectively)	• The estimated fair value would increase if the weighted average capital cost decreased.
		• Market illiquidity discount rate (15.80% and 14.60% as of December 31, 2022 and 2021, respectively)	• The estimated fair value would increase if the Market illiquidity discount rate was lower.
		• Non-controlling interests discount (23.10% and 24.53% as of December 31, 2022 and 2021, respectively)	• The estimated fair value would increase if the Non-controlling interests discount was lower.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

The Group'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:

		Fluctuation	Profit or loss		Other comprehensive income	
	Inputs	in inputs	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	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%	-	-	5,100	(5,100)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	44,411	(44,411)
Equity investments without an active market	Weighted average capital cost	5%	-	-	2,017	(2,017)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	23,585	(23,585)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	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%	-	-	7,631	(7,631)
Equity investments without an active market	Market illiquidity discount	5%	-	-	19,615	(19,615)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,564	(1,564)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	1,478	(1,478)

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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ad) Financial risk management

(i) Overview

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

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

The following discusses the Group'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 accompanying consolidated 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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group'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 Group 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 Group has a dispersed pattern of its list of sales customers, and 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 Group continues to evaluating the financial ability of its customers, obtain the necessary collateral and carrying out aggregate or individual evaluation for the accounts receivable based on different properties of credit risk and impairment indication.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Investments

The Group deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group 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 Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2022 and 2021, there were no guarantees provided.

#### (iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow components in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. As of December 31, 2022 and 2021, the Group's short-term and long-term unused credit line amounted to \$11,546,947 thousand and \$12,867,907 thousand, respectively, which was enough for the fulfillment of all contractual obligations

#### (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 Group'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 optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders' meeting and being monitored by internal auditing department.

#### 1) Currency risk

The Group is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Group's entities. Therefore, the Group uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Group to reduce but not to remove the impact on the fluctuation in exchange rates.

The Group regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

2) Interest rate risk

The Group's interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Group adopts a appropriate interest rate portfolio to manage its interest rate risk.

3) Other market price risk

The Group is exposed to the market price fluctuation risk since it enter into commodity contracts only when there are expected future demands.

(ae) Capital management

The Group'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 Group 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 Group 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 Group'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 Group's debt-to-equity ratio on reporting date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 36,834,786	29,711,516
Less: cash and cash equivalents	<u>(7,867,822)</u>	<u>(4,829,905)</u>
Net debt	28,966,964	24,881,611
Total equity	<u>20,242,448</u>	<u>16,819,702</u>
Total capital	<b><u>\$ 49,209,412</u></b>	<b><u>41,701,313</u></b>
Debt-to-equity ratio	<b><u>59%</u></b>	<b><u>60%</u></b>

(Continued)



## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (7) Related-party transactions

##### (a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Zoeng Chang Industry Co., Ltd.	An associate
King Zone Corporation	The Group is the juristic director of the entity
Hitachi Astemo Taichung Co., Ltd.	The Group is the juristic director of the entity
Yangzhou Tairun Hotel, Ltd.	An associate
Zhen Ding Development Co., Ltd.	The entity' s chairman is the second immediate family of the chairman of the Company
Taiwan Tea Corporation(Note1)	An associate
Sanyang Educational Foundation	Same chairman with the Company
APh (Note2)	An associate
APh ePower (Note2)	An associate

Note1: Taiwan tea Corporation transfer from other related parties to an associate on January 11,2022.

Note2: APh and APh ePower transfer from an associate to subsidiary on November 1,2022.

##### (b) Significant transactions with related parties

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

Significant sales, technical and consulting services provided to related parties and unpaid balances were as follows:

	Sales		Receivables from related parties	
	For the years ended December 31			
	2022	2021	December 31, 2022	December 31, 2021
Associates	\$ 7,425	4,858	379	429
Other related parties	2,714	3,874	212	198
	<u>\$ 10,139</u>	<u>8,732</u>	<u>591</u>	<u>627</u>

There was no significant difference between the selling prices and transaction terms for related parties and those for the ordinary courses. The credit terms ordinarily ranged from 15 to 45 days. While the pricing standards of technical service provided for related parties were not comparable, since there were no similar transactions with non-related parties. Receivables from related parties were uncollateralized, and no expected allowance were required after the assessment by the management.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Purchases

The amounts of purchases by the Group from related parties and accounts payable were as follows:

	Purchases		Payables to Related Parties	
	For the years ended December 31		December 31,	December 31,
	2022	2021	2022	2021
Associates	\$ 314,787	290,668	43,710	50,364
Other related parties	830,381	772,703	137,526	128,730
	<u>\$ 1,145,168</u>	<u>1,063,371</u>	<u>181,236</u>	<u>179,094</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were not different from the payment terms given by other vendors.

### (iii) Property transactions

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

	Objects	For the years ended December 31	
		2022	2021
Associates	Machinery and molds	\$ 1,315	1,199
Other related parties	"	220	504
		<u>\$ 1,535</u>	<u>1,703</u>

- 2) In July 2021, the group participated in the subscription of 10,000 thousand shares of APh ePower at subscription price of \$15 per share was amounted to \$150,000 thousand.
- (3) The Group subscribed to additional shares of APh and APh ePower at a percentage different from its existing ownership percentage in 2022 and 2021, please refer to the Note 6(g) and (h) for the detail.

### (iv) Other

- 1) Service received

	For the years ended December 31	
	2022	2021
<u>Consulting and other expenses</u>		
Associates	\$ 3,309	532
Other related parties	8,852	12,309
	<u>\$ 12,161</u>	<u>12,841</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

		For the years ended December 31	
		2022	2021
<u>Consulting, commission and other revenues</u>			
Associates	\$	1,278	997
Other related parties		329	354
	\$	<u>1,607</u>	<u>1,351</u>
2) Other receivables			
		December 31, 2022	December 31, 2021
Associates	\$	2,897	3,087
Other related parties		343	217
	\$	<u>3,240</u>	<u>3,304</u>
3) Loans to related parties			
		December 31, 2022	December 31, 2021
Associates-Yangzhou Tairun Hotel, Ltd.	\$	<u>264,660</u>	<u>260,760</u>
<p>The interest charged by the Group to related parties was not lower than the average interest rate of the Group's deposits in bank. The interest income of the group for the years ended December 31, 2022 and 2021 was \$8,954 thousand and \$5,060 thousand, respectively. The group has obtained a pledge of the real estate of Yangzhou Tairun Hotel, Ltd. with a value of RMB125,000 thousand and RMB90,000 thousand as collateral in 2022 and 2021 and no allowance for loss was required after the assessment.</p>			
4) Accrued expenses			
		December 31, 2022	December 31, 2021
Other related parties-Sanyang Educational Foundation	\$	148,683	138,683
Other related parties		177	8
	\$	<u>148,860</u>	<u>138,691</u>

Note: In accordance with the Board resolution as of November 10, 2022, the Group 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" in 2022.

### 5) Others

A. The Group was involved in the Phase II Land Readjustment Project, in Guang-Pu, East District, Hsinchu City. Please refer to Note 6(e) for transactions with related parties in accordance with the Readjusting Rules. The area of public facilities allocated and the burden ratio of relevant expenditures were determined according to the calculation approved by the Hsinchu City Government, which was same as other landowners.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

B. The Group lent part of the land and buildings to the associate Taiwan Tea Corporation as its office. The rent was charged monthly according to the contract. The rental income from the company for the years ended December 31, 2022 and 2021 were \$74 thousand and \$0, respectively.

(c) Key management personnel compensation

	For the years ended December 31	
	2022	2021
Short-term employee benefits	<u>\$ 89,513</u>	<u>80,977</u>

### 8) Pledged assets

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

Assets	Items being guaranteed	December 31, 2022	December 31, 2021
Notes and accounts receivable and Long term lease receivables	Long-term and short-term borrowings	\$ 310,359	326,564
Current other financial assets	Short-term borrowing, the deposits for armament purchases and warranties of the Ministry of National Defense, and the deposits for acceptance payable, etc.	5,091,213	3,978,026
Non-current other financial assets	Deposits for armanent purchases, warranties of the Ministry of National Defense, and Customs duty guarantee	24,204	155,083
Property, plant and equipment	long-term and short-term borrowings	8,852,854	8,649,800
Investment property	"	2,780,537	2,797,780
Right-of-use assets	Short-term borrowings	96,107	106,719
Total		<u>\$ 17,155,274</u>	<u>16,013,972</u>

### (9) Significant commitments and contingencies

(a) Significant unrecognized contractual commitments

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

	December 31, 2022	December 31, 2021
USD	<u>USD 92,323</u>	<u>68,879</u>
JPY	<u>JPY 111,230</u>	<u>-</u>

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

	December 31, 2022	December 31, 2021
Unpaid balance	<u>\$ 2,054,320</u>	<u>186,846</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(iii) The projects contracted by Nova Design :

	December 31, 2022	December 31, 2021
Total contract price of projects	\$ 18,427	27,104
Amount of cost certificate	\$ 965	828

(iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June 19, 2018. The joint construction will take place on 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.) and currently, 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 price of contract signed	\$ 103,830	-
The amount received according to the contract	\$ 15,579	-

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:None

(12) Other:

(a) 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	2,303,094	2,510,904	4,813,998	1,853,086	2,455,645	4,308,731
Labor and health insurance	175,783	229,834	405,617	159,794	218,765	378,559
Pension	39,484	96,338	135,822	35,229	99,148	134,377
Others	139,348	138,107	277,455	120,662	127,030	247,692
Depreciation	823,607	533,059	1,356,666	870,478	513,160	1,383,638
Amortization	8,085	15,229	23,314	16,470	13,302	29,772

Note: The retirement fund of \$11,973 thousands and \$20,969 thousand were settled, respectively as of 2022 and 2021, which were not paid by the labor pension reserve account of the group in the Bank of Taiwan and was recognized as operating expense.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (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 Group:

#### (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, Ltd.	Other receivables	Y	132,330 (CNY 30,000)	88,220 (CNY 20,000)	88,220 (CNY 20,000)	2.50%~4.00%	Short-term financing	-	Business operation	-	Property	88,220 (CNY 20,000)	263,653 (CNY 59,772)	263,653 (CNY 59,772)
2	Sanyang Global	XTBM	Other receivables	Y	13,233 (CNY 3,000)	-	-	3.91%	Short-term financing	-	Business operation	-	-	-	204,008 (CNY 46,250)	204,008 (CNY 46,250)
2	Sanyang Global	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	66,165 (CNY 15,000)	66,165 (CNY 15,000)	66,165 (CNY 15,000)	2.50%	Short-term financing	-	Business operation	-	Property	66,165 (CNY 15,000)	204,008 (CNY 46,250)	204,008 (CNY 46,250)
3	Chin Zong	VMEP	Other receivables	Y	61,430 (USD 2,000)	52,216 (USD 1,700)	52,216 (USD 1,700)	Note 2	Short-term financing	-	Business operation	-	-	-	40,726	40,726
4	Chong Hing	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	110,275 (CNY 25,000)	-	-	4.00%	Short-term financing	-	Business operation	-	-	-	1,508,385 (CNY 341,960)	1,508,385 (CNY 341,960)
5	Nova Shanghai	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	220,550 (CNY 50,000)	110,275 (CNY 25,000)	110,275 (CNY 25,000)	2.50%	Short-term financing	-	Business operation	-	Property	396,990 (CNY 90,000)	119,881 (CNY 27,178)	119,881 (CNY 27,178)
6	Ching Ta	Yi Young	Other receivables	Y	100,000	80,000	-	1.07%	Short-term financing	-	Business operation	-	-	-	486,125	486,125

Note 1: The numbering method is as follows:

- (1) “0” represents the parent company.
- (2) Subsidiaries 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 Sanyang Global.

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 Ching 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 purchases and sales transactions with the lender for the last year.

Note 6: The amount of loan between VMEP and Chin Zong was zero on January 11, 2023.

Note 7: The maximum balance in the current period was double-calculated, and the company did not actually exceed the limit due to the Nova Shanghai approval of the board of directors beforehand.

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

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to 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/guaran- tees 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/guaran- tees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/gua- nteas 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 (USD 4,000)	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 (CNY 440,300) (USD 18,225)	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 (CNY 201,000)	26.52%	3,770,962	N	Y	N
4	TBM BVI	TBM	3	76,580	30,000	30,000	27,000	31,944 (USD 1,040)	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 endorsements/ guarantees provided shall not exceed 10% of the Company’s equity.

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 net worth.

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 equity.

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.

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Maximum Percentage of ownership	Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Equity- Hitachi Astemo Taichung Co., Ltd.	The Company is the juristic director of the entity	Note1	5,339	98,287	19.94%	98,287	19.94%	
The Company	Equity-Lico Technology Corporation	-	Note2	8,861	-	7.13%	-	7.13%	
The Company	Equity-Sheng Mao Investment Co., Ltd.	The Company is the juristic director of the entity	Note1	1,500	33,750	25.00%	33,750	25.00%	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note1	1,500	28,275	0.16%	28,275	0.16%	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	360	8,100	6.00%	8,100	6.00%	
Youth Taisun	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	75	1,490	0.50%	1,490	0.50%	
Nanyang	Equity-The Company	Parent company	Note1	4,351	147,280	0.55%	147,280	0.55%	
Nanyang	Equity-Chaur Chin Industries Co., Ltd.	-	Note1	1	139	0.28%	139	0.28%	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	300	6,750	5.00%	6,750	5.00%	
Ching Ta	Equity-The Company	Parent company	Note1	981	33,224	0.12%	33,224	0.12%	
Ching Ta	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	60	1,350	1.00%	1,350	1.00%	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	2,600	51,662	17.33%	51,662	17.33%	
Ching Ta	Equity-King Zone Co., Ltd.	The Group is the juristic director of the entity	Note1	800	5,200	10.00%	5,200	10.00%	
Ching Ta	Equity-Tac / Taiwan Aerospace Corp.	-	Note2	17	-	0.01%	-	0.01%	
Ching Ta	Preferred equity-Setex Technologies Inc.	-	Note2	78	15,459	2.45%	15,459	3.14%	
Ching Ta	Equity LSC Ecosystem Corporation.	-	Note1	9,167	3,758	6.94%	3,758	7.41%	
Ching Ta	Equity Gold Yu Co., Ltd.	-	Note1	3,000	55,200	5.56%	55,200	5.56%	
Ching Ta	Equity Full Speed Express Corp	-	Note1	1,290	245	3.60%	245	5.42%	
Ching Ta	Equity Grand Pacific Petrochemical Corporation	-	Note1	6,800	128,180	0.73%	128,180	0.73%	
Ching Ta	Equity-Chyuan Mei		Note1	38	380	19.00%	380	19.00%	
Chu-Yang	Equity-Ding Tai Motor Co., Ltd.	-	Note1	100	1,000	2.55%	1,000	2.55%	
Chu-Yang	Equity-Ding Sheng Motor Co., Ltd.	-	Note1	165	1,650	5.44%	1,650	6.59%	
Chu-Yang	Equity-Hong Yu Motor Co., Ltd.	-	Note1	310	3,100	9.54%	3,100	9.54%	
Chu-Yang	Equity-Sang Shun Wang Motor Co., Ltd.	-	Note1	100	1,086	3.45%	1,086	3.45%	
Fact Co., Ltd.	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	60	1,063	1.00%	1,063	1.00%	
Fact Co., Ltd.	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	1,500	23,471	10.00%	23,471	10.00%	
TBM	Equity-Vietnam Hong Zheng Science & Technology Co., Ltd.	-	Note1	-	11,355	19.00%	11,355	19.00%	
TBM	Equity-Vietnam Hung Li Science & Technology Co., Ltd.	-	Note1	-	1,141	1.62%	1,141	6.08%	
TBM	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	600	13,500	10.00%	13,500	10.00%	
TBM	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note1	750	14,904	5.00%	14,904	5.00%	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	Note1	1,519	362,730	6.76%	362,730	6.76%	

Note1 : Financial assets at fair value through other comprehensive income.

Note2 : Financial assets at fair value through profit or loss.

Note3 : 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 ; CNY1=NTD4.4110

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

(Continued)



# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated 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/ foreign currency)

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
Shan Young	Equity-Taiwan Tea Corporation	Investments accounted for using the equity method	public markets	Non-related party	156,420	3,021,628	56,011	1,181,723	-	-	-	-	-	212,431	3,985,973
The Company	Equity-APh ePower	Investments accounted for using the equity method	Buy from : Natural person Sell to : Share exchange (Note 2)	Buy from : Non-related party Sell to : associate	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 Share exchange (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	Investments accounted for using the equity method	Cash capital increase (Note 3)	Subsidiary	-	-	52,367	785,500	-	-	-	-	-	174,367	954,301

Note1 : The ending balance include investment income or loss for using the equity method,related adjustment items and fair value adjustment.

Note2 : In May 2022, APh ePower conducted a payment-in-kind of equity shares. The Company exchanged one ordinary share of APh ePower to one share of APh by 40,000 thousand shares, with a total amount of \$317,451 thousand. In June 2022, the Company increased its invested capital in APh by 26,667 thousand shares, with an investment amount of \$400,000 thousand. Later in November 2022, the Company increased its invested capital in APh by 26,667 thousand shares, with an investment amount of \$400,000 thousand. Please refer to Note 6 (g) and (h) for details.

Note3 : The shares of APh ePower held by APh 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 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	2022.05.20	372,662	372,662	Natural person	Non-related party	-	-	-	-	Appraisal report	Business purpose	

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

Name of company	Name of property	Transaction date	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (Loss)on disposal	Counterparty	Relationship with the seller	Reason for disposal	References for determining price	Other terms
The Company	Land,numbered 259, etc. and the buildings on it, located at Ronghua Section	2022.06.14	1979.02.27 ~ 1993.06.10	97,036	1,200,000	1,200,000	Note 1	Chuan Shing Engineering Corporation	Non-related party	Earning profit	Appraisal report	

Note1 : The transfer of ownership was still in process.The investment properties were reclassified as non-current assets held for sale,please refer to the Note6(f).

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (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)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
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 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	"	"	8,103	1	
The Company	Xia Shing Motor	Note 2	Sales	(381,883)	(1)	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	"	"	12,644	1	
The Company	VMEP	Note 2	Sales	(113,745)	-	Payment received 120 days on a monthly settlement base	"	"	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)	
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	Hitachi Astemo Taichung	Note 4	Purchases	757,225	3	Payment paid 45 days after acceptance	"	"	(124,215)	(4)	
The Company	ZOENG CHANG	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 documents approved	"	"	5,345	4	
Nanyang	Li Yang	Note 2	Sales	(185,886)	(1)	Cars : Payment received 7 days after shipment Parts : Payment received 15 days of the following month	"	"	1,023	1	
Nanyang	The Company	Note 1	Purchases	10,232,064	91	8 billion in credit and payment received 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 received 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 on a monthly settlement base	"	"	224,004	98	

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Name of purchaser/seller	Counter-party	Ending balance	Percentage of total notes/accounts receivable (payable)	
Xia Shing Trading	The Company	Note 1	Purchases	210,501	7	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	No ordinary transaction can be compared to	No ordinary transaction can be compared to	(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 paid 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 on a monthly settlement base	"	"	159,757	18	
Xia Shing Motor	VMEP	Note 3	Sales	(744,896)	(7)	Payment received 120 days after shipment	"	"	258,572	30	
Xia Shing Motor	The Company	Note 1	Purchases	381,883	3	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	"	"	(12,644)	(1)	
Xia Shing Motor	XTBM	Note 3	Purchases	243,401	2	Payment paid 30 days on a monthly settlement base	"	"	(12,350)	(1)	
Xia Shing Motor	SCK	Note 3	Purchases	453,187	4	Payment paid 15 days on a monthly settlement base	"	"	(2,836)	-	
TBM	The Company	Note 1	Sales	(577,117)	(84)	Payment received 45 days after acceptance	"	"	94,674	82	
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 documents 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 in December, 120 days in 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	Cars : Payment paid 7 days after shipment Parts : Payment paid 15 days of the following month	"	"	(1,023)	(53)	
Sanyang Global	VMEP	Note 3	Sales	(241,705)	(69)	Payment received 60 days after shipment in December, 120 days in other months.	"	"	210,864	94	
Sanyang Global	Xia Shing Trading	Note 3	Purchases	230,083	65	Payment paid 120 days on a monthly settlement base	"	"	(224,004)	(90)	
XTBM	Xia Shing Motor	Note 3	Sales	(243,401)	(87)	Payment received 30 days on a monthly settlement base	"	"	12,350	87	
VTBM	VMEP	Note 1	Sales	(195,720)	(82)	Payment paid 45 days after shipment	"	"	19,685	74	
SCK	Xia Shing Motor	Note 3	Sales	(453,187)	(55)	Payment received 15 days on a monthly settlement base	"	"	2,836	2	
Nova Design	The Company	Note 1	Sales	(102,940)	(80)	Payment paid 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 4: Substantive related party.

(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 allowance
					Amount	Action taken		
The Company	SIT	Subsidiaries	360,587 (EUR 11,014)	4.09	-		46,415 (EUR 1,418)	-
Xia Shing Trading	Sanyang Global	Affiliate	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	Affiliate	258,572 (USD 8,418)	2.68	-		170,714 (USD 5,558)	-
Sanyang Global	VMEP	Affiliate	210,864 (USD 6,865)	2.29	-		60,816 (USD 1,980)	-
Nova Shanghai	Yangzhou Tairun Hotel, Ltd	An associate	110,275 (USD 25,000)	N/A	-		-	-

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

(viii) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Name of company	Counter-party	Relationship	Intercompany transaction			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Xia Shing Motor	1	Accounts payable to related parties	175,325	Note 3	0.31%
0	The Company	SIT	1	Accounts receivable from related parties	360,587	"	0.63%
0	The Company	Nanyang	1	Sales revenue	10,232,064	"	20.12%
0	The Company	Chu - Yang	1	Sales revenue	838,784	"	1.65%
0	The Company	SIT	1	Sales revenue	970,330	"	1.91%
0	The Company	SDE	1	Sales revenue	114,331	"	0.22%
0	The Company	Xia Shing Trading	1	Sales revenue	210,501	"	0.41%
0	The Company	Xia Shing Motor	1	Sales revenue	381,883	"	0.75%
0	The Company	VMEP	1	Sales revenue	113,745	"	0.22%
0	The Company	Xia Shing Motor	1	Cost of goods sold	3,164,801	"	6.22%
0	The Company	TBM	1	Cost of goods sold	577,117	"	1.13%
0	The Company	Youth Taisun	1	Cost of goods sold	316,446	"	0.62%
1	Nanyang	Sunshine Auto-Lease	1	Sales revenue	403,040	"	0.79%
1	Nanyang	Jau Ryh	1	Sales revenue	100,030	"	0.20%
1	Nanyang	Li Yang	1	Sales revenue	185,886	"	0.37%
2	Xia Shing Trading	Sanyang Global	3	Accounts receivable from related parties	224,004	"	0.39%
2	Xia Shing Trading	Sanyang Global	3	Sales revenue	230,083	"	0.45%
3	Xia Shing Motor	Xia Shing Trading	1	Accounts receivable from related parties	159,757	"	0.28%
3	Xia Shing Motor	Xia Shing Trading	1	Sales revenue	2,432,554	"	4.78%
3	Xia Shing Motor	VMEP	3	Sales revenue	744,896	"	1.46%
3	Xia Shing Motor	XTBM	3	Cost of goods sold	243,401	"	0.48%
3	Xia Shing Motor	SCK	3	Cost of goods sold	453,187	"	0.89%
3	Xia Shing Motor	VMEP	3	Accounts receivable from related parties	258,572	"	0.45%
4	VMEP	Sanyang Global	3	Accounts payable to related parties	210,864	"	0.37%
4	VMEP	Sanyang Global	3	Cost of goods sold	241,705	"	0.48%
5	VTBM	VMEP	3	Sales revenue	195,720	"	0.38%
6	Nova Design	The Company	2	Sales revenue	102,940	"	0.20%

Note 1: The numbering method is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The Relationship is classified into the following three types:

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

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 3: Except for terms for transactions uncomparable to ordinary transactions are in accordance with the agreement between both parties, the others are similar to ordinary terms.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 5: Contra-transactions are not disclosed.

(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			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2021	December 31, 2020	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	100.00%	(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	100.00%	10,175	10,175	"
"	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	55,329	100.00%	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	89.78%	447,524	401,402	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	193,392	100.00%	400	400	"
"	Sunshine Auto - Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	7,624	16.27%	92,634	16.27%	34,259	5,574	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	111,467	99.66%	1,264,998	99.66%	44,651	44,500	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,770,953	100.00%	117,272	117,272	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	100,229	100.00%	1,039	1,039	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	7,414,251	100.00%	1,037,662	1,037,662	"
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	215,271	100.00%	30,817	30,817	"
"	APh ePower	Taiwan	Power source development industry	-	410,000	-	0.00%	-	32.79%	(118,421)	(10,393)	Note 1、3
"	APh	Taiwan	Investment activities	1,270,000	-	93,333	53.23%	1,379,577	53.23%	(99,854)	(46,453)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	(2,374)	100.00%	(16,003)	(16,003)	Note 1
"	Yi Young	Taiwan	Waste disposal	280,000	-	28,000	100.00%	263,044	100.00%	(16,956)	(16,956)	
Shan Young	Taiwan Tea Corporation	Taiwan	Sale of teas and real estate development, etc.	3,738,224	-	212,431	26.89%	3,985,973	26.89%	(1,650,230)	Disclosure	Note 2
APh	APh ePower	Taiwan	Power source development industry	1,053,900	-	28,807	100.00%	954,301	100.00%	(118,421)	"	Note 1、3
Nanyang	Sunshine Auto- Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	28,807	61.46%	334,494	61.46%	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	100.00%	974	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	38,393	92.86%	8,109	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	99,792	100.00%	(127)	"	"
"	Jau Ryh	Taiwan	Truck rental and leasing	34,328	34,328	2,993	100.00%	51,863	100.00%	15,568	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	96,038	100.00%	36,213	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	62,490	42.30%	(2,918)	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	6,391	55.00%	84,237	55.00%	35,319	"	"
"	Sunshine Auto- Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	9,898	21.12%	120,248	21.12%	34,259	"	"
"	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	30,922	100.00%	(7,555)	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	85,240	57.70%	(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	40.00%	70,376	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	51,085	29.29%	(16,718)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	22.32%	101,683	25.77%	(2,752)	"	"
"	Taiwan Tea Corporation	Taiwan	Sale of teas and real estate development, etc.	156,852	-	7,495	0.95%	139,881	0.95%	(1,650,230)	"	"
"	He Xu International Co., Ltd	Taiwan	Recreational activities venue	30,000	-	3,000	30.00%	29,829	30.00%	(572)	"	"
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	794,843	794,843	-	100.00%	3,770,948	100.00%	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	100.00%	41,594	"	"
				(USD13,226)	(USD13,226)			(USD14,964)		(USD1,396)		
"	VMEPH	Cayman Islands	Investment shareholding company	3,040,294	3,040,294	608,818	67.07%	1,051,379	67.07%	(1,205)	"	"
				(USD98,984)	(USD98,984)			(USD34,230)		(USD(40))		
"	New Path	Samoa	Investment shareholding company	282,786	282,786	-	100.00%	516,834	100.00%	20,588	"	"
				(USD9,207)	(USD9,207)			(USD16,827)		(USD691)		

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2021	December 31, 2020	Shares (in thousands)	Percentage of ownership	Carrying value				
SYI	PIL	British Virgin Islands	Investment shareholding company	424,973 (USD13,836)	424,973 (USD13,836)	-	100.00%	3,006,262 (USD97,876)	100.00%	919,075 (USD30,839)	"	Note 1
"	Sun Goal	Samoa	Investment shareholding company	268,167 (USD8,731)	268,167 (USD8,731)	-	100.00%	199,521 (USD6,496)	100.00%	18,056 (USD606)	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	100,352	100.00%	19,669	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	41,125	69.00%	(157)	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	85,000	150,000	8,500	100.00%	101,814	100.00%	18,108	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,096,632 (USD165,933)	5,096,632 (USD165,933)	-	100.00%	1,394,690 (USD45,407)	100.00%	24,411 (USD(819))	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc	138,218 (USD4,500)	138,218 (USD4,500)	-	100.00%	144,514 (USD4,705)	100.00%	(469) (USD(16))	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	14,282 (USD465)	14,282 (USD465)	-	31.00%	18,648 (USD607)	31.00%	(157) (USD(5))	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	221,547 (USD7,213)	221,547 (USD7,213)	-	99.94%	219,969 (USD7,162)	99.94%	(8) (USD-)	"	"
Qing Zhao Investment Co., Ltd.	Sunny Mind High Technology Inc.	Samoa	Investment shareholding company	330,951	330,951	-	100.00%	186,035	100.00%	(16,104)	"	Note 2

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

Note 3: The Company exchanged one ordinary share of APh ePower to one share of APh. Please refer to Note 6 (g) for detail.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Maximum percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Xia Shing Motor	Manufacturing, assembling and sale of scooters and its parts, along with the follow-up warranty service	706,445 (USD 23,000)	(ii) Note 1 (2)1	424,973 (USD 13,836)	-	-	424,973 (USD 13,836)	1,198,761 (USD 40,224)	76.67%	76.67%	919,090 (USD 30,839)	3,004,414 (USD 97,816)	-
Xia Shing Trading	Retail of scooters and its parts	13,233 (CNY 3,000)	(ii) Note 1 (3)1	-	-	-	-	45,405 (CNY 10,266)	76.67%	76.67%	Note 4	44,864 (CNY 10,171)	-
SCK	Manufacturing and sale of scooter parts	1,014,824 (USD 33,040)	(ii) Note 1 (2)1	713,387 (USD 23,226)	-	-	713,387 (USD 23,226)	59,649 (USD 2,001)	100.00%	100.00%	59,649 (USD 2,001)	659,130 (USD 21,460)	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	Note 1	(ii) Note 1 (2)1	1,096,587 (USD 35,702)	-	-	1,096,587 (USD 35,702)	-	-	-	-	-	538,280 (USD 17,525)
Sanyang Global	Developing, wholesaling, importing and exporting the following items: computer software, tool equipment, molds, (electric)scooter and automobile and their parts	276,435 (USD 9,000)	(ii) Note 1 (2)1	276,435 (USD 9,000)	-	-	276,435 (USD 9,000)	20,527 (USD 689)	100.00%	100.00%	20,527 (USD 689)	510,019 (USD 16,605)	-
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	46,288 (USD 1,507)	(ii) Note 1 (1)1	13,883 (USD 452)	-	-	13,883 (USD 452)	-	30.00%	30.00%	-	-	-
NOVA Shanghai	Product design	399,356 (USD 13,002)	(ii) Note 1 (2)2	353,560 (USD 11,511)	-	-	353,560 (USD 11,511)	(7,812) (USD (262))	100.00%	100.00%	(7,812) (USD (262))	299,700 (USD 9,757)	-
XTBM	Manufacturing, processing and sale of scooter parts	135,146 (USD 4,400)	(ii) Note 1 (2)3	135,146 (USD 4,400)	-	-	135,146 (USD 4,400)	19,327 (USD 648)	54.81%	54.81%	10,594 (USD 355)	37,114 (USD 1,208)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note 2	(ii) Note 1 (2)3	21,439 (USD 698)	-	-	21,439 (USD 698)	-	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	Note 3	(ii) Note 1 (2)4	190,464 (USD 6,201)	-	-	190,464 (USD 6,201)	-	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	124,396 (USD 4,050)	(ii) Note 1 (2)4	124,396 (USD 4,050)	-	-	124,396 (USD 4,050)	(127) (USD (4))	89.78%	89.78%	(114) (USD (4))	89,594 (USD 2,917)	-
Yangzhou Yangrun Hotels Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,575 (USD 5,000)	(ii) Note 1 (2)5	153,575 (USD 5,000)	-	-	153,575 (USD 5,000)	8,565 (USD 287)	29.19%	29.19%	2,500 (USD 83)	51,127 (USD 1,665)	-
Yangzhou Tairun Hotels Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,575 (USD 5,000)	(ii) Note 1 (2)5	-	-	-	-	(24,739) (USD (830))	29.19%	29.19%	(7,221) (USD (242))	(8,838) (USD (288))	-
Yangzhou Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,206 (CNY 500)	(ii) Note 1 (2)6	-	-	-	-	-	29.19%	29.19%	-	2,198 (CNY 498)	-

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 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 on February 10, 2012. The liquidation of Su Zhou Hui Ying 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.

(Continued)

## SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	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.
- (3) Through existing investing company in the 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=NTD4.411

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 Group 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:

Shareholder' s Name	Shareholding	Shares	Percentage
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, private shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every quarter.

(Continued)



# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (14) Segment information:

#### (a) General information

The Group has two main reportable segments: domestic segment overseas segment, whose major businesses are manufacturing and selling automobile, scooter and their parts, and providing related technical service and consulting service.

All operating results are submitted for review to the operational decision maker of the Group, and therefore the resources could be distributed properly among segments based on respective performance.

The segment revenues are from external customers, excluding non-operating revenues and investment income or losses.

The segment profits or losses are the remaining amount after segment revenues minus costs and expenses, which are related to revenues generation. If the costs and expenses are not directly attributable, they should be allocated among segments proportionately to respective operating revenues.

#### (b) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2022	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
<b>Revenues:</b>					
Revenues from external customers	\$ 38,553,226	12,164,204	133,188	-	50,850,618
Intersegment revenues	1,831,300	3,324,086	126,414	(5,281,800)	-
Total revenues	<u>\$ 40,384,526</u>	<u>15,488,290</u>	<u>259,602</u>	<u>(5,281,800)</u>	<u>50,850,618</u>
Interest expenses	\$ 204,998	45,940	27,647	-	278,585
Depreciation and amortization	1,073,454	176,178	130,348	-	1,379,980
Reportable segment profit or loss	<u>\$ 3,672,532</u>	<u>1,446,393</u>	<u>(233,109)</u>	<u>(835,830)</u>	<u>4,049,986</u>
<b>Assets:</b>					
Investments accounted for using the equity method	\$ -	-	4,643,509	-	4,643,509
Capital expenditure	2,089,197	190,287	2,642	-	2,282,126
Reportable segment assets	<u>\$ 49,360,587</u>	<u>15,144,795</u>	<u>16,976,011</u>	<u>(24,404,119)</u>	<u>57,077,274</u>
Reportable segment liabilities	<u>\$ 28,895,688</u>	<u>4,696,022</u>	<u>3,238,233</u>	<u>4,843</u>	<u>36,834,786</u>

(Continued)

# SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
<b>Revenues:</b>					
Revenues from external customers	\$ 32,299,372	9,201,031	116,948	-	41,617,351
Intersegment revenues	6,183,924	3,758,219	135,076	(10,077,219)	-
Total revenues	<u>\$ 38,483,296</u>	<u>12,959,250</u>	<u>252,024</u>	<u>(10,077,219)</u>	<u>41,617,351</u>
Interest expenses	\$ 158,326	28,305	16,135	(6,274)	196,492
Depreciation and amortization	1,135,794	169,450	129,702	(21,536)	1,413,410
Reportable segment profit or loss	<u>\$ 2,121,640</u>	<u>715,669</u>	<u>(22,387)</u>	<u>(473,619)</u>	<u>2,341,303</u>
<b>Assets:</b>					
Investments accounted for using the equity method	\$ -	-	733,112	-	733,112
Capital expenditure	1,072,559	185,055	2,098	-	1,259,712
Reportable segment assets	<u>\$ 41,804,326</u>	<u>11,811,171</u>	<u>15,361,757</u>	<u>(22,446,036)</u>	<u>46,531,218</u>
Reportable segment liabilities	<u>\$ 24,085,644</u>	<u>4,274,906</u>	<u>2,030,126</u>	<u>(679,160)</u>	<u>29,711,516</u>

### (c) Geographic information

In presenting information on the basis of geography, segment revenues are based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues from external customers:</b>		
Taiwan	\$ 33,973,435	28,156,625
Mainland China	4,279,348	3,593,658
Asia	6,168,775	4,052,761
Europe	4,664,325	4,391,245
Others	1,764,735	1,423,062
Total	<u>\$ 50,850,618</u>	<u>41,617,351</u>
<b>Non-current assets:</b>		
Taiwan	\$ 18,330,521	16,215,336
Mainland China	957,373	943,969
Vietnam	303,178	244,249
Others	11,856	13,152
Total	<u>\$ 19,602,928</u>	<u>17,416,706</u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and other non-current assets, excluding financial instruments and deferred tax assets.

### (d) Major customers

The revenues contributed by major customers amounted to 10% of the Group's consolidated revenues in the year of 2022 and 2021: None.