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SANYANG MOTOR CO., LTD. Annual Report 2022

三陽工業

SANYANG MOTOR

Annual Report 2022

Stock Code:2206



SANYANG MOTOR CO.,LTD.

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Website of the Company: <http://www.sanyang.com.tw>

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Table of Contents

	<u>Page</u>
Chapter 1. Letter to Shareholders-----	1
I. 2022 Business Report -----	1
II. Outline of 2023 Business Plan -----	13
III. Future Development Strategies of the Company and Effects of External Competitions, Legal Environment and Overall Business Environment-----	15
Chapter 2. Company Overview -----	17
I. Company Profile-----	17
II. Company History-----	17
Chapter 3. Corporate Governance Report -----	23
I. Company Organization Structure-----	23
II. Information of Directors and Main Managers -----	27
III. Corporate Governance and Operations-----	39
IV. Information about CPA Professional Fee -----	81
V. CPAs Replacement Related Information-----	82
VI. Information Regarding the Chairman, Presidents, Financial and Accounting Managers Holding a Position at an Accounting Firm or an Affiliate in the Most Recent Fiscal Year -----	82
VII. Conditions of Share Transfer and Changes in Equity Pledge from the Directors, Managers, and Shareholders Holding over 10% of Shares in the Most Recent Year and as of the Date of the Annual Report -----	82
VIII. Information on Relationships among top 10 Shareholders -----	84
IX. Number of Shares Held by the Company, Its Directors, Managers or Any Companies under Direct or Indirect Control of the Company in a Single Enterprise, and Their Total Shareholding Ratio -----	86
Chapter 4. Funding Status -----	87
I. Capital and Shares-----	87
II. Issuance of Corporate Bonds, Preferred Stocks, Overseas Depository Receipts, Employee Stock Option Certificates, Mergers and Acquisitions or Issuance of New Shares for Acquisition of Other Companies -----	93
III. Implementation of the Company's Capital Allocation Plans -----	93
Chapter 5. Overview of Operations-----	94
I. Business Activities -----	94
II. Overview of the Market, Production and Sales-----	105
III. Employee Information-----	119
IV. Environmental Protection Expenditures-----	119
V. Labor Relations -----	121
VI. Important Contracts -----	129

Chapter 6.	Financial Overview -----	131
I.	Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the Past Five Fiscal Years-----	131
II.	Separate Condensed Balance Sheets and Separate Statements of Comprehensive Income for the Past Five Fiscal Years-----	132
III.	CPAs and Audit Opinions of the Past Five Fiscal Years -----	133
IV.	Financial Analysis -----	134
V.	Audit Committee's Reports on Financial Report of the Most Recent Fiscal Year-----	140
VI.	Financial Statements of the Most Recent Fiscal Year -----	141
VII.	Consolidated Financial Statements of the Parent Company and Subsidiaries of the Most Recent Fiscal Year Audited and Attested by CPAs -----	236
VIII.	Effects of Any Insolvency of the Company and Its Affiliates upon the Company's Financial Position during the Most Recent Fiscal Year and as of the Date of the Annual Report -----	341
Chapter 7.	Review and Analysis of Financial Position and Financial Performance and Risk Management -----	342
I.	Financial Position-----	342
II.	Financial Performance-----	343
III.	Cash flow-----	344
IV.	Impacts of Material Capital Expenditure in the Most Recent Fiscal Year upon Financial Business -----	344
V.	Reinvestment Policy for the Most Recent Fiscal Year, Main Causes of Profits or Losses Resulting Therefrom, Improvement Plans and Investment Plan for the Upcoming Fiscal Year-----	345
VI.	Risk Management and Assessment-----	345
VII.	Other Important Matters -----	353
Chapter 8.	Special Notes -----	354
I.	Information on Affiliates -----	354
II.	Issuance of Private Placement Securities of the Most Recent Fiscal Year and as of the Date of the Annual Report -----	365
III.	Holding or Disposal of Company's Share by Subsidiaries in the Most Recent Fiscal Year and as of the Date of the Annual Report-----	365
IV.	Other Necessary Supplementary Information -----	365
V.	Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and as of the Date of the Annual Report -----	365

Chapter 1 Letter to Shareholders

I. 2022 Business Report

(I) Results of Operation

Net sales amount was NT\$ 35,882,517 thousand, and compared with the net sales in 2021 amounting to NT\$29,876,799 thousand, a 20.10% increase.

(II) Budget Execution

Unit: NT\$ thousand

Item	Estimated 2022 net operating revenue	Actual 2022 net operating revenue	Difference	Control rate (%)
Motorcycles	20,012,156	20,906,964	894,808	104.47
Automobiles	11,157,114	11,969,875	812,761	107.28
Others	2,369,940	3,005,678	635,738	126.83
Total	33,539,210	35,882,517	2,343,307	106.99

(III) Financial Revenue and Expenditure and Profitability Analysis

1. Financial revenue and expenditure:

In 2022, net operating revenue was NT\$ 35,882,517 thousand, operating cost was NT\$ 31,649,964 thousand, operating expense was NT\$ 2,459,217 thousand, net operating income was NT\$ 1,745,717 thousand, net profit of non-operating income and expense was NT\$ 1,721,513 thousand and profit before income tax was NT\$ 3,467,230 thousand.

2. Profitability analysis:

Item	2022	2021
Return on assets (ROA) (%)	8.47	5.58
Return on equity (ROE) (%)	18.75	12.13
Net profit margin (%)	8.68	6.13
Earnings per share (EPS) (current period) (NT\$)	3.93	2.30

(IV) Research and Development

1. Motorcycles

(1) Mass production models launched in 2022:

A. All-new DUKE 12 5 (Taiwan)

Introduction

The all-new Duke, a “national universal motorcycle” inspired by Sanyang for the new era, satisfies the commutation, mobility and family scenarios and caters to various user needs in all aspects. It features the all-new EnMIS asynchronous ignition system with the dual spark plug, which creates the optimal fuel consumption value of merely 63.9km/L while ensuring the optimal dynamic performance. Moreover, it also defines the style a national universal motorcycle should have in the new era with its elegant and simple profile. Functionally, it boasts the maximum storage space under the cushion among the 37.5kg class, a front opening storage space that easily accommodates 700c.c. of hand-shaken drink, an ample front foot space that can hold a 20-inch boarding luggage case, the cushion with the biggest length of 689 mm in the same class, a cushion height of merely 755mm that makes two passengers more comfortable and a light weight combined with an easy central column that makes it easier to wander, shuttle or park in the metropolis. With the good sales record and numerous compliments won after the launch, the all-new Duke has redefined the standard and example for the national universal motorcycle for the new era.

Product Positioning

The major target customers are males aged 35~54, a group that pay more attention to economy, safety and practicality. They mainly use the motorcycle to go to work, pick up family members or go shopping. They don't desire very complicated functions but are more sensitive to price and stress practical functions in making sales decision. It is mainly positioned as the national universal motorcycle equipped with all-new technologies.

B. Fiddle 125/Fiddle DX 150 (Taiwan)

Introduction

It is a representative motorcycle Sanyang has forged to take a

foothold in the fashion market and target metropolitan men and women who prefer the classic and fashionable style. Fiddle renders an elegant and dedicates classic style, highlights the design language with an elegant streamline across the body and embodies an elegant and introvert atmosphere with a mellow and full profile. Moreover, the reshaped heat cover of the exhaust pipe is a better proof that Sanyang pays much attention to quality in detail. In 2022, Fiddle optimized the front foot space and storage space to enhance the convenience and safety for users. In August, we launched the version equipped with the keyless start/stop system version in order for customers to ride more elegantly and save the trouble of finding no key. Fiddle not only pays much attention to every detail of exterior design but also attaches importance to the users' needs in the hope of providing a better driving experience. It is a motorcycle that reflects the elegant texture from exterior design to internal configuration.

Product Positioning

Targeting middle and high income office workers aged 25 to 44. The 125c.c. version mainly targets women and the 150c.c. Version mainly targets men. They are consumers who prefer retro models and focus on product designs. Applicable to medium/short-distance commuting, it is an urban motorcycle with excellent shape and practicability in virtue of Grade I fuel consumption.

C. KRNBT 125 (Taiwan)

Introduction

The KRNBT is a new motorcycle developed outside of existing motorcycle segments to satisfy the pursuit of exclusive pleasure, attract new customers who prefer unique concepts and inspire the favorite for the SYM brand among the young. It offers pleasure with the perception of uniqueness, virility, with technologically advanced features. It designs a multifunctional lock on the frame to satisfy the pleasure of diversified appearance. It is armed with an inversed front suspension, a dual triangular platform, an enforced medium and low-speed setting and an SYM-specific Three Zero technology-based engine, which inspires the driver to drive with enthusiasm. After shipment, the original KRNBT presents a strong unique atmosphere. Moreover, consumers can apply their creative

ideas to design more personalized exteriors based on personal needs and preferences, thereby making every KRNBT unique in the city.

Product Positioning

Young males and females aged 18-24 who like to be unique and who value self-expression. The KRNBT is unique in style, changeable pleasure and maneuverability. As a motorcycle born for personalization, it is simply positioned as “the entire city is your amusement park”.

D. DRGBT 158 R-Edition (Taiwan)

Introduction

DRGBT is a brand new generation of liquid-cooled engine, 158 c.c. scooter introduced for the Taiwanese market. With the dragon, one of the oriental four divine beasts, as its design inspiration, its edgy styling was integrated with the high-speed line of supercars. It is positioned as a “performance sporty scooter” among the various models of scooters. With its unique exterior design and excellent functional equipment, it has won numerous praises since its launch in 2019. In July 2022, the DRGBT has evolved again and the keyless start system version was launched to upgrade convenience. At the same time, it adopts the all-new crystal brake pump design with the upgraded texture, and the 3D tridimensional handle button switch that greatly upgrades the hand feeling with the optimal ergonomic design. With the continuous optimization of the overall style, the DRGBT displays the unique charm of a flagship-grade performance racing motorcycle and lays the foundation for its flagship performance again.

Product Positioning

The major target customers are men aged 18-24, and the second-tier customers are men aged 25-29. With a unique, avant-garde, speedy appearance, and rich technological equipment, it meets the demands of young people's leisure and heavy motorcyclists' daily multi-functional life.

E. MMBCU 158 (Taiwan)

Introduction

To continuously satisfy different consumer groups, SYM has

launched an all-new product line“ the CU series”based on its proud 158c.c. R-generation water-cooled engine. In the CU, C means crossover and U means the unique design style. The first model launched in the CU series is the MMBCU, a new-generation running motorcycle.

The MMBCU combines the European design style and the Mamba’s image, includes the biological characteristics of the Mamba in the overall detailed design, including the tridimensional scale texture rendered on the lateral varnish part and the snake bellow sketch on the PP material, to enhance the specific texture. Besides, the MMBCU also adopts the LED headlight as well as the LED positioning light, turning lights and taillights, which make the MMBCU more identifiable and riding safer while enhancing the visual effect.

Product Positioning

The major target customers are men aged 30-34, and the second-tier customers are men aged 35-39. It balances performance and riding comfort and satisfies consumers’ desire to enjoy the riding pleasure.

F. Joymax Z+ (Taiwan)

Introduction

After introducing the new front style and the modified dual LED headlights in European and Chinese markets, the motorcycle has won the consumer preference and changed its introvert style to the generous and steady style. Yet, it still maintains the flexible visual perception. Thus, it has been introduced to the Taiwanese market and added the TCS (track system) active safety system. It is a “beginner cruiser 300 with high-quality riding feeling and the high-CP value large scooter at a favorable price.

Product Positioning

Oriented to (young and mature) male office workers at the age of 30-40, people purchasing motorcycle for the first time who is sensitive to price and has limited motorcycle budget. It can meet the use demands of 80% daily urban commuting and the 20% suburb travel.

G. MAXSYM TL (Taiwan)

Introduction

It is an all-new scooter at the 500c.c. Grade that has been introduced to Taiwan after acknowledged in Europe. It has increased the displacement from the original 465c.c. to 508c.c. and upgraded the active safety configuration “TCS tracking system”. This motorcycle conforms to the phase VII law in Taiwan.

Product Positioning

MAXSYM TL targets ages 30-50, male office workers and professionals, outdoor activity lovers, fond of the feel of speed (similar to cycling), currently riding SC300-400 or medium to large size scooters but looking to transform to the SC series.

H. Symphony Cargo (Europe)

Introduction

It is a 16-inch commercial motorcycle based on the Symphony S series sold in the market. The Symphony Cargo highlights the modern profile as the major design language, evolves the frame load in every aspect and introduces the front and rear racks to satisfy the B2B commercial need as the unique feature.

Product Positioning

The 16-inch B2B commercial motorcycle reinforces the modern fashionable sense and provides the multifunctional loading capacity.

I. JOYRIDE 300/JOYRIDE 16 300 (Europe, China and other regions)

Introduction

It is a pedal scooter with the large tire diameter and European style mainly targeting the European market. It boasts the concise and aggressive exterior design and highlights the all-LED lights, adjustable wind shield, highly identifiable color liquid crystal panel, keyless system and high-volume storage space as the unique features. The JOYRIDE 300 is also sold in the Chinese market in addition to the European market.

Product Positioning

Oriented to male office workers aged 30-50, it concerns shape and brand. 80% of application is for daily commuting and 20% is for holiday suburb travel.

J. HUSKY ADV (China)

Introduction

The all-new crossover adventure motorcycle HUSKY ADV features a manly exterior design and a 150c.c. water-cooled engine that outputs a horsepower of 14.4P and a 1.47NM torque and exhibits an outstanding performance. It has 13-inch front and rear tires with a wheel base of 1380mm. Equipped with the ABS, all-LED lights, TFT color instrument panel and 15L tank volume for a long range, it can satisfy the desire of those adventuring users.

Product Positioning

It is a metropolitan/outdoor adventuring motorcycle that targets young and mature males and professionals aged 30~50 who love approaching nature and satisfies their daily commutation and excursion during holidays.

(2) 2022 mass production models

Besides the existing 50-600 c.c. under mass production, for the different types of motorcycles and light motorcycles, we will, besides satisfying different market demands, launch the brand-new and modified new type motorcycles both in domestic and foreign markets in 2023 in successions according to market demands of different markets and compartments, including four brand-new scooters, six modified scooters, one brand-new modified electric motorcycle and one modified electric scooter, which will contribute the motorcycle sales and income a lot.

2. Automobiles

(1) 2022 automobiles under mass production:

A. The All-New CUSTIN

Introduction

As a strategic model from Hyundai in Asia, the CUSTIN flagship tourer combines the “Customer” concept, meaning the gift for the family, and the concept of “Interior”, meaning the luxurious and technological interior, considering that more than 14% of the families in Taiwan have three generations and the annual demand for family MPVs is up to 5,000 vehicles. It boasts the body length of 4,950mm that is the most suitable for the traffic environment in Taiwan and the wheel base up to 3,055mm, which confer the tourer

the flexibility to shuttle in the city and maximize the cabin space. It is worth the multifunctional model representative with the most avant-garde and simple sense in the market.

It is comparable to the MPV segment priced above NT\$2 million in terms of luxurious and comfortable configuration and space, and the tail door has the intelligent electric sensing function. After opening the electric sliding doors with the sensing function on both sides, you will enjoy the prestige of an extraordinary ample cabin space created by the wheel base of up to 3,055mm and the upscale leather seats in all rows. Of the luxury seats in the first row of the VIP edition, the driver's seat has the 8-direction electric adjustment and memory function, the co-pilot seat also has the 4-direction electric adjustment function and both seats provide the ventilation/heating function to entertain the driver and the passenger in the front row with the highest level.

The VIP royal seats in the second row are the extraordinary luxury configuration that empowers the CUSTIN flagship tourer to challenge the rivals at higher levels. They have the 10-direction electric adjustment mechanism (with the electric leg rest), ventilation/heating function and multimodal adjustment function (normal/recreational/sleep) and permit family members to control them through the 10.4-inch integrated multimedia system on the center console. Also, the indoor atmosphere lighting system allows you to enjoy yourself in the most relaxed and comfortable manner when you sit in the CUSTIN flagship tourer.

Every model of the CUSTIN flagship tourer provides the constant-temperature air-conditioner and dual sunshade as the standard configuration, an independent A/C outlet for the second and third rows and an A/C air flow control function in the third row. The CUSTIN flagship tourer provides the call function, a meticulous internal communication design, to share surprises with family members on the phone during the travel. This fully demonstrates the CUSTIN flagship tourer cares for every passenger with the greatest consideration.

Product Positioning

A strategic model of Hyundai in Asia - the top-ranking

LMPV-CUSTIN flagship tourer.

- B. VENUE limited mini tourer with a color game attracting numerous fans

Introduction

Ever since its launch, the All-New VENUE, an omnipotent crossover mini tourer, has caught the consumer eyeballs in the market with its good look, provide good value for the money and active/negative safety configurations beyond its class. In 2022, we provided the most genuine pink, an all-new color attracting numerous fans, after the “Tiffany Blue”, “Jennifer Yellow” and “Gray” were highly welcomed.

With the lively and audacious Two-tone dual color match, the All-New VENUE permits you to become the most conspicuous when you shuttle in the street. Moreover, the car also allows you not only to look handsome but also to catch eyeballs at every glance with the exclusive coating with the sweet atmosphere and texture, the tank shield dotted with triangular stars, the LED daytime light band, the white Two-tone dual-color roof, rear views, the lower kits on the along the body and the black-and-white dual color seats.

Product Positioning

Targets young customers looking for new changes with limited vivid color edition.

- C. The VENUE comes with the genuine color of “White Black”

Introduction

White represents no colors and black gathers all colors. The black-and-white match can both render a concise design texture and also present the classic and purest attitude. The leisure-focused tourer Hyundai Venue with a good game of colors has launched an all-new “Black & White B&W” edition to challenge the new black and white tone on a small car. The master tone - black crystal black - of the body matches white in detail, the exclusive BW badge and the extreme black dual-color cut aluminum rim to present the extreme taste of the White Black to all and catch eyeballs. The inside has the newly-introduced classic diamond leather seats and the personalized metal pedal to salute every fan of black-and-white cars with fresh

ideas. The VENUE White Black will boldly trigger a new wave of extraordinary color series. It is absolutely the most worth fashionable ornament with the best value for money, impressive driving experience and active/negative safety configuration beyond its class.

Product Positioning

Targeting young customers looking for new changes with limited vivid color edition.

D. IONIQ 5

Introduction

Hyundai's electric vehicle brand - IONIQ - originates from two words: ion and unique, meaning it is a leading model that will blaze the trail for electric vehicles with the unique features. Also, the brand highlights dimensions such as sustainability, function, technology and life so that electric vehicles can truly satisfy the driving and mobility demand to help the world go, embrace the future together and also present an all-new electric mobility life to mankind.

As the first electric vehicle masterpiece under the IONIQ brand, the IONIQ 5 is built on the E-GMP - a global modular platform for electric vehicles, and an industry-leading battery group with a high density cell, thereby making an ultra-long endurance mileage and an ultra-fast charging possible. The EV400 and EV500 models have a total battery power volume of 58.0kWh and 72.6kWh and a maximum endurance mileage (based on the NEDC test standard) of 438km and 567km respectively. The EV500 Performance provides an even longer endurance mileage of up to 496km. The models can charge the battery by 10%~80% within 18 minutes, thereby substantially improving the driving convenience. In addition, it is equipped with exclusive technologies to accurately control the battery power: PDS three-stage kinetic energy regenerative braking system (with control paddles), i-PEDAL single pedal driving mode, Column Rotary knob-style wire-transmitted gear system, low battery warning system, charging status indicator, CCC intelligent power monitoring system (with energy consumption ratio /preset charging time/charging max limit adjustable), the VESS virtual engine sound system and the V2L external power supply converter, which will

completely change people's perception of electric vehicles. Benefiting from the excellent space of the E-GMP chassis, the IONIQ 5 creates a stunning 3,000 mm longest wheel base in its class and maximizes the interior passenger space design. The landscape-style panoramic sunroof, the only 12-direction dual front seats in the same class, the prestige-grade fully tilting electric seats (with heating/ventilation function), the Sliding Console central armrest sliding function, and the second row that can slide forward and backward and adjust the tilt angle all break through the traditional spatial framework. The dual 12.25-inch digital instrument panel and the new EV information interface design make it easy to confirm the endurance mileage of power. It has newly introduced the Column Rotary knob-style wire-transmitted system, the i-PEDAL intelligent kinetic energy regenerative braking system, the Qi wireless charging seat, and the built-in scenario sound system matched with the BOSE upscale aesthetics and the 64-color ambient lighting system, which provide the latest generation of intelligent equipment. The streamlined body, flattened chassis, exclusive low-drag wheels and double-layer soundproof glass provide a comfortable and tranquil riding experience, and creating a luxurious and comfortable high-quality life experience.

Product Positioning

A pure electric SUV built with the core concept of the life in the car.

E. The All New STARIA

Introduction

The HYUNDAI STARIA is named after the combination of STAR (star) and RIA (wave). The exterior concept originates from the style of the interstellar flagship with a streamlined design and large side windows, which breaks the traditional business travelers' square-shaped design. The cabin design, derived from the perspective of driving and passengers, creates a 360-degree global perspective. The LED daytime running light design crossing the center is like the rising star and moonlight, leading to a different path to success.

The exclusive rose gold tank shield is deliberately integrated into the

matrix LED headlight, the rear views on both sides and the aluminum rims with the geometrical cutting profile are also colored rose golden, and the tail is equipped with the conspicuous matrix-style LED beams. The cabin integrates the first class concept of aircrafts and features comfortable sitting/lying, panoramic view, perfect texture and functional storage. The design language of the All New STARIA transmits the concepts of innovation, prestige and daring, which present the exclusive charm of the future star and make it an exclusive choice for the luxury MPV.

The All New STARIA luxury tourer boasts an ample space and an electric sliding door with intelligent sensing on each side and automatic opening based on the technological sensing. The luxurious second row is equipped with the dual independent RELAXATION zero-gravity electric seat that is wrapped with the NAPPA extreme leather and provides ventilation, heating, four-direction leg rest and lying prone with one button. Besides, the car also provides the independent constant-temperature air-conditioner and large-sized dual sunshade for the second and third rows. The tourer practically balances the need to take multiple passengers in business activities and transport goods, and the intelligent electric tail door and the long sliding rail of the third-row seats utilize the space.

The STARIA luxury tourer leads its class with a solid body structure forged with a high proportion of AHSS advanced high-rigidity steel. Moreover, it has introduced the advanced technology Hyundai SmartSense of the brand and provides Level 2 smart safety configurations, including the SCC smart active space maintenance system, the LFA lane maintenance assistance at all speed ranges, the LKA lane deviation assistance system, the LDW lane deviation warning system, the FCA-JT front collision assistance, the FCW front collision warning system, the BCA blind zone collision avoidance assistance, the RCCA rear collision assistance, the ROA rear passenger stay warning and the SEA safe exit assistance. Multiple industry-leading safety configurations create the best reliance and confidence.

Product Positioning

The future flagship tourer for CEOs.

F. Santa Fe ROYAL SEAT Six-seat Flagship

Introduction

The Santa Fe has led the peers to install the engine based on the new Turbo Hybrid technology. It boasts a mighty turbocharged engine, an all-new driving experience of the chassis and the sound active/negative safety configuration. It will attack the L-SUV luxury tourer market in Taiwan. In 2022, we launched the all-new Royal Seat, a six-seat vehicle. It has introduced the flagship seats with the independent heating device for the second row and the private window sunshade for the second row. Also, the vehicle provides the 12.3-inch digital instrument panel, the large-sized panoramic sunshade and the dual front seats with the ventilation, heating and memory functions. All these will make the recreational tourer of successful people demonstrate both advanced technologies and luxury, and also highlight the riding experience specific to their class.

Product Positioning

The all-new ROYAL SEAT six-seat vehicle, one of the green energy SUV models from Hyundai for the latest generation, provides flagship seats for the second row and creates a prestigious experience of the rear seat.

(2) Automobile types that will be produced in bulk in 2023:

The fuel-electric vehicles at various grades, electric vehicles and other environment-friendly and energy-saving models will be introduced in 2023 to satisfy customers' diverse methods and requirements for repurchase and upgrading.

II. Outline of 2023 Business Plan

(I) Business strategies

1. Quality: Finish work and delivery punctually and by ensuring both quality and quantity.
2. Innovation: Keep improving and enhancing the company's competitiveness with new thinking and technology.
3. Service: Strengthen professionalism and optimize customer experiences to improve brand satisfaction.

(II) Expected sales volume

Business volume objective in 2023: 379,000 motorcycles and 17,000 automobiles.

(III) Key production and distribution policy

1. Innovate marketing strategy and seize customer sentiments
 - (1) Exhibit the brand values of vitality, enjoyment, innovation and fashionable sense based on the technological and young product design and bring more traveling funs to customers.
 - (2) Integrate the hardware and software capacity of distribution channels, intensify the information feedback, service and technical training of the channel through the digital marketing mode, create the channel store style and decoration complying with professional brand image, quickly respond to market demands, and enhance the channel management efficiency and the level of sales, maintenance and parts (3S).
 - (3) Break traditional advertisement and promotion modes based on innovative thinking, reinforce the interaction and linkage with users through the Internet we-media, quickly master and effectively respond to market changes.
 - (4) Base research, and development and design on customer needs, maintain continuous innovation to improve efficiency, reduce costs, provide high and low-price models, and optimize product line portfolios to provide consumers with better choices.
2. Pursue outstanding quality and forge international competitive edges
 - (1) Actively carry forward the modular and flat production standard and ensure the quality level of the global production base.
 - (2) Keep quality audit consistent with the tutorship system, make the continuous improvement with three stages of “preventing before occurrence, preventing the outflow and preventing the secondary occurrence” and the three-don’ts policy of “not accept, not manufacture and not deliver” for nonconforming products, quickly respond to market intelligence and provide products and services to customer satisfaction.
 - (3) Strengthen the problem awareness and problem-solving capacity of all staff and boost plant datamation, transparent information and reasonable process.
3. Exhibit Sanyang's manufacturing process and brand concept
 - (1) Become an important partner to Hyundai Motor in its international

division of work, make every possible effort to improve the market competitiveness of products and keep abreast of the international brand operation of Hyundai.

- (2) Introduce energy-saving and NEVs, motor vehicles with high performance, vehicles at discounted prices and commercial vehicles, provide complete product lines and expand the market share.
 - (3) Update production equipment and carry out reasonable process construction, seek for overseas OEM orders from Hyundai.
4. Cooperate with overseas agents with high quality products, occupy overseas market actively, improve brand awareness and enhance the global market occupancy rate.

III. Future Development Strategies of the Company and Effects of External Competitions, Legal Environment and Overall Business Environment

- (I) In 2022, the global faced challenges brought about by the COVID-19 pandemic and the Russia-Ukraine war, and the total market size declined. The sales of motorcycles were 704,000 units, a 9.3% decline compared to 2021, and the sales of automobiles were 429,000 units, a 4.5% decline compared to 2021. Facing the rapid changes in the motorcycle market and competition from imported motorcycles, Sanyang is dedicated to high-level research and development capabilities and manufacturing technologies, solidifying the current market and actively expanding overseas sales.
- (II) Under global inflationary pressures and shipping delays, the whole sales market has been affected by a shortage of automotive chips, a shortage of key components, and an increase in raw material costs. The Company shall combine the Group's capacity for flexible deployment resources to maximize the synergy, ensuring adequate and timely supply.
- (III) In response to the improvement of energy efficiency and the accelerated development of new energy vehicles, the Company actively develops new energy and conserving energy products, focusing on the core areas of lithium batteries, aluminum batteries, and hydrogen fuel batteries, creating more global competitive products and achieving the environmental sustainable vision.
- (IV) In consideration of popularization of public transit system, extended service life of vehicles, secondhand vehicle trading markets, the Company actively promotes integration of motorcycle platforms. By sharing its value chain, it expands purchases of shared parts, enhances personnel's bargaining power, and alleviates

impacts of growing costs.

- (V) Sanyang has been manufacturing automobiles and motorcycles for decades with sophisticated technology and professional talents. However, under the influence of a declining birthrate and aging social structure, the Company actively expands diversified customers and co-creates scale economies effect. Promote synergistic effects of domestic and overseas operations and global competitiveness to avoid operational risks caused by external factors.

Chapter 2 Company Overview

I. Company Profile

Items	Summary
Date of Incorporation	Incorporated on August 29, 1961, and formerly known as Sanyang Motor Plant, which was incorporated in 1954
Headquarters	3 Chung Hua Rd., Hukou, Hsinchu Tel: (03)5981911
Xingfeng Plant	184 Keng Tzu Kou, Shangkeng Village, Xinfeng, Hsinchu Tel: (03)5576788
Parts Center	815 Xinxing Road, Xinfeng Township, Hsinchu Tel: (03)5970612
Paid-in Capital	NT\$7.975 billion
Major Products	Automobiles, scooters, automotive products, parts and assemblies, etc.

II. Company History

- 1954 • Sanyang Electric Machinery Plant was founded in Neihu District, Taipei to manufacture dynamoelectric light sets for bicycles.
- 1959 • Sanyang Electric Machinery Plant was reorganized as Sanyang Electrical Machinery Co., Ltd.
- 1961 • Sanyang Electrical Machinery Co., Ltd. was reorganized as Sanyang Motor Co., Ltd.
- 1962 • Sanyang collaborated with Honda, Japan to manufacture motorcycles.
- 1967 • Sanyang signed a technology agreement with Honda, Japan on automobile production.
- 1969 • Sanyang's automobile plant was inaugurated to manufacture automobiles.
- 1976 • Sanyang independently developed and applied Steadite Alloy Cylinders to her products with a 50,000km warranty; Steadite Alloy Cylinders were exported to Honda, Japan.
- 1977 • The first 1200cc automobile, Honda Civic, was launched and Nanyang Industries Co., Ltd. became the exclusive distributor of Sanyang automobiles.
- 1978 • Foundation Stone Laying Ceremony of Hsinchu Plant was held.
- 1980 • Dr. Shih-Hui Huang took over as Chairman of the Board.
 - Hsinchu Plant was inaugurated and the motorcycle production lines were

- relocated to Hsinchu Plant.
- 1982 • Sanyang started to export motorcycles to the Dominican Republic.
 - 1989 • Hsinchu Automobile Plant was inaugurated.
 - Automobile production lines were relocated to Hsinchu Plant.
 - 1990 • Sanyang Safety Driving Center was opened to the public
 - Sanyang Educational and Training Center was inaugurated.
 - Taiwan's first automatic auto body welder G/W M/C was utilized in the production lines.
 - 1992 • Sanyang entered into a technology alliance with VMEP in Vietnam.
 - 1995 • Passed ISO 9001 and ISO 9002 certification.
 - Sanyang commenced technical cooperation with Xiashing Motorcycle Co., Ltd.
 - Sanyang commenced technical cooperation with Zhangjiagang Qingzhou Engineering Industry Co., Ltd. in China
 - 1996 • Sanyang was listed on the Taiwan Stock Exchange.
 - 1998 • Sanyang was certified to ISO 9000, ISO 14001 and OHSAS 18001 three-in-one integrated management system.
 - 1999 • The Engineering Division was inaugurated.
 - administration and other functional offices in Neihu were relocated to the Hsinchu Plant and Sanyang resettled in Hsinchu completely
 - 2000 • Sanyang acquired VMEP, Xiamen Xiashing Motorcycle Co., Ltd. and Zhangjiagang Qingzhou Engineering Industry Co., Ltd.
 - 2001 • The engine plant of VMEP started operations.
 - 2002 • Sanyang severed ties with Honda, Japan and engaged in a technology cooperation with Hyundai Motors, Korea
 - Hsinchu R&D Center was inaugurated.
 - Aerospace Ceramic Cylinders and Electronic Fuel Injection System were able to be applied to all lines of products.
 - 2003 • The Engineering Division was certified to QS 9000.
 - VMEP was certified to ISO 9001.
 - 2004 • Sanyang acquired 25% stake in King Long United Automotive Industry Co., Ltd.
 - The Product Life Cycle Management System (PLM) was applied.
 - 2005 • Sanyang won the Ministry of National Defense bid to manufacture 4,988

- units of military tactical trucks.
- Sanyang Motor Vietnam Company Limited (SMV), the 13th automaker in Vietnam was established.
 - Sanyang Italia S.R.L. in Italy started operations.
 - PT. Sanyang Industri Indonesia was formally granted license to commence production.
- 2006 • Sanyang announced her brand new logo, the Moving Arrow.
- 2007 • The ground-breaking ceremony of SMV was held.
- Sanyang entered into a cooperation with Mahindra& Mahindra Limited (MTWL) to produce scooters in India.
 - VMEPH was listed on the Hong Kong Stock Exchange.
- 2008 • Sanyang Global (Xiamen) Co., Ltd. started operations.
- 2009 • Sanyang announced the application of Swirl Tumble Control System (S.T.C.S.).
- ISO14064 was certified.
 - Cooperated with Unitek Gida Tekstil Motorlu Araclar San. Ve Tic. A.S. in Turkey to manufacture motorcycles.
 - VMEPH issued Taiwan Depository Receipts (TDR) in Taiwan.
 - Electric bicycles were launched.
- 2010 • VMEP R&D Centers in Vietnam was inaugurated.
- 2011 • The Groundbreaking Ceremony of Sanyang Nei-Hu Headquarter Park was held.
- 2012 • SYM launched E-WOO, a light electric scooter.
- 2013 • SYM launched two brand new big scooters, MAXSYM 400i and GTS 300i.
- 2014 • Walter H. C. Chang and C. Y. Wu were elected Chairman and Vice Chairman respectively in the Board of Directors Meeting.
- Sanyang entered into an OEM agreement with Kia Motors Corp..
- 2015 • Sanyang Industry Co., Ltd. was formally renamed as Sanyang Motor Co., Ltd. .
- SYM brand logo and font (typeface) were formally revised.
 - SYM SB300 was launched in Taiwan.
- 2016 • Shark Mini, a new 125cc scooter, was launched in Vietnam.
- Hyundai's new SUV All New Tucson was launched in Taiwan.

- Xiashing Motor received the Chinese High-Tech Enterprise Certification from the Xiamen Government.
- 2017
- Mr. C. Y. Wu and Ms. Li-Chu Wu were elected Chairman and Vice Chairman respectively in the Board of Directors Meeting.
 - VMEP opened a new office in Ho Chi Minh City.
 - VMEP held a groundbreaking ceremony for its new plant in Phu Nghia.
 - SYM announced its whole new engine with Zero-Resistance Starter & Generator System (ZRSG) in the 2017 Milan Motorcycle Shows (EICMA).
- 2018
- "Solar Roof" was installed to practically support our national green policy.
 - Xiashing Motor celebrated the relocation of its R&D Center.
 - Sanyang's Spare Part Center held its groundbreaking ceremony.
 - Sanyang signed a memorandum of understanding (MOU) with CPC Corporation for a joint development of electric-vehicle business.
- 2019
- President Tsai Ing-Wen visited Sanyang's Hsinchu Plant.
 - Vietnam Manufacturing and Export Processing Co., Ltd. formally relocated its Dongnai Plant to Nhon Trach.
 - Sanyang Motor was elected as the 2019 Happy Enterprise.
 - SYM was awarded the silver prize of the 2019 German Best Brand and Dealer Satisfaction for the motorcycle segment.
 - SYM DRG BT, a 158cc sporty scooter, was launched.
- 2020
- The Sanyang Parts Center was inaugurated.
 - The new Hyundai compact SUV, Venue, was launched.
 - Sanyang Motor formed a brand alliance, SYM x GPX, with GP Motor Thailand Company Limited to further expand both enterprises' market share in the ASEAN market.
 - The SYM Service Innovation Academy was inaugurated.
- 2021
- SYM JET series have be crowned the champion in three diffent categories of the 2021 Taiwan TSR Racing Competition. The Jet series has won a total of 72 racing champions since 2016.
 - Xiashing Motorcycle Co., Ltd. was recognized and awarded as the "Key Industrial Enterprise" as well as the "High-Tech, High-Growth, and High-Added Value Enterprise" by the Xiamen Municipal People's Government.
 - The New Tucson L was launched.

2022 Important Events:

- March The Chairman rode the brand-new KRNBT 125 motorcycle and drove successfully around the island.
- May Sanyang SYM received the Level 1 fuel consumption certification and was awarded as the most fuel-efficient motorcycle in Taiwan, and the brand-new Duke 125 was launched.
- May Hyundai Tucson L was awarded as "2022 Best Domestic Mid-Size SUV" by professional automobiles media.
- May Since May, Sanyang Motor has announced the donation of 20 ambulances to Hyundai Staria to assist the government in increasing emergency medical capacity.
- August SYM MMBCU BT, a 158cc sporty scooter, was newly launched.
- September Xiashing Motor donated RMB 1 million to Sichuan Ganzi Prefecture Earthquake Relief Fund and RMB 1 million to Xiamen Jimei District Education Foundation as a study aid fund for impoverished students
- October Hyundai Motor leaps into the top four domestic car brands
- November HYUNDAI CUSTIN seven seats family-friendly was newly launched.
- November Xiashing Motor 30th anniversary.
- December Xiashing Motor was certified to the National High-Tech Enterprise from the Xiamen Government.
- December Sanyang SYM returned to the first domestic motorcycle market with a market occupancy of 34.8%
- December Sanyang Motor's consolidated revenue exceeded NT\$50.8 billion

(I) The Company's M&A, Reinvestment in Affiliates and Restructuring during the Most Recent Year and as of the Date of the Annual Report:

1. The Company approved the resolution of the board of directors on June 2, 2022 that it will increase the capital of APh Corporation at NT\$15 per share in cash from 2022 to 2025, totaling NT\$3 billion. As of December 31, 2022, the cash capital increased by NT\$8 billion, and the cumulative shareholding ratio reached 53.23% on November 1, 2022. Since then, it has obtained control of the Company.
2. APh ePower handled the share capital offset in May 2022. By converting one common share into one share of APh Corporation, APh ePower became a 100% owned subsidiary of APh Corporation

(II) Significant Transfer of Company Shares by Directors, Supervisors, or

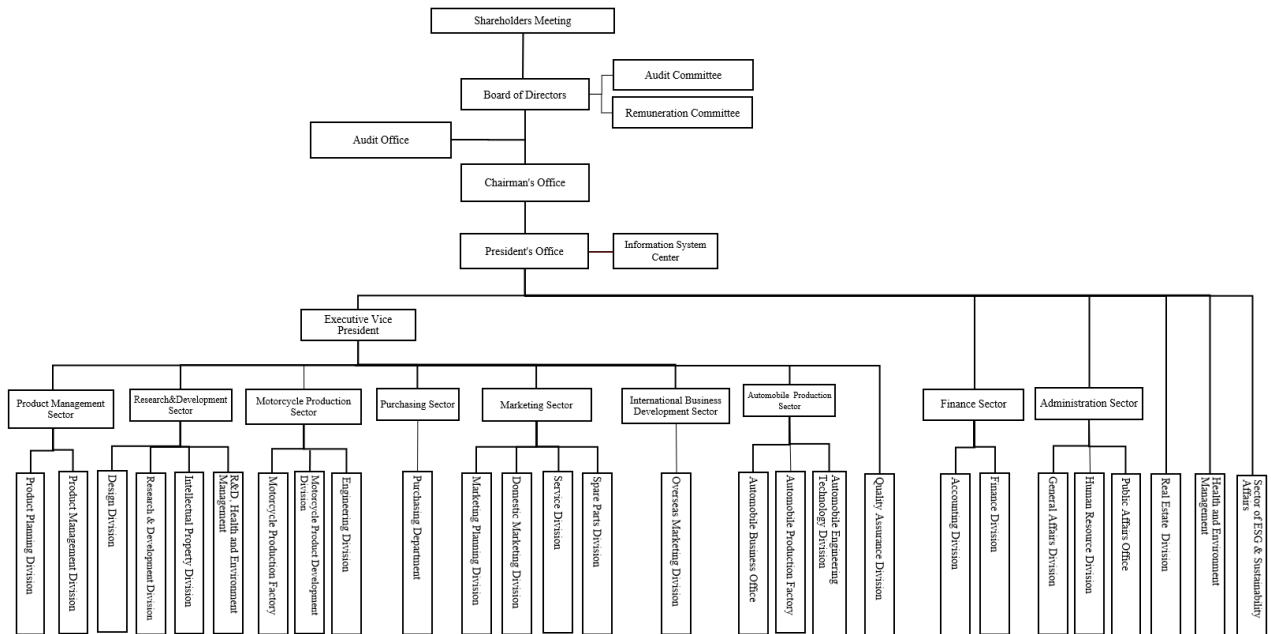
Major Shareholders with More Than 10% of shares in the Most Recent Year and as of the Date of Annual Report: None.

(III) Changes in Right of Management, Significant Changes in Management Mode or Businesses and Other Important Matters Sufficient for Affecting Shareholder Equity during the Most Recent year and as of the Date of Annual Report: None.

Chapter 3 Corporate Governance Report

I. Company Organization Structure

(I) Organization Chart



(II) Job Discription of Main Departments

1. Product Management Department:

- (1) Targeting on customers' demand and core market value ideas, the dept is well-established to strengthen model design and luxurize the future products, and also focus on integrating the product design platforms to execute global new model projects.
- (2) Coordinate and integrate product range planning, development, and product life cycles management for domestic and overseas production bases; and also doing the commercial name management at the same time.
- (3) Doing the budget control in different phases, including the product planning, design, development and mass production phase, and meanwhile manage to coordinate all relevant communications and negotiations to secure the core competencies.
- (4) Enhance market research and propose core market value ideas; lead new model projects for domestic and overseas product range.

2. R&D Department:

- (1) Responsible for overall technical and functional research, design and tests on powered 2-wheel product range, and analyzing various models from competing brands to come up with better future products.

- (2) Doing research on industry relevant project essays, journals and cost projects.
 - (3) Plan and promote R&D of intellectual property businesses.
3. Purchase Department:
- (1) Global assy/component parts purchase, and including standard purchase and international trade business as well as taking care of reselling buseinss from overseas subsidiaries.
 - (2) Purchase budget control (reducing overall costs) and improve the merchandise bought quality-wise.
 - (3) Manage to keep track on model platformand global supply chain integration.
 - (4) Execute the strategy of reducing purchase costs for global component parts buying for each single production bases in the group.
 - (5) Coordinate management of international supply chain and improve global organizational efficencies.
4. Quality Assurance Department:
- (1) Plan, establish, implement and maintain the quality control management system of the company.
 - (2) Plan and implement quality control activities of the company.
5. Marketing Department:
- (1) Draft and implement Taiwan domestic marketing campaigns and set up draft annual, middle and long-term sales targets.
 - (2) Draft and implement Taiwan domestic and overseas after-sales/service policies.
 - (3) Draft and implement Taiwan domestic and overseas spare parts selling policies.
6. International Business Development Department:
- (1) Draft and implement global marketing and sales strategies, and set up annual, mid-and long-term sales targets.
 - (2) Draft and implement the prime sales keynote and policy regarding the export business from Sanyang Motor's 3 different production bases.
 - (3) Coordinate and utilize the resources within Sanyang Motor's 3 different production bases to boost up the quality of goods produced, selling and service.
 - (4) Implement the 3S system integration for Sanyang Motor's 3 different production bases.

- (5) Expand the overseas sales markets and increase SYM global sales.
7. Two-wheel and Four-wheel Production Departments:
 - (1) Process of manufacturing raw materials in engine and frame of 2-wheel and some models of automobiles, and assembly of 2-wheel and automobile engine and finished units.
 - (2) Ensure the operation of factories on schedule and secure the production quality, and implement the new model trial production to co-work with development dept to make sure the mass production for new models in control.
 - (3) Secure the design, process of manufacturing, adapting and fixing of gauge, jig, fixture, tooling and dies for production related usage in good operation, and match the production schedule with delivery time.
 - (4) Manage product development, integrated product platform and product life cycle in Sanyang Motor's global production bases.
 - (5) Improve factory production regime, rationalize production process, improve manufacturing technology, and set up the relevant terms and norms.
8. Finance Department:
 - (1) Running capital raising and management, implement the financial instruments, especially target on financial exchange and currency interest rate parity.
 - (2) Ruling the standard and norms of accounting and cost management.
 - (3) Evaluate and monitor the investment cases and equity investment entities.
9. Real Estate Business Department:
 - (1) Develop land assets of the Company.
 - (2) Draft projects and manage the Company's land and factory utility leasing and selling.
 - (3) Draft and execute the company's construction projects and factory utility repairing.
10. Administrative Department:
 - (1) Map out human resource plans, strategies, visions and development blueprints, and assist in implementing the Company's business operation strategies, and furthermore, apply employment and salary rules according to human resource strategy for talents training to maximize the human resource benefits.
 - (2) Implement employee benefits related affairs, including employee

dormitory management, annual benefit package and miscellaneous welfares.

- (3) Manage trademarks, legal instruments, litigations and non-litigation cases of the Company.
- (4) Lead and implement all public relations activities and events.

11. Safety & Health Management Office:

Draft policies and ideas of the Company in environmental safety and health, to ensure all operations and procedures in consistent with government legislations, and assist in creating and maintaining healthy and safe workplace environment for employees.

12. Sector of ESG & Sustainability Affairs:

- (1) Stay updated and stay informed about significant political and economic news and industry trends of the industry, market and the world.
- (2) Assess any opportunities of investment/ M&A/ alignment regarding new technology, emerging business, alternative markets, or even different industries.
- (3) Various projects on the company's equity investment entities.
- (4) Implement ESG policy and carbon credit management.

13. President's Office:

- (1) Draft and implement business mission, vision, policies, middle- and long-term as well as the company's annual business plans.
- (2) Supervise and implement the Company's KPI and business performances.
- (3) Plan, suggest and monitor the company's integrated businesses.
- (4) Manage and coordinate the business of subsidiaries home and abroad.
- (5) Establish and improve business management systems of subsidiaries home and abroad.
- (6) Manage and promote integrated information businesses of the Company; coordinate planning of business processes of multinational operations; assist subsidiaries and affiliates in information development.

14. Audit Office:

- (1) Establish audit systems and implement internal audit business.
- (2) Submit, provide recommendations, follow up, and check annual audit plan and audit report.

II. Information of Directors and Main Managers

(I) Information about Directors

April 30, 2023

Position	Nationality/ Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman	Republic of China	Ching-Yuan Wu	Male (66)	2020.06.23	3	2011.05.27	20,126,240	2.36%	20,126,240	2.52%	281,360	0.04%	-	-	Master in Agriculture and Urban Planning of Chung Hua University	Chairman of Nanyang Industries Co., Ltd. Chairman of Ching Ta Investment Co., Ltd. Chairman of TAIWAN TEA CORP.	Vice Chairman	Li-Chu Wu	Sibling	Note 1
Vice Chairman	Republic of China	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	Female (57)	2020.06.23	3	2014.06.18 2017.06.20	29,181,000 -	3.42% -	29,181,000 17,046,560	3.66% 2.14%	- 4,269,600	- 0.54%	-	-	EMBA, Nanjing Normal University	Chairman of Shangyang Assets Vice Chairman of Nanyang Industries Co., Ltd.	Chairman	Ching-Y uan Wu	Sibling	-
Managing Director/Indep endent Director	Republic of China	Chung-Chuan Shih	Male (55)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	National Chengchi University Master of Law	-	-	-	-	-
Director	Republic of China	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	Male (57)	2020.06.23	3	2014.06.18	29,181,000 -	3.42% -	29,181,000 106,200	3.66% 0.01%	- 36,200	- 0.00%	-	-	Department of International Trade, Feng Chia University	-	-	-	-	-
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	Male (37)	2020.06.23	3	2014.06.18	14,625,000 -	1.71% -	14,625,000 17,000	1.83% 0.00%	- -	- -	-	-	Cass Business School Investment Management	Director of Nanyang Industries Co., Ltd. Chairman of Three Brothers Machinery Industrial Co., Ltd.	-	-	-	-

Position	Nationality/ Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	Male (55)	2020.06.23	3	2014.06.18	14,625,000	1.71%	14,625,000	1.83%	-	-	-	-	-	Director of TAIWAN TEA CORP.	-	-	-	-
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	Male (57)	2020.06.23	3	2014.06.18 2017.06.20	14,625,000	1.71%	14,625,000	1.83%	-	-	-	-	University of Ottawa	-	-	-	-	-
Independent Director	Republic of China	Chen Chiang	Male (52)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	Master of Commerce in the Department of Accounting and Information Technology, National Chung Cheng University	-	-	-	-	-
Independent Director	Republic of China	Chih-Hung Hsieh	Male (64)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	National Chengchi University Doctor of Juridical Science	Independent Director of Grand Pacific Petrochemical Corporation	-	-	-	-

Note 1: In case that the Chairman and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described:

The Chairman of the Company also acts as President to improve operational efficiency and abilities to execute decisions. At present, a majority of the directors of the Board of Directors don't concurrently serve as employees or managers.

1. Major Shareholders of Corporate Shareholders

April 30, 2023

Names of Corporate Shareholders	Major Shareholders of Corporate Shareholders
1. Chien-Jin Investment Co., Ltd.	(1) Li-Chu Wu (90%) (2) Chun-Mei Fan Chiang (10%)
2. Chao-Yao Investment Co., Ltd.	(1) Li-Chu Wu (80%) (2) Chin-Nu Yang (20%)

2. Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors

Name	Criteria	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ching-Yuan Wu		Has more than 5 years of work experience in the area necessary business of the Company and is currently serving as the Chairman and President of the Company without any of the provisions of Article 30 of the Company Act.	-	0
Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu		Has more than 5 years of work experience in the area necessary business of the Company and is currently serving as the Vice-Chairman of the Company without any of the provisions of Article 30 of the Company Act.	-	0
Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang		Has more than 5 years business-related work experience; serves as a director in the Company; not a person of any conditions defined in Article 30 of the Company Act.	-	0
Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien		Has more than 5 years business-related work experience; serves as a director and Assistant Vice President of Administration Sector in the Company; not a person of any conditions defined in Article 30 of the Company Act.	-	0
Chao-Yao Investment Co., Ltd.		Has more than 5 years of work experience in the area necessary business of the Company and is	-	0

Name	Criteria	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Representative: Yu-Chang Huang		currently serving as the Director of the Company without any of the provisions of Article 30 of the Company Act.		
Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang		Has more than 5 years of work experience in the area necessary business of the Company and is currently serving as the Director of the Company without any of the provisions of Article 30 of the Company Act.	-	0
Chung-Chuan Shih		Has more than 5 years of experience in accounting and area necessary business of the Company, and is currently serving as an Independent Director of the Company and as the certified public accountant of Guo Ju Accounting Firm without any of the provisions of Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not the natural person shareholder who holds shares, together with those held by the person's spouse, children (minors), or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.	0
Chen Chiang		Has more than 5 years of experience in law and area necessary business of the Company, and currently serves as an Independent Director of the Company, presiding attorney of Chiang Cnen Law Firm without any of the provisions of Article 30 of the Company Act.	(4) Not a spouse, kin within the second degree of kinship under the Civil Code, or the lineal blood relatives within the third degree of kinship under the Civil Code as specified in (1) through (3).	0
Chih-Hung Hsieh		Has more than 5 years of working experience as a law lecturer in a college or university and area necessary business of the Company, and currently serves as Independent Director of the Company and an associate professor in the Department of Law of Fu Jen Catholic University, without any of the provisions of Article 30 of the Company Act.	(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, or ranks as one of its top five shareholders, or being	1

Name	Criteria	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>appointed based on paragraph 1 or 2 of Article 27 of the Company Act.</p> <p>(6) Not a director of the Company or a director, supervisor, office holding half or more of the share that controlled by one person.</p> <p>(7) Not a director (or governor), supervisor, or employee of other company or institutions who is the chairman, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses.</p> <p>(8) Does not have financial or business relationships with the Company or with directors (executive), supervisors, managers, or major shareholders with over 5% shareholdings.</p> <p>(9) Does not provide the Company or associated companies with auditing or in the past 2 years in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other directors.</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>		

3. Diversity and Independence of the Board of Directors

(1) Diversity on the Board of Directors

In accordance with Article 20 of the Company's Code of Corporate Governance, the composition of the Board of Directors shall take into account diversity. In addition to the fact that the number of directors who are also managers of the Company shall not exceed one-third of the total number of directors, appropriate diversity guidelines shall be formulated with respect to the Company's operation, business model and development needs, which shall include but not be limited to the following two major criteria:

- A. Basic criteria and values: gender, age, nationality and culture, etc.
- B. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

The Board members shall generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole shall have the following competencies:

- A. Operational judgment.
- B. Accounting and financial analysis skills.
- C. Operational management skills.
- D. Crisis management skills.
- E. Industry knowledge.
- F. Global market view.
- G. Leadership skills.
- H. Decision making skills.

- (2) The Company's current Board of Directors consists of 9 directors, and the specific management objectives and achievements of the Board's diversity policy are as follows:

Management Objectives	Achievement
Independent directorships exceed one-third of the board seats	Achieved
The number of directors who are also managers of the Company shall not exceed one-third of the number of directors.	Achieved
Independent directors have not served more than 3 terms	Achieved
At least one female member of the Board of Directors	Achieved

(3) The implementation of the Board of Directors' diversity policy is as follows:

Core items of diversity Name and Title		Nationality	Gender	Concurrent role as company employee	Age			Professional background				Professional knowledge and skills					
					aged 30~40	aged 51~60	aged 61~70	Accounting	Industry	Fiance	Legal	Operational judgment skill	Operational management skills	Leadership and decision making skills	Crisis management skills	Knowledge of the industry	International market perspective
Director	Ching-Yuan Wu	Republic of China	Male	✓		✓		✓				✓	✓	✓	✓	✓	
	Li-Chu Wu		Female			✓			✓				✓	✓	✓	✓	✓
	Li-Hsi Chiang		Male			✓			✓				✓	✓	✓	✓	✓
	Ren-Hao Tien		Male	✓	✓				✓				✓	✓	✓	✓	✓
	Yu-Chang Huang		Male			✓			✓				✓	✓	✓	✓	✓
	Te-Ching Chang		Male			✓			✓				✓	✓	✓	✓	✓
Independent Director	Chung-Chuan Shih	Republic of China	Male			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Chen Chiang		Male			✓			✓			✓	✓	✓	✓	✓	
	Chih-Hung Hsieh		Male				✓		✓			✓	✓	✓	✓	✓	✓

(4) Independence of the Board of Directors

The Company's current Board of Directors consists of nine members, including three independent directors and two directors with employee status (33.33% and 22.22% of the total number of directors), meets the goal of not being less than three and one-third of the directors' seats held by Independent Directors, and Directors who concurrently serve as the Company managers should not exceed one-third of the directors' seats. As of the end of 2022, the independent directors are in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and there are no cases of Paragraphs 3 and 4 under Article 26-3 of the Securities and Exchange Act between each director and independent director. For the independence of the Board of Directors, please refer to pages 29-31 of this annual report - Disclosure of Professional Qualifications of Directors and Independence of Independent Directors, and for the education, gender and work experience of each director, please refer to pages 27-28 of this annual report - Information of Directors.

(II) President, Vice Presidents, Associate Managers, and Supervisors of All
the Company's Divisions and Branch Units

April 30, 2023

Position	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officers who are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
President	Republic of China	Ching-Yuan Wu	Male	2016.05.13	20,126,240	2.52%	281,360	0.03%	-	-	Master in Agriculture and Urban Planning of Chung Hua University	Chairman of Nanyang Industries Co., Ltd. Chairman of Ching Ta Investment Co., Ltd. Chairman of TAIWAN TEA CORP.	-	-	-	Note 2
Vice President	Republic of China	Nai-Shih Lin	Male	2005.06.01	-	-	-	-	-	-	Master of Business Administration, New York Institute of Technology	Chairman of Sunshine Auto-Lease	-	-	-	-
Vice President	Republic of China	Hsu-Pin Chen	Male	2017.05.03	-	-	-	-	-	-	Master, Department of Mechanical Engineering, National Chiao Tung University	Chairman of Chu-Yang Motor Co., Ltd. Director of Sanyang Italia S.r.l Director of Sanyang Deutschland GmbH Director of Three Brothers Machinery Industrial Co., Ltd. Director of Astemo	-	-	-	-
Vice President	Republic of China	Shih-Liang Hsu	Male	2019.10.15	569	0.00%	-	-	-	-	Department of Industrial Engineering and Management, Tunghai University	Director and President of Sanyang Global Director and President of Xiamen Xiashing Motorcycle Chairman of Qingzhou Engineering Industry	-	-	-	-
Assistant Vice President	Republic of China	Ying-Feng Chiu	Male	2010.12.01	18,412	0.00%	-	-	-	-	Master of Mechanical Engineering, National Taiwan University	Chairman of Nova Design	-	-	-	-
Assistant Vice President	Republic of China	Chao-Shun Lin	Male	2013.02.06	11,064	0.00%	1,719	0.00%	-	-	Master of Machinery, National Taiwan University of Science and Technology	-	Assistant Vice President	Chao-Shun Lin	Brothers	-
Assistant Vice President	Republic of China	Hsi-Cheng Chang	Male	2014.10.01	11,694	0.00%	-	-	-	-	Master of International Business Management, National Taiwan University	Chairman of Youth Taisun Co., Ltd.	-	-	-	-
Assistant Vice President	Republic of China	Kuei-Chin Huang	Male	2016.12.23	53	0.00%	-	-	-	-	Kaohsiung Municipal Kaohsiung Vocational High School of Commerce	Supervisor of Ching Ta Investment Co., Ltd. Supervisor of Sunshine Auto-Lease	-	-	-	-
Assistant Vice President	Republic of China	Chao-Sheng Lin	Male	2017.05.26	11,606	0.00%	-	-	-	-	Department of Mechanical Engineering, Industrial Technology Research Institute	Director of Zhangjiagang Qingzhou Machinery Industry Co., Ltd.	Assistant Vice President	Chao-Shun Lin	Brothers	-
Assistant Vice President	Republic of China	Chien-Sheng Chen	Male	2017.05.26	10,718	0.00%	-	-	-	-	Department of Mechanical Engineering, National Taipei University of Technology	Director of Zhangjiagang Qingzhou Machinery Industry Co., Ltd. Director of Sanyang Global Co., Ltd.	-	-	-	-
Assistant Vice President	Republic of China	Ren-Hao Tien	Male	2017.07.03	17,000	0.00%	-	-	-	-	Cass Business School Investment Management	Director of Nanyang Industries Co., Ltd. Chairman of Three Brothers Machinery Industrial Co., Ltd.	-	-	-	-
Assistant	Republic of	Yuan-Ping	Male	2017.07.03	7,211	0.00%	-	-	-	-	Department of	Director of Three	-	-	-	-

Position	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officers who are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Vice President	China	Huang									Mechanical Engineering, National Chung Hsing University	Brothers Machinery Industrial Co., Ltd. Director of Astemo				
Assistant Vice President	Republic of China	Ming-Chieh Lin	Male	2017.07.17	-	-	-	-	-	-	Master of the School of Civil Engineering, National Chiao Tung University	-	-	-	-	-
Assistant Vice President	Republic of China	Yuh-Shying Gau	Male	2018.10.08	5,000	0.00%	-	-	-	-	Ph.D. in Mechanical Engineering, Department of Industrial Engineering, University of Wisconsin-Madison	-	-	-	-	-
Assistant Vice President	Republic of China	Kuang-Pin, Chuang (Note 3)	Male	2022.12.14	-	-	-	-	-	-	Chienkuo Technology University Department of Electrical Engineering	-	-	-	-	-

Note 1: Date taking office means the date on which one is appointed as manager of the Company.

Note 2: In case that the Chairman and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described: The Chairman of the Company also acts as President to improve operational efficiency and abilities to execute decisions. At present, a majority of the directors of the Board of Directors do not concurrently serve as employees or managers.

Note 3: Kuang-Pin, Chuang was newly elected on December 14, 2022.

(III) Remuneration of Directors, Independent Directors, President, and Vice Presidents in 2022

1-1. Remuneration of General Directors and Independent Directors

Unit: NT\$ thousand

Position	Name	Remuneration of Directors								Sum of A, B, C and D to After-tax Net Income Ratio (%)	
		Compensation (A)		Severance Pay and Pension (B)		Directors' Compensation (C)		Business Execution Expenses (D)		The Company	All Companies in Consolidated Financial Statements
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements		
Chairman	Ching-Yuan Wu	16,402	16,402	-	-	11,793	11,793	120	120	0.91	0.91
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	9,351	9,351	108	108	7,862	7,862	120	120	0.56	0.56
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	3,931	3,931	120	120	0.13	0.13
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	-	-	-	-	3,931	3,931	120	120	0.13	0.13
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	-	-	-	-	3,931	3,931	110	110	0.13	0.13
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	-	-	-	-	3,931	3,931	110	110	0.13	0.13
Managing Director/ Independent Director	Chung-Chuan Shih	2,880	2,880	-	-	-	-	780	780	0.12	0.12
Independent Director	Chen Chiang										
Independent Director	Chih-Hung Hsieh										

Position	Name	Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)				The Company	All Companies in Consolidated Financial Statements	
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements				
		Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock	The Company	All Companies in Consolidated Financial Statements	
Chairman	Ching-Yuan Wu	-	-	-	-	1,017	-	1,017	-	0.94	0.94	None
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	-	-	-	-	-	-	-	-	0.56	0.56	
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	-	-	-	-	0.13	0.13	
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	3,136	3,136	108	108	170	-	170	-	0.24	0.24	
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	-	-	-	-	-	-	-	-	0.13	0.13	
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	-	-	-	-	-	-	-	-	0.13	0.13	
Managing Director/ Independent Director	Chung-Chuan Shih	-	-	-	-	-	-	-	-	0.12	0.12	
Independent Director	Chen Chiang											
Independent Director	Chih-Hung Hsieh											

Note 1: Please explain the independent director remuneration policy, system, standard, structure, and the connections between the amount of remuneration and the considered factors such as their duties, risks,

and working hours.

According to Article 24 of the Articles of Incorporation, the remuneration paid to the Chairman, directors and supervisors shall be determined by the Board of Directors based on the degree of their participation and contributions of the Company, as well as industry standards home and abroad. According to Article 31, Paragraph 1 of the Articles of Incorporation, if the Company has earnings, it shall allocate over 1% of the pre-tax earnings as employee remuneration and not more than 1% as remuneration to directors and supervisors. When the Company suffers accumulated losses, it shall firstly offset the appropriate amount of such losses with the earnings. Independent Directors shall not participate in the foregoing remuneration distribution. In attending Board of Directors meetings and functional committees of the Company, the travel fees shall be additionally disbursed.

Note 2: The remuneration paid to Directors for providing services (e.g., providing consulting services as non-employees) for all companies in the consolidated financial statements lately: None.

Note 3: The remuneration paid to Directors (including Independent Directors) by the Company in 2021 accounted for 2.91% of the net profits after tax, and the remuneration paid to Directors (including Independent Directors) by all companies in the financial statements in 2021 accounted for 2.91% of the net profits after tax in 2021.

2-1. Remuneration of the President and Vice Presidents

Unit: NT\$ thousand

Position	Name	Salary (A)		Severance Pay and Pension (B) (Note 4)		Bonuses and Allowances etc. (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Ching-Yuan Wu													
Vice President	Nai-Shih Lin	8,647	8,647	6,519	6,519	4,599	4,599	550	-	550	-	0.65	0.65	None
Vice President	Hsu-Pin Chen													
Vice President	Shih-Liang Hsu													

Note 1: The actual amount of retirement pension in 2022: NT\$6,163 thousand, amount allocated for retirement pension in 2022: NT\$356 thousand.

Note 2: The policies, standards, combinations, decision-making procedure for managers' remuneration and their relation to business performance:

According to the Company's policies on remuneration paid, the managers' remuneration is mainly dependent upon their individual performances and in accordance with the market level, so that the salaries will be competitive in the Company. The decision-making procedure for the remuneration shall be submitted to the Company's Remuneration Committee for reviewing and delivered to the Board of Directors for approval after it is determined according to the foregoing remuneration policies.

Note 3: The remuneration paid by the Company to the President and the Vice Presidents in 2021 accounted for 0.77% of the net profit after tax in 2021; the remuneration paid to the President and the Vice Presidents in 2021 by all companies in the financial statements was equivalent to 0.77% of the net profits after tax in 2021.

2-2. Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of President and Vice Presidents	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Ching-Yuan Wu	Ching-Yuan Wu
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Nai-Shih Lin	Nai-Shih Lin
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Hsu-Pin Chen, Shih-Liang Hsu	Hsu-Pin Chen, Shih-Liang Hsu
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Over NT\$100,000,000	-	-
Total	4 individuals	4 individuals

3. Name and distribution of manager compensation

Unit: NT\$ thousand

	Position	Name	Stock	Cash	Total	Ratio of total amount to net profit after tax (%)
Managers	President	Ching-Yuan Wu	-	3,151	3,151	0.10%
	Vice President	Nai-Shih Lin				
	Vice President	Hsu-Pin Chen				
	Vice President	Shih-Liang Hsu				
	Assistant Vice President	Ying-Feng Chiu				
	Assistant Vice President	Chao-Shun Lin				
	Assistant Vice President	Hsi-Cheng Chang				
	Assistant Vice President	Kuei-Chin Huang				
	Assistant Vice President	Chao-Sheng Lin				
	Assistant Vice President	Chien-Sheng Chen				
	Assistant Vice President	Ren-Hao Tien				
	Assistant Vice President	Yuan-Ping Huang				
	Assistant Vice President	Ming-Chieh Lin				
	Assistant Vice President	Yuh-Shying Gau				
Assistant Vice President	Kuang-Pin Chuang					

III. Corporate Governance and Operations

(I) Operations of the Board

A total of 12(A) Board meetings were held in 2022. The attendance of the Directors and the Independent Directors was as follows:

Directors' Involvement in Operations of the Board of Directors

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 1)	Note
Chairman	Ching-Yuan Wu	12	0	100%	
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative Li-Chu Wu	12	0	100%	
Managing Director/ Independent Director	Chung-Chuan Shih	12	0	100%	
Director	Chien-Jin Investment Co., Ltd. Representative Li-Hsi Chiang	12	0	100%	
Director	Chao-Yao Investment Co., Ltd. Representative Yu-Chang Huang	11	1	91.67%	
Director	Chao-Yao Investment Co., Ltd. Representative Ren-Hao Tien	12	0	100%	
Director	Chao-Yao Investment Co., Ltd. Representative Te-Ching Chang	11	1	91.67%	
Independent Director	Chen Chiang	12	0	100%	
Independent Director	Chih-Hung Hsieh	12	0	100%	

Other matters to be noted:

I. Any matters listed in Article 14-3 of the Securities and Exchange Law, and other resolutions of the Board of Directors' meetings to which an independent director has expressed objection or reservation and recorded or declared in writing: None.

II. Recusals of directors from proposal execution for conflicts of interest:

Board of Directors Date and Session	Directors Who Recused Themselves	Proposal Content	Reason for Recusal	Participation in Voting
January 20, 2022 26th term 16th session	Ching-Yuan Wu Li-Chu Wu Ren-Hao Tien	Drafted proposal of the Company for allocating 2021 year-end bonus to the Directors and managers.	Involved compensation and interests of Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu and Director Ren-Hao Tien.	Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, and Director Ren-Hao Tien recused themselves due to conflicts of interests and all other Directors present approved the proposal.

March 30, 2022 26th term 17th session	Ching-Yuan Wu Ren-Hao Tien	The Company's distribution of remuneration of employees for 2021.	Involved compensation and interests of Chairman Ching-Yuan Wu and Director Ren-Hao Tien.	Chairman Ching-Yuan Wu and Director Ren-Hao Tien recused themselves due to conflicts of interests and all other Directors present approved the proposal.
March 30, 2022 26th term 17th session	Ching-Yuan Wu Li-Chu Wu Li-Hsi Chiang Yu-Chang Huang Te-Ching Chang Ren-Hao Tien	The Company's distribution of remuneration of Directors for 2021.	Involved compensation and interests of Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, Director Li-Hsi Chiang, Director Yu-Chang Huang, Director Te-Ching Chang and Director Ren-Hao Tien.	Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, Director Li-Hsi Chiang, Director Yu-Chang Huang, Director Te-Ching Chang and Director Ren-Hao Tien recused themselves due to conflicts of self interests and all other Directors present approved the proposal.
July 5, 2022 26th term 22nd session	Ching-Yuan Wu Ren-Hao Tien	2022 salary adjustment for managers of the Company.	Involved compensation and interests of Chairman Ching-Yuan Wu and Director Ren-Hao Tien.	Chairman Ching-Yuan Wu and Director Ren-Hao Tien recused themselves due to conflicts of interests and all other Directors present approved the proposal.

III. TWSE/TPEX listed companies shall disclose the information of self-evaluation of the Board of Directors, such as evaluation cycle, period, scope, method and content:

1. On March 30, 2020, the Company drafted Regulations Governing the Evaluation of the Board of Director. It will regularly appraise performances of the Board of Directors, functional committees and directors at the end of each fiscal year. For this evaluation, a report was presented on March 15, 2023.
2. The performances of the Board of Directors and functional committees in 2022 were "exceptional"; the directors independently evaluated their performances to be "exceptional".
3. To improve functions of the Board of Directors and enhance the Board members' understanding of amendments to laws and regulations, the Company will appropriately deliver related courses to strengthen the Board members' performance of their duties and arouse their great concerns about corporate governance.

Execution of the Board's evaluation

Frequency	Cycle	Scope	Method
Once a year	January 1, 2022 to December 31, 2022	Performance appraisal of the Board of Directors, directors and functional committees. Functional committees include Audit Committee and Remuneration Committee.	Internal self-evaluation of the Board of Directors, directors' self-evaluations, and internal self-evaluations of functional committees.

Content:

1. Self-evaluation of the Board of Directors' performance: The performance indicators of the Board of Directors include five major aspects: participation in the operation of the Company, improvement of the quality of the Board of Directors' decisions, composition and structure of the Board of Directors, selection and continuing education of the Directors, and internal control.
2. Self-evaluation of board members' performance: The performance evaluation indicators for directors include six major aspects: mastery of corporate goals and tasks, directors' awareness of their responsibilities, participation in corporate operations, internal relations and communication, directors' professionalism and continuing education, and internal control.

3. Self-evaluation of the Audit Committee's performance: The performance evaluation indicators of the Audit Committee include five major aspects: participation in the company's operation, awareness of the functional committee's responsibilities, improvement of the quality of the functional committee's decision making, composition and selection of functional committee members, and internal control.
4. Self-evaluation of the performance of the Remuneration Committee: The performance evaluation indicators of the Remuneration Committee include four major aspects: the degree of participation in the company's operation, the recognition of the responsibilities of the functional committee, the improvement of the quality of the functional committee's decision making, and the composition and selection of the functional committee members.

IV. Measures undertaken during the current year and most recent year to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

1. After directors were re-elected for the Board of Directors at the 2017 shareholders' meeting, the Board of Directors appointed three Independent Directors and set up the Audit Committee.
2. On March 30, 2021, the Board of Directors of the Company passed a resolution to appoint Kuei-Chin Huang of the Finance Department to act as Governance Supervisor of the Company, to assist the directors in performing their duties and improve efficiency of the Board of Directors.
3. The Company's website has an "investor zone" and provides contact information for the spokesperson for shareholders to consult the Company's financial and business-related information.

Note 1:

- (1) When a director leaves office, the actual attendance rate (%) shall be calculated based on the number of Board meetings held and how many meetings the director has actually attended during his or her employment.
- (2) When the directors are re-elected, the actual attendance rate (%) of the new and former directors shall be calculated based on the number of Board meetings held and how many meetings the directors has actually attended.

(II) Operations of the Audit Committee

1. The Audit Committee of the Company has 3 members altogether.
2. Current term of office of each committee member: From June 23, 2020 to June 22, 2023.
3. In 2022, the Audit Committee of the Company held 10 meetings (A) in total, and the members' attendance of the meetings was as follows:

Position	Name	Actual Number of Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) [(B/A)]	Note
Independent Director	Chung-Chuan Shih	10	0	100%	-
Independent Director	Chen Chiang	10	0	100%	
Independent Director	Chih-Hung Hsieh	10	0	100%	

Other matters to be noted:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and Company's responses to such resolutions shall be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Name of Meeting	Date	Proposal Content	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
26th term 16th session Board of Directors	2022.01.20	<ol style="list-style-type: none"> 1. The start of pre-sale for the joint venture development project of the Company and E.R.C. Group. 2. The proposal to assess the independence of, and to appoint CPAs auditing and attesting the Company's financial statements for 2022. 3. The acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd. 	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 17th session Board of Directors	2022.03.30	<ol style="list-style-type: none"> 1. The 2021 Business Report and Financial Statements of the Company. 2. 2021 Statement on Internal Control System of the Company. 3. 2021 Earnings Distribution of the Company. 4. The first capital cash increase of the Company's subsidiary Shangyang Asset Management Co., Ltd. in 2022. 5. Amendment of the "Procedures for the Acquisition or Disposal of Assets". 	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 19th session Board of Directors	2022.05.13	<ol style="list-style-type: none"> 1. The discussion of the Company's 2022 Q1 consolidated financial statements. 2. The acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd. 3. The Company holds 32.79% of APH ePower Co., Ltd. and plans to apply for shares to offset the capital for the newly established APH Corporation 	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 20th session Board of Directors	2022.06.02	The Company proposed to invest NT\$3 billion in APH Corporation	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 21st session Board of Directors	2022.06.14	12 land and buildings owned by the Company, including No. 259, Ronghua Section, Xinfeng Township, Hsinchu County, are proposed for sale.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 23rd session Board of Directors	2022.08.11	The Company's 2022 Q2 consolidated financial statements.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 24th session Board of Directors	2022.09.22	The acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 25th session Board of Directors	2022.11.01	The acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.

Name of Meeting	Date	Proposal Content	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
26th term 26th session Board of Directors	2022.11.10	<ol style="list-style-type: none"> 1. The Company's 2022 Q3 consolidated financial statements. 2. Drafting of the 2023 Internal Audit Plan of the Company. 3. The Company's earnings distribution for the first half of 2022. 4. The Company proposed to donate NT\$100,000,000 to Hsinchu Sanyang Education Foundation. 	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th term 27th session Board of Directors	2022.12.14	The acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.

(II) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of the proposals, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):

(I) Summary of communications between Independent Directors and Internal Chief Audit Officer:

1. The monthly audit report based on the audit plan shall be submitted to each independent director through email or in person by the end of the following month.
2. The quarterly audit report shall be submitted to the Audit Committee periodically.
3. Occasionally conduct communication and provide instruction and response by telephone, email, or in person.
4. The communications between independent directors and the internal chief audit officer in 2022 are listed below:

Date	Communication Points	Results
2022.01.20	Report on implementation of the internal audit of the Company from October to December 2021.	Noted. No other comments.
2022.03.30	2021 Statement on Internal Control System of the Company.	The resolution was approved
2022.05.13	Report on implementation of the internal audit of the Company from January to March, 2022.	Noted. No other comments.
2022.08.11	Report on implementation of the internal audit of the Company from April to June, 2022.	Noted. No other comments.
2022.11.10	<ol style="list-style-type: none"> 1. Report on implementation of the internal audit of the Company from July to September, 2022. 2. Drafting of the 2023 Internal Audit Plan of the Company. 	Noted. No other comments. The resolution was approved

(II) Summary of communications between Independent Directors and CPAs:

1. Prior to the annual audit, the CPAs will fully communicate with the independent directors on the key audit matters and important statutory requirements of the year.
2. The independent directors regularly communicate with the CPAs in the Audit Committee about the review or audit of the financial statements and the results.
3. Details are as follows:

Date	Communication Points	Results
2022.03.30	<ol style="list-style-type: none"> 1. Explanation of the audit report of the Company's financial statements for 2021. 2. Important statutory update. 	Noted. No other comments.
2022.08.11	<ol style="list-style-type: none"> 1. Explanation of the audit report of the Company's financial statements for the second quarter of 2022. 2. Competent Authority concerns 3. Important statutory update 	Noted. No other comments.

4. Annual key tasks of the Audit Committee:

(1) Review financial reports

After the Company's annual business report, financial statements and earnings distribution plan are reviewed and approved by the Audit Committee, they shall be submitted to the Board of Directors for discussion. After they are resolved by the Board of Directors, they shall be submitted to the Shareholders' Meeting for approval.

(2) Assess effectiveness of internal control

Internal self-evaluation of the Board of Directors, directors' self-evaluations, and internal self-evaluations of functional committees. The internal bodies of the Company shall independently evaluate their internal control systems and their implementation. The audit body shall communicate with members of the Audit Committee from different perspectives several times per year, to evaluate effectiveness of the Company's internal control.

(3) Appoint CPAs

The Audit Company annually evaluates independence and professionalism of the CPAs as well as reasonableness of appointment and remuneration. In 2022, the Company appointed accountants Tsung-Che Chen and Hsin-Ting Huang from KPG as CPAs. After such appointment was approved by the Audit Committee on January 20, 2022, it was reported to the Board of Directors for resolution.

(4) Review procedures involving major financial operations of the Company
Procedures for major financial/business conduct involving the acquisition and disposal of assets shall be reviewed and submitted to the shareholders' meeting for discussion after the Board of Directors' resolution.

(5) Review transactions of major assets

The acquisition or disposal of real estate, right-to-use assets and marketable securities shall be reviewed and approved by the Audit Committee and then submitted to the Board of Directors for approval.

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies on May 13, 2021.	No material difference.
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		(I) The Company has spokesperson, deputy spokesperson and Finance Department to perform their respective duties.	No material difference.
(II) Does the Company have a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company provides a shareholder list via a shareholder service agency.	No material difference.
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	✓		(III) The Company and its affiliates have established the Company's related party transaction management measures.	No material difference.
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	✓		(IV) The Company has developed operating procedures for processing internal material information to prevent insider trading.	No material difference.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board develop and implement a diversity guideline for the composition of its members?	✓		(I) Although the Company has not expressly formulated diverse policies as to composition of the Board of Directors, it has diversified the Board members.	No material difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?		✓	(II) The Company has not yet set up other voluntary functional committees.	In the future, the Company will set up other functional committees according to actual needs.
(III) Does the Company develop standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as references for individual directors' remuneration and nomination and renewal?	✓		(III) 1. The Company has developed the Procedures for Evaluating Performance of the Board of Directors, and performed the evaluation since 2020. 2. According to the Procedures for Evaluating Performance of the Board of Directors, the Board shall evaluate performance of the Board of Directors at least once a year; such evaluation shall be conducted by an external professional independent organization or an external professional team of scholars at least every three years. 3. The 2022 performance appraisal results of the Board of Directors were reported to the Board of Directors on March 15, 2023.	No material difference.
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The CPA firm and CPAs appointed by the Company have no conflicts of interest with the Company and strictly maintain their independence. The Board of Directors regularly discusses engagement of CPAs auditing and attesting financial statements of the current year from the perspective of their independence and competency every year, and a resolution was thereby passed by the Board of Directors on January 12, 2023.	No material difference.
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but	✓		On March 30, 2021, the Board of Directors of the Company passed a resolution to appoint Kuei-Chin Huang of the Finance Department to act as Governance Supervisor of the	No material difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?			Company, to assist the directors in performing their duties and improve efficiency of the Board of Directors. The main duties include handling the meeting related matters of the board of directors and the shareholders' meeting in accordance with the law, making the minutes of the board of directors and the shareholders' meeting, assisting the directors in taking office and continuing education, providing information required for the directors to carry out their business, assisting the directors in complying with laws and regulations, and other matters stipulated in the Articles of Incorporation or the contract.	
V. Does the Company set communication channels and a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has set communication channels and a dedicated section on its website for stakeholders.	No material difference.
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency and securities service agency to deal with shareholders' meeting affairs.	No material difference.
VII. Information disclosure				
(I) Does the Company have a website to disclose the financial operations and corporate governance status?	✓		(I) The Company has set up a website to regularly disclose its financial information. http://www.sanyang.com.tw .	No material difference.
(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to collect and disclose information, creating a	✓		(II) The Company has built an English website and pays close attention to the implementation of the spokesman system. In addition, its affiliates have respectively appointed special personnel to collect and disclose	No material difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
<p>spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p>		✓	<p>information of the Company. http://www.sanyang.com.tw/en/</p> <p>(III) The Company has announced its annual and quarterly financial statements and each month's business operations within the periods specified by laws and regulations. However, the Company has not announced and declared its annual financial statements within two months after the end of the fiscal year.</p>	Same as the summary.
<p>VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?</p>	✓		<ol style="list-style-type: none"> 1. Employee rights: The Company has always treated employees honorably and provides protection of their legal rights in accordance with the Labor Standards Act. 2. Caring for employees: The Company has established a welfare system for enriching/stabilizing employees' lives and a sound education and training system to build good relations with employees based on mutual trust and reliance. Welfare includes but is not limited to: providing funds for employees' club activities and providing recreation and entertainment, subsidies for health checkup, medical consultations, provisioning of employee dormitories, caring for daily lives of employees residing in the Company's dormitories and free parking lots. 3. Investor relations: The Company set up the Finance Department and the Public Affairs Office to specially process shareholders' suggestions. 4. Supplier relations: The Company maintains good relationships with its suppliers. 5. Stakeholders' rights: Stakeholders can communicate with 	No material difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>and offer suggestions to the Company to safeguard their legitimate rights and interests.</p> <p>6. Progress of training for directors: All Directors of the Company have professional industry backgrounds and practical experiences in business management.</p> <p>7. Execution process of risk management policies and risk measurement standards: Establish various internal regulations and conduct multiple risk management and assessment under regulations.</p> <p>8. Implementation of client policy: The Company maintains positive relations with customers to create Company profits.</p> <p>9. The Company's purchase of liability insurance policies: The Company has bought liability insurance policies for its directors. Such insurance policies were reported at the Board of Directors meetings on January 20, 2022 and January 12, 2023.</p>	
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved:</p> <ol style="list-style-type: none"> 1. The Company's ranking in the 8th Corporate Governance Appraisal of the Taiwan Stock Exchange in 2021: 51~65%; The Company's ranking in the 9th Corporate Governance Appraisal of the Taiwan Stock Exchange in 2022: 66~80%. 2. The Company has made following improvements: <ol style="list-style-type: none"> (1) Added information on the diversity and independence of the board of directors on the Company's official website, announced the annual financial report within 75 days after the end of the year in 2022, and released material information in both Chinese and English simultaneously to enhance the transparency of information disclosure. (2) The audit committee approved the Company's interim financial reports, which were subsequently discussed and resolved by the board of directors. (3) Establish an information security risk management framework, formulate information security policies, specific management plans, and invest resources in information security management, and disclose them in the Company's annual report. 3. Priorities and measures to be strengthened: In 2023, related internal regulations such as "Procedures for Handling Material Inside Information" and 				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
"Corporate Governance Best Practice Principles" will be amended to strengthen preventive measures for insider trading.				

(IV) Composition, Duties and Operation of the Remuneration Committee:

1. Information on Members of the Remuneration Committee

Title	Criteria Name	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent director Convener	Chung- Chuan Shih	The contents reference on p.29~31 “2. Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors”	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not the individual shareholder who holds shares, together with those held by the person's spouse, children (minors), or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings. (4) Not a spouse, kin within the second degree of kinship under the Civil Code, or the lineal relatives by blood within the third degree of kinship under the Civil Code as specified in (1) through (3).	0
Independent Director	Chen Chiang		(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds 5% or more of the total number of issued shares of the company, or ranks as one of its top five shareholders, or being appointed based on paragraph 1 and paragraph 2 of Article 27 of the Company Act. (6) Not a director of the Company or a director, supervisor, office holding half or more of the share that controlled by one person. (7) Not a director (or governor), supervisor, or employee of other company or institutions who is the chairman, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses.	0
Independent Director	Chih- Hung Hsieh		(8) Does not have financial or business relationships with the Company or with directors (executive), supervisors, managers, or major shareholders with over 5% shareholdings. (9) Does not provide the Company or associated companies with auditing or in the past 2 years in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. (10) Not a spouse or relative within the second degree of kinship of any other directors.	1

2. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Current term of office of each committee member: From July 3, 2020 to June 22, 2023.
- (3) In 2022, the Remuneration Committee of the Company held 4 meetings (A) in total, and the members' attendance of the meetings was as follows:

Position	Name	Actual Number of Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Note
Convener	Chung-Chuan Shih	4	0	100%	-
Committee Member	Chen Chiang	4	0	100%	
Committee Member	Chih-Hung Hsieh	4	0	100%	

Other notable items:

- I. If the board of directors decline to adopt or modify a recommendation of the Remuneration Committee, it is imperative to note down the board meeting date, session, motion, resolution as well as the Company's disposition of the Remuneration Committee's recommendation. (e.g., If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and causes for the difference shall be specified) shall be specified: None.
- II. As to a resolution of the Remuneration Committee, if a committee member expresses any objection or reservation recorded or in written statement, it is imperative to specify the committee's date, session disposition of the comments: None.

III. Discussions and resolutions of the Remuneration Committee in 2022:

Session of the Remuneration Committee	Date	Proposal Content	Opinions of the Remuneration Committee and the Company's Response to the Opinions
7th session of the 4th Remuneration Committee	2022.01.20	Drafted proposal of the Company for allocating 2021 year-end bonus to the Directors and managers.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
8th session of the 4th Remuneration Committee	2022.03.30	1. The Company's distribution of remuneration of employees for 2021. 2. The Company's distribution of remuneration of Directors for 2021.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
9th session of the 4th Remuneration Committee	2022.07.05	2022 salary adjustment for managers of the Company.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
10th session of the 4th Remuneration Committee	2022.12.14	Drafted the proposal for the salary of the new manager of the Company.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.

Note: During the election of the members of the Remuneration Committee, the actual attendance rate (%) of the new and former members of the committee shall be calculated based on the number of sessions held by the committee and how many times they have attended the sessions during their employment.

(V) Performance of corporate social responsibility, deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and reasons thereof:

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
I. Does the company set up a governance structure for sustainable development, establish an exclusively (or concurrently) dedicated unit to implement sustainable development, and have management authorized by the Board of Directors to be in charge of proposing sustainable development policies and report to the Board of Directors?		✓	The Company has not set up sustainable development committees yet.	To promote corporate governance, develop sustainable environment, safeguard social public welfare and strengthen its information disclosure, the Company continuously performs its social responsibilities and has its functional projects implemented by internal bodies of the Company. Annually issues sustainability reports, discloses the Company's performance, and reviews the space for improvement and goals of struggle.
II. Does the company conduct ESG risks assessments related to the business operations of the Company based on the materiality principle and develop relevant risk management policies or strategies?	✓		The Company attaches importance to corporate governance, environmental protection and social engagement, which are included in the Company's management policies and related business activities. While striving for sustainable operations and profits, the Company also pays attention to stakeholders' interests and performs its corporate social responsibilities.	No material difference.
III. Environmental issues (I) Does the Company establish a suitable environmental management system in accordance with its industry's characteristics?	✓		(I) The Company has established a system related to environmental management and promotes environmental management systems (ISO14001 and ISO14064). It appoints DNV Business Assurance Co., Ltd. to audit the systems each year.	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials that have insignificant impact on the environment?	✓		(II) The Company promotes energy conservation measures, including temperature reduction for factories (improving fans system and upgrading refrigerating machine), using LED lights as lighting equipment, and upgrading of air-conditioning equipment. The original purchased open-ended iron cases and bottom plates have been replaced by those made of recycled imported auto parts, to increase utilization ratio of materials.	No material difference.
(III) Has the company evaluated the current and future potential risks and opportunities of climate change, and taken corresponding measures?	✓		(III) To effectively control drastic increase in greenhouse gas emissions and respond to challenges to sustainable development resulting from climate change, the Company has taken following measures to reduce greenhouse gas emissions: 1. Commitment to greenhouse gas inventory 2. Tracking actual greenhouse gas emissions by the Company 3. Promoting sustainable development	No material difference.
(IV) Has the company collected data for greenhouse gas emissions, water usage and waste quantity in the past two years, and formulated management policies for greenhouse gas emissions reduction, water usage reduction and other waste?	✓		(IV) 1. Greenhouse gases: The Company follows the standard procedure of ISO 14064 to carry out the identification and inventory of greenhouse gases in the Hsinchu plant area, so as to grasp the emission status of greenhouse gases and serve as the basis for proposing greenhouse gas reduction plans. For all greenhouse gases emitted by the Company, identification of related emission sources, data collection and emission calculation are performed. In addition, they are investigated and verified by	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
			DNV Business Assurance Co., Ltd. 2. Energy conservation and carbon emission reduction: To meet the commitments of environmental, safety and health policies for "improving equipment effectiveness, managing energy conservation of public facilities and cutting energy costs, the Company has taken comprehensive actions for cutting power consumption by 1% per year. In 2022, the Company launched 18 improvement programs and decreased power consumption by 937,172kWh/year.	
IV. Social issues				
(I) Does the company have the relevant management policies and procedures stipulated in accordance with the relevant regulations and the International Bill of Human Rights?	✓		(I) All of the Company's amendments to its internal control and management rules conform to related government regulations.	No material difference.
(II) Has the company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected business performance and achievements in the remuneration for employee?	✓		(II) The Company has formulated related remuneration management measures, bonus standards and leave management measures. It has also set up the Employee Welfare Committee and Trade Union, to guarantee related rights and benefits of the employees.	No material difference.
(III) Does the company provide employees with a healthy and safe working environment and organize health and safety training for its employees regularly?	✓		(III) The Company has set up the Environmental, Safety and Health Management Department for patrolling, inspection, employee education, and supervision of environment, safety and health in its plants to ensure workers' safety during operations. The Company has	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
(IV) Does the company establish an effective career development and training plans for its employees?	✓		<p>lawfully been staffed with professional nursing personnel, drafted and executed the plans for health management and promotion in plants. Apart from regular health checkups, environment, health and safety education and training for employees, it has also specially recruited physicians and professional specialist physicians to provide professional health management services in its plants.</p> <p>(IV) The Company has set up special education and training organizations, and established a training system. It annually investigates and performs training on management, quality control, production management, marketing, languages and professional skills according to corporate policies, strategies, rules and training demands. It actively cultivates talents and improves its employees' professional skills. In addition, it has drafted measures regarding official ranks and titles, which are classified into management and professional positions. The employees can improve their capabilities and achieve career development according to their duties, job types and corporate training system.</p>	No material difference.
(V) For customer health and safety, customer privacy, marketing and labeling regarding company's products and services, does the company comply with relevant regulations and international guideline? And any establishment of policies on customer's rights and procedures	✓		<p>(V) The business units of the Company have set 080 toll-free customer complaint hotlines for their consumers. They have 24 hours roadside assistance and door-to-door services available to consumers. In addition, consumers can leave messages and send emails to Company's official website. Full-time</p>	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
			customer service specialists are appointed to handle related affairs. The customer's personal data is required to comply with the relevant provisions of Personal Data Consent Form with the highest level of protection.	
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on the issues of environmental protection, occupational safety and health or labor human rights?	✓		(VI) 1. The Company has listed green procurement as a basic requirement for supplier management, and collaborated with manufacturers to assess the Measures for Evaluating New Collaborative Manufacturers' Applications for QAV1. The Company arranges procurement, quality assurance, quality control, technical, environment and safety personnel to perform on-site assessments in manufacturers' premises. Manufacturers with more than 80 (inclusive) scores in the evaluation are deemed as qualified suppliers. 2. The manufacturers contracting projects are listed in great concerns of the Company. They have to sign environment, safety and health commitments in procurement outsourcing and manufacturers' contracting agreements. In addition to encourage the contractors to undertake responsibilities, the environmental safety and health dept. shall provide assistance, training and improvement education when necessary to safeguard effective implementation of environmental, safety and health policies inside the plants.	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the variation
	Yes	No	Summary	
V. Does the Company prepare a sustainability report based on the international standards or guidelines to disclose non-financial information? Are the reports certified or assured by a recognized third-party?	✓		<ol style="list-style-type: none"> 1. The data disclosed in the sustainability reports is from the Company's statistics and survey results, presented as international general indicators. The sustainability report was affirmed by Ares International Certification Agency for 2022. 2. The greenhouse gas emissions specified by ISO14064 have been verified by DNV Business Assurance Co., Ltd. in April each year. 3. The Company has passed ISO 14001, ISO 45001 and CNS 45001 certifications for being certified by DNV GL. The certifications are valid from October 17, 2022 to October 16, 2025. 	No material difference.
VI. If the Company has established sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: None.				
VII. Other important information for better understanding the status of facilitating sustainable development implementation: The Company's environmental protection, community involvement, social contributions, social services, social public welfare, consumer rights and interests, human rights, safety, health and other social responsibility activities have been integrated and disclosed in the Company's sustainability report, and announced on the website of Sanyang Motor (http://www.sanyang.com.tw/).				

(VI)Implementation Status of Climate Related Information

Items	Implementation Status																							
<p>1. Describe board and management oversight and governance of climate-related risks and opportunities.</p>	<p>The Company has set up a permanent administrative organization of the sustainable strategy development headquarters, with Ren-Hao Tien, the director and assistant vice president, as the head supervisor. In terms of environmental protection, major issues such as climate change mitigation and adaptation, greenhouse gas management, energy management, water resource management, and waste management are set up separately. The executives of each plant office are responsible for collecting environmental issues such as climate change and water resources. And identify climate-related risks and opportunities, assess and analyze the major risks and opportunities, and propose relevant countermeasures. The countermeasures and actions for various climate-related major risks and opportunities have been discussed in the ESG meeting held every year based on the preparation of the sustainability report since 2023. When there are major issues events or impacts mentioned above, the head supervisor of the sustainable strategy development department held a temporary meeting to deal with it in response.</p>																							
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long term).</p>	<table border="1"> <thead> <tr> <th data-bbox="674 699 752 770">NO</th> <th data-bbox="752 699 898 770">Risk category</th> <th data-bbox="898 699 1070 770">Risk type</th> <th data-bbox="1070 699 1518 770">Risk items</th> <th data-bbox="1518 699 2136 770">Potential financial impacts</th> </tr> </thead> <tbody> <tr> <td data-bbox="674 770 752 962">1</td> <td data-bbox="752 770 898 1377" rowspan="4">Transition risk</td> <td data-bbox="898 770 1070 1377" rowspan="4">Regulations and policies</td> <td data-bbox="1070 770 1518 962">In 2040, Taiwan will ban the sale of new petrol and diesel automobiles/ 100% electric automobiles.</td> <td data-bbox="1518 770 2136 962">Risks: The main products of two-wheel/ four-wheel automobiles are mainly petrol and diesel automobiles. If electric automobiles are not developed/ introduced, it will be harm for long-term operation and development.</td> </tr> <tr> <td data-bbox="674 962 752 1193">2</td> <td data-bbox="1070 962 1518 1193">2050 net-zero emission policy, increasing the cost of greenhouse gas emissions.</td> <td data-bbox="1518 962 2136 1193">Risks: In response to greenhouse gas reduction and regulations, continue to replace high-energy-consuming and old equipment with new ones, increase energy efficiency, and avoid potential carbon taxes and carbon trading systems from affecting operating costs.</td> </tr> <tr> <td data-bbox="674 1193 752 1305">3</td> <td data-bbox="1070 1193 1518 1305">FSC require the listed company to follow the Greenhouse Gas Inventory regulations.</td> <td data-bbox="1518 1193 2136 1305">Risks: Default penalty for failure to declare in accordance with regulations.</td> </tr> <tr> <td data-bbox="674 1305 752 1377">4</td> <td data-bbox="1070 1305 1518 1377">Mandatory regulations (Phase VI for automobiles and Phase VII for</td> <td data-bbox="1518 1305 2136 1377">Risks: Increased capital expenditure for new models and increased manufacturing costs.</td> </tr> </tbody> </table>					NO	Risk category	Risk type	Risk items	Potential financial impacts	1	Transition risk	Regulations and policies	In 2040, Taiwan will ban the sale of new petrol and diesel automobiles/ 100% electric automobiles.	Risks: The main products of two-wheel/ four-wheel automobiles are mainly petrol and diesel automobiles. If electric automobiles are not developed/ introduced, it will be harm for long-term operation and development.	2	2050 net-zero emission policy, increasing the cost of greenhouse gas emissions.	Risks: In response to greenhouse gas reduction and regulations, continue to replace high-energy-consuming and old equipment with new ones, increase energy efficiency, and avoid potential carbon taxes and carbon trading systems from affecting operating costs.	3	FSC require the listed company to follow the Greenhouse Gas Inventory regulations.	Risks: Default penalty for failure to declare in accordance with regulations.	4	Mandatory regulations (Phase VI for automobiles and Phase VII for	Risks: Increased capital expenditure for new models and increased manufacturing costs.
NO	Risk category	Risk type	Risk items	Potential financial impacts																				
1	Transition risk	Regulations and policies	In 2040, Taiwan will ban the sale of new petrol and diesel automobiles/ 100% electric automobiles.	Risks: The main products of two-wheel/ four-wheel automobiles are mainly petrol and diesel automobiles. If electric automobiles are not developed/ introduced, it will be harm for long-term operation and development.																				
2			2050 net-zero emission policy, increasing the cost of greenhouse gas emissions.	Risks: In response to greenhouse gas reduction and regulations, continue to replace high-energy-consuming and old equipment with new ones, increase energy efficiency, and avoid potential carbon taxes and carbon trading systems from affecting operating costs.																				
3			FSC require the listed company to follow the Greenhouse Gas Inventory regulations.	Risks: Default penalty for failure to declare in accordance with regulations.																				
4			Mandatory regulations (Phase VI for automobiles and Phase VII for	Risks: Increased capital expenditure for new models and increased manufacturing costs.																				

Items	Implementation Status				
				motorcycles, new system for CAFÉ energy efficiency).	Opportunity: Better sales of energy-efficient automobiles.
	5			Investment and research and development of new energy automobiles.	Risks: The R&D expenditure of new energy automobiles is high, and the investment payback period is relatively long.
	6		Technology risk	The cost of transitioning to low-carbon technology (such as the construction of renewable energy and the development of energy storage equipment); the development and layout of the energy storage business.	Risks: The deployment of two-wheel electric automobile charging and swapping infrastructure and the construction of energy storage equipment will increase capital expenditures.
	7		Market risk	Customer preferences have changed, environmental awareness has risen, and the demand for petrol and diesel automobiles will decrease in the future.	Risks: High carbon emissions and greenhouse gas emission management may affect customers' trust in the Company, damage its goodwill, and reduce the sales of main products petrol and diesel automobiles that affect the Company's revenue.
	8			Energy prices continue to rise and energy resources are depleted.	Risks: Affect potential customers' consideration of the high cost of petrol and diesel automobiles, and increase the Company's operating and production costs, resulting in damage to revenue and profits.
	9		Supply risk	<ol style="list-style-type: none"> 1. Supply chain carbon emissions indirectly affect the Company's greenhouse gas inventory. 2. Supplier product/ raw material carbon emissions directly affect the Company's product carbon emissions. 	Risks: <ol style="list-style-type: none"> 1. Increase in taxes and fees related to product carbon emissions. 2. Excessive carbon emissions from raw materials have increased the carbon footprint of Sanyang products. 3. Excessive emissions from suppliers (including transportation) have increased the

Items	Implementation Status				
					carbon footprint of Sanyang products. Opportunity: Supply chain carbon disclosure to achieve sustainable development of the supply chain.
	10		Reputation risk	Negative news about companies impacting climate change.	Risk: If there are negative media reports or inactively investing in environmental protection and ecological conservation which will affect customers' willingness to purchase and reduce revenue.
	11	Physical risk	Acute risk	Extreme weather disasters such as floods caused by typhoons and storms and water shortages disrupt the supply chain, affecting the production capacity of the plant or damaging equipment.	Risks: Droughts caused by drastic climate changes lead companies to invest in improving water efficiency; natural disasters affect employee commuting, equipment maintenance and restoration, and increased operating costs; production interruptions lead to a decline in Company revenue.
	12		Chronic risk	The temperature keeps rising.	Risks: The increase in average temperature will lead to a continuous increase in electricity consumption and carbon emissions; power shortages will cause operational interruption or equipment damage, etc., increasing operating costs.
3. Describe the financial impact of extreme weather events and transition actions.	See Item 2 (Form above)				
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The evaluation method refers to the report advice of TCFD (Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017), considers transition risk (policies and law/ market/ technology/ reputation) and physical risk (chronic risk and acute risk) while formulating risk scenario; When the amount of financial impact exceeds NT\$10 million (95% probability may occur in the current year), it is classified as a company-level risk (that is, there is a substantial financial impact).				
5. If scenario analysis is used to assess resilience to climate change risks, the	The Company refers to the guidance of the "Strategy" chapter of the TCFD proposal. The organization's resilience also takes into account different climate-related scenarios and chooses to use two scenarios to analyze the operational transition				

Items	Implementation Status																		
<p>scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained.</p>	<p>impact and physical impact that the Company may suffer.</p> <ol style="list-style-type: none"> 1. Well-below 2C transition scenario: The Company uses the standards issued by the SBTi organization to analyze the risks of the Well-below 2C transition scenario. According to the standard, when the emission reduction is 2.5% per year, if net zero emissions are achieved by 2050, the financial impact of the Company may increase operating costs by more than 2%. 2. RCP physical risk scenario: Under RCP scenario simulation, the Company adopts Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), simulate four types of RCP (Representative Concentration Pathways) online, which is RCP4.5 and RCP8.0, the most severe condition has ever met. Changes in temperature and precipitation, in RCP8.0, the maximum temperature increases by 1.67°C. The maximum change in precipitation is 0.51 mm/day; in RCP4.5, the maximum decrease in precipitation is 0.18 mm/day. Temperature change in the worst condition, RCP8.0, the temperature rises by up to 1.67°C. It will lead to a 1% increase in power dissipation and a 1% increase in total energy costs, which is an acceptable financial impact. <table border="1" data-bbox="728 718 2123 1204"> <thead> <tr> <th data-bbox="728 718 1124 762">Items</th> <th data-bbox="1124 718 2123 762">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="728 762 1124 849">Situation analysis</td> <td data-bbox="1124 762 2123 849">Projection scenarios for RCP4.5, RCP8.0, etc., adopt RCP 8.0 scenario carry out a risk assessment of extreme weather</td> </tr> <tr> <td data-bbox="728 849 1124 893">Sea level rise</td> <td data-bbox="1124 849 2123 893">Unaffected</td> </tr> <tr> <td data-bbox="728 893 1124 938">Below the tidal zone</td> <td data-bbox="1124 893 2123 938">Unaffected</td> </tr> <tr> <td data-bbox="728 938 1124 1018">Below the annual flood level of 139</td> <td data-bbox="1124 938 2123 1018">Unaffected</td> </tr> <tr> <td data-bbox="728 1018 1124 1062">Rising temperature</td> <td data-bbox="1124 1018 2123 1062">1.67 °C</td> </tr> <tr> <td data-bbox="728 1062 1124 1107">Total rainfall</td> <td data-bbox="1124 1062 2123 1107">1675.6mm (1991~2020 average in Hsinchu, Central Weather Bureau website)</td> </tr> <tr> <td data-bbox="728 1107 1124 1152">Number of rainfall days</td> <td data-bbox="1124 1107 2123 1152">117.7 days (1991~2020 average in Hsinchu, Central Weather Bureau website)</td> </tr> <tr> <td data-bbox="728 1152 1124 1197">Torrential rain forecast</td> <td data-bbox="1124 1152 2123 1197">Source: Public information on the Central Weather Bureau website</td> </tr> </tbody> </table> <p>The current extreme weather has no actual impact</p>	Items	Description	Situation analysis	Projection scenarios for RCP4.5, RCP8.0, etc., adopt RCP 8.0 scenario carry out a risk assessment of extreme weather	Sea level rise	Unaffected	Below the tidal zone	Unaffected	Below the annual flood level of 139	Unaffected	Rising temperature	1.67 °C	Total rainfall	1675.6mm (1991~2020 average in Hsinchu, Central Weather Bureau website)	Number of rainfall days	117.7 days (1991~2020 average in Hsinchu, Central Weather Bureau website)	Torrential rain forecast	Source: Public information on the Central Weather Bureau website
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Items	Implementation Status				
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and goals utilized to identify and manage physical risks and transition risks.</p>	NO	Risk category	Risk type	Risk items	Goals and indicators
	1	Transition risk	Regulations and policies	Policy trend: Taiwan will ban the sale of new petrol and diesel automobiles/ 100% electric automobiles by 2040.	<p>1. [Short-term] In 2023Q4, the first application product (electric motorcycle) using CPC standard battery was launched.</p> <p>2. [Medium and long-term] Mass production of electric automobiles with APh ePower aluminum batteries.</p>
	2			2050 net-zero emission policy, increasing the cost of greenhouse gas emissions.	<p>1. The Company's target for cutting power consumption is 1% in 2023.</p> <p>2. Energy saving and carbon reduction of 1,395 metric tons of CO2e in the supply chain.</p>
	3			FSC's greenhouse gas inventory regulations for listed companies.	<p>1. It is estimated that the parent company's inventory will be completed in December 2023.</p> <p>2. The third-party certification is expected to be completed in December 2024.</p> <p>3. It is estimated that the inventory of the consolidated subsidiaries will be completed in December 2024.</p> <p>4. It is expected to complete the third-party certification of the consolidated subsidiary in December 2025.</p>
	4			Mandatory regulations (Phase VI for automobiles and Phase VII for motorcycles, new system for CAFÉ energy efficiency).	<p>1. Proportion of obtaining energy labels for motorcycle products (models).</p> <p>2. Proportion of obtaining environment labels for motorcycle products (models).</p> <p>3. Proportion of obtaining energy labels for automobile products (sales volumes).</p> <p>4. Proportion of obtaining environment labels for automobile products (sales volumes).</p> <p>5. Displacement below 125c.c. (inclusive), 100% obtain environment label (except special function</p>

Items	Implementation Status				
					<p>motorcycles)</p> <p>6. 100% obtain environment label for electric motorcycles.</p>
	5		Technology risk	Investment and research and development of new energy automobiles.	<p>1. [Short-term] In 2023Q4, the first application product (electric motorcycle) using CPC standard battery was launched.</p> <p>2. [Medium and long-term] Mass production of electric automobiles with APh ePower aluminum batteries.</p>
	6			The cost of transitioning to low-carbon technology (such as the construction of renewable energy and the development of energy storage equipment); the development and layout of the energy storage business.	
	7	Transition risk	Market risk	Customer preferences have changed, environmental awareness has risen, and the demand for petrol and diesel automobiles will decrease in the future.	<p>1. Proportion of obtaining energy labels for automobile products (models).</p> <p>2. Proportion of obtaining environment labels for automobile products (models).</p> <p>3. Proportion of obtaining energy labels for automobile products (sales volumes).</p> <p>4. Proportion of obtaining environment labels for automobile products (sales volumes).</p> <p>5. Displacement below 125c.c. (inclusive), 100% obtain environment label (except special function motorcycles)</p> <p>6. 100% obtain environment label for electric motorcycles.</p>
8	Energy prices continue to rise and energy resources are depleted.			<p>1. Statistics provide heavy oil usage in the past three years.</p> <p>2. [Short term] 2023~2025 years replacement.</p> <p>3. [Medium and long term] 2026~2030 years are all</p>	

Items	Implementation Status			
	9		Supply risk	<p>replaced.</p> <ol style="list-style-type: none"> 1. [Short-term] It is expected that more than 40% of suppliers will complete the greenhouse gas inventory before October 2023. 2. [Medium term] It is expected that more than 60% of suppliers will complete the greenhouse gas inventory before October 2026. 3. [Long term] It is expected that more than 70% of suppliers will complete the greenhouse gas inventory before October 2029. 4. [Medium term] One type of petrol and diesel automobile has carbon footprint data.
			Reputation risk	<p>Negative news about companies impacting climate change.</p> <p>Temporarily acceptable risk.</p>
	11	Physical risk	Acute risk	<p>Extreme weather disasters such as floods caused by typhoons and storms and water shortages disrupt the supply chain, affecting the production capacity of the plant or damaging equipment.</p> <p>Temporarily acceptable risk.</p>
	12		Chronic risk	<p>The temperature keeps rising.</p> <p>Temporarily acceptable risk.</p>
7. If internal carbon pricing is utilized as a planning tool, it should state the basis for setting the price.	None for current.			
8. If climate-related goals are set, they should	See Item 6			

Items	Implementation Status
state the covered activities, the scope of greenhouse gas emissions, the planning schedule, annual progress, and other information; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, it should state the source and quantity of carbon reduction credits being offset or the number of renewable energy certificates (RECs).	
9. Greenhouse gas inventory and affirmation	See 1-1 (Form below)

1-1 Greenhouse gas inventory and affirmation

<p>The Company's basic information</p> <p><input type="checkbox"/> Companies with a capital of over NT\$10 billion, the steel industry, cement industry</p> <p><input checked="" type="checkbox"/> Companies with a capital of over NT\$ 5 billion below NT\$ 10 billion</p> <p><input type="checkbox"/> Companies with a capital of below NT\$ 5 billion</p>	<p>According to the regulations of the sustainable development roadmap of listed companies should at least disclose</p> <table border="0"> <tr> <td data-bbox="1075 746 1514 810"><input checked="" type="checkbox"/> The parent company only inventory</td> <td data-bbox="1514 746 2098 810"><input type="checkbox"/> Consolidated financial reporting subsidiaries inventory</td> </tr> <tr> <td data-bbox="1075 810 1514 873"><input type="checkbox"/> The parent company only affirmation</td> <td data-bbox="1514 810 2098 873"><input type="checkbox"/> Consolidated financial reporting subsidiaries affirmation</td> </tr> </table>	<input checked="" type="checkbox"/> The parent company only inventory	<input type="checkbox"/> Consolidated financial reporting subsidiaries inventory	<input type="checkbox"/> The parent company only affirmation	<input type="checkbox"/> Consolidated financial reporting subsidiaries affirmation
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<input type="checkbox"/> The parent company only affirmation	<input type="checkbox"/> Consolidated financial reporting subsidiaries affirmation				

Category 1	Total gas emissions (Metric ton CO2e)	Intensity (Metric ton Co2e/ NT\$ billion)	Affirmation organization	Affirmation statement
Sanyang Motor	11,285.8722	0.3145	DNV	Reasonable assurance level
Total	11,285.8722	0.3145		
Category 2	Total gas emissions (Metric ton CO2e)	Intensity (Metric ton Co2e/ NT\$ billion)	Affirmation organization	Affirmation statement
Sanyang Motor	27,606.7862	0.7694	DNV	Reasonable assurance level
Total	27,606.7862	0.7694		

(VII) Ethical Corporate Management and Measures Adopted

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs	✓			No material difference.
(I) Does the company formulate the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(I) The Company has formulated professional code of ethics and detailed social norms for practitioners. It complies with policies and practices on ethical corporate management.	No material difference.
(II) Does the company establish a risk assessment mechanism against unethical conduct, regularly analyze and assess business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(II) The Company has drafted measures for non-competition and confidentiality undertakings, professional code of ethics and letter of confirmation on service codes, to prevent rather dishonest behaviors and risky operations. However, the Company has not established a risk evaluation mechanism, which will be constructed in accordance with the Company's needs.	No material difference.
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		(III) The Company has formulated professional code of ethics to prevent unethical conduct and specify appropriate method for filing complaints.	No material difference.
II. Full implementation of ethical management	✓			No material difference.
(I) Does the company evaluate business partners' credit records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company has formulated detailed social norms for its employees to strictly ban its employees, their relatives, friends and stakeholders from accepting bribes, rebates or	No material difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	✓		illegitimate benefits. (II) The Company has built administrative department and audit department to implement awareness campaigns from time to time and improve ethical corporate management, but it has not regularly reported the implementation status to the Board of Directors.	Same as the summary.
(III) Does the company formulate policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has developed professional code of ethics and detailed social norms for its employees, to prevent conflicts of interest and specify appropriate method for filing complaints.	No material difference.
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	✓		(IV) The Company has established internal control operating system and accounting systems in accordance with government decrees formulated Regulations Governing Establishment of Internal Control Systems by Public Companies, lawfully appointed internal audit personnel, executes the audit plans approved by the Board of Directors, and makes regular reports to the Audit Committee and the Board of Directors.	No material difference.
(V) Does the company regularly hold internal and external training on ethical corporate management?	✓		(V) The Company has arranged courses related to ethical corporate management in its education and training programs for new employees.	No material difference.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
<p>III. Operation of the whistleblowing system</p> <p>(I) Does the company develop both a reward and whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(II) Has the company developed standard operating procedures and confidentiality measures for the investigation of reported incidents?</p> <p>(III) Does the company provide protection for whistleblowers against improper treatment?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has set up an administrative department, Audit Office, and employee's complaint box to accept employees' complaints. Employees who damage the interests of the Company due to a violation of ethical corporate management principles will be punished according to work rules and guidelines for special rewards and punishments.</p> <p>(II) The Company has established procedures for accepting impeaches, which are implemented by human resource, environment and health organizations. The Company strictly maintains the confidentiality of whistleblowers' rights, interests and privacy.</p> <p>(III) After receiving complaints, the Company will notify and respond to them objectively, fairly, and impartially. It will strictly maintain the confidentiality of the whistleblowers' rights, interests and privacy.</p>	<p>No material difference.</p> <p>No material difference.</p> <p>No material difference.</p>
<p>IV. Enhancing information disclosure</p> <p>Does the company disclose the ethical corporate management policies and the results of its implementation on the Company website and MOPS?</p>	<p>✓</p>		<p>The Company has created a website to regularly disclose its business information required by laws and regulations. http://www.sanyang.com.tw.</p>	<p>No material difference.</p>
<p>V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has not formulated the "Ethical Corporate Management Best-Practice Principles" but related ethical corporate management guidelines are included in the</p>				

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
<p>Company's other internal regulations including work rules, detailed social norms for employees, professional code of ethics, and letter of conformation of service norms. No difference exists in the practical operations. Regarding the professional code of ethics, the Company requires all employees to:</p> <ol style="list-style-type: none"> 1. Comply with the code at work and in our personal conduct. 2. Ensure that there is no conflict of interest. 3. Protect confidential information and property of the Company. 4. Obey all applicable laws, rules and regulations. 5. Adhere to the regulations regarding the prohibition against insider trading. 6. Respect everyone and treat everyone in a fair and just manner. 7. Make sure that all policies of the Company have been read and understood. 8. Consult with the immediate supervisor or administrative department in case of any inexplicable questions. 9. Report any violations of rules along with the evidence to the administrative department. <p>The Company appoints the Head of the HR Department to receive whistleblowing reports and create a whistleblowing email account (hr@sym.com.tw). Any whistleblowing matters or violations reported will be submitted to the administrative department for investigation and handling.</p>				
<p>VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies)</p> <ol style="list-style-type: none"> 1. The Company upholds ethical corporate management and strictly abides by all government regulations, rules governing companies listed on TWSE, and other international business regulations as the basis for its ethical corporate management. 2. All employees of the Company have signed the Professional Code of Ethics and Letter of Conformation of Service Code to ensure compliance in employees' conduct. 				

(VIII) If the company has established corporate governance principles and related bylaws, disclose the method for accessing such documents: The documents have been placed on the Company's official website for review.

(IX) Other important information sufficient for enhancing understanding of corporate governance:

1. All important information of the Company is announced on the MOPS pursuant to regulations of competent authorities.
2. Continuing education of directors in 2022:

Position	Name	Date of Training	Course	Course Hours (hr)	Organizer
Chairman	Ching-Yuan Wu	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Vice Chairman	Li-Chu Wu	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Managing Directors and Independent Directors	Chung-Chuan Shih	2022.04.26	In-depth analysis of insider trading and special breach of trust in the Securities and Exchange Act and practical cases	3	Independent Director Association Taiwan
		2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.10.21	Environment, Social and Governance (ESG) accounting and finance research	3	National Federation of Certified Public Accountant Associations of the Republic of China
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Director	Li-Hsi Chiang	2022.05.12	International twin summit online forum	2	Taiwan Stock Exchange, Alliance Advisors, Taiwan Corporate Governance Association
		2022.07.27	“Sustainable Development Roadmap” Industry Theme Promotion Conference	2	Taiwan Stock Exchange and Taipei Exchange
		2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Director	Yu-Chang Huang	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association

Position	Name	Date of Training	Course	Course Hours (hr)	Organizer
Director	Te-Ching Chang	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Director	Ren-Hao Tien	2022.07.27	“Sustainable Development Roadmap” Industry Theme Promotion Conference	2	Taiwan Stock Exchange and Taipei Exchange
		2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Independent Director	Chih-Hung Hsieh	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association
Independent Director	Chen Chiang	2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association

3. Continuing Education of the Corporate Governance Officer in 2022:

Position	Name	Date of Training	Course	Course Hours (hr)	Organizer
Corporate Governance Officer	Kuei-Chin Huang	2022.03.09	Directors and Supervisors (Including Independents) and Corporate Governance Supervisor Practice Advanced Seminar-Technical Development and Business Opportunities of Electric Automobiles and Smart Automobiles	3	Securities and Futures Institute
		2022.05.04	International twin summit online forum	2	Taiwan Stock Exchange, Alliance Advisors, Taiwan Corporate Governance Association
		2022.07.27	“Sustainable Development	2	Taiwan Stock Exchange

Position	Name	Date of Training	Course	Course Hours (hr)	Organizer
			Roadmap” Industry Theme Promotion Conference		and Taipei Exchange
		2022.08.11	Discussion on corporate sustainability transition in perspective of ESG financing	3	Taiwan Corporate Governance Association
		2022.10.12	2022 Insider Equity Transaction Legal Compliance Promotion Briefing	3	Securities and Futures Institute
		2022.12.14	Transnational management and sustainable operation	3	Taiwan Corporate Governance Association

(X) Implementation of Internal Control System

1. Statement on Internal Control

Sanyang Industry Co., Ltd.

Statement on Internal Control System

Date: March 15, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- I. The Company clarifies that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2021, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 15, 2023, and none of the nine Directors present objected to it and all consented to the content expressed in this statement.

Sanyang Motor Co., Ltd.

Chairperson (Signature/Seal): Ching-Yuan Wu

President (Signature/Seal): Ching-Yuan Wu

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Penalties imposed upon the Company and its employees according to laws, penalties imposed by the Company upon its employees for the violation of the internal control system, principal deficiencies, and improvement status during the most recent fiscal year and during the current fiscal year and as of the date of the annual report: None.

(XII) Major resolutions of the 2022 shareholders' meeting and Board of Directors meeting

1. Important resolutions of the 2022 general shareholders' meeting:

Matters to Be Resolved	Review of Implementation Status
Approval of 2021 Business Report and Financial Statements	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.
Approval of 2021 Profit Distribution Plan	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved. The Company confirmed the ex-dividend date to be July 26, 2022 and the date for distributing cash dividends to be August 22, 2022. It distributed NT\$1,036,931,485 as cash dividends in total.
Amendment of the "Articles of Incorporation"	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.
Amendment of the Company's "Rules of Procedure for Shareholders' Meetings"	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.
Amendment of the "Procedures for the Acquisition or Disposal of Assets"	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.
Relieve non-competition constraints upon directors of the 26th Board of Directors and their representatives	Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.

2. Major resolutions of the Board of Directors in 2022 and as of the date of annual report:

Name of Meeting	Date	Major Resolutions	Implementation Status
26th term 16th session Board of Directors	2022.01.20	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Business Plan. 2. Approved the start of pre-sale for the joint venture development project of the Company and E.R.C. Group. 3. Approved the proposal of the Company for allocating 2021 year-end bonus to the Directors and managers. 4. Approved the proposal for adjustment of the Company's financing limit. 5. Approved the proposal to assess the independence of, and to appoint CPAs auditing and attesting the Company's financial statements for 2022. 6. Approved the acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd. 	Implemented and announced in accordance with the contents of the resolution.
26th term 17th session Board of Directors	2022.03.30	<ol style="list-style-type: none"> 1. Approved the 2021 Business Report and Financial Statements of the Company. 2. Approved 2021 Statement on Internal Control System of the Company. 3. Approved the Company's distribution of remuneration of employees for 2021. 4. Approved the Company's distribution of remuneration of Directors for 2021. 5. Approved the 2021 Earnings Distribution of the Company. 6. Approved the first capital cash increase of the Company's subsidiary Shangyang Asset Management Co., Ltd. in 2022. 7. Approved the amendment of the "Articles of Incorporation". 8. Approved the amendment of the Company's "Rules of Procedure for Board of Directors Meetings". 9. Approved the amendment of the "Audit Committee Charter". 10. Approved the amendment of the Company's "Rules of Procedure for Shareholders' Meetings". 11. Approved the amendment of the "Corporate Governance Best Practice Principles". 12. Approved the amendment of the "Procedures for the Acquisition or Disposal of Assets". 13. Approved the details of the Company's 2022 general shareholders' meeting. 	Implemented and announced in accordance with the contents of the resolution. Paragraphs 1 and 5 were submitted to the 2022 general shareholders' meeting for approval and resolution. Paragraphs 3 and 4 were reported in the 2022 general shareholders' meeting; Paragraphs 7, 10, and 12 were submitted to the 2022 general shareholders' meeting for discussion and resolution.
26th term 18th	2022.04.27	<ol style="list-style-type: none"> 1. Approved the amendment of the "Articles of Incorporation". 	Implemented and announced in

Name of Meeting	Date	Major Resolutions	Implementation Status
session Board of Directors		<ol style="list-style-type: none"> 2. Approved the proposal for lifting the non-compete clause for the 26th-term Directors and their representatives. 3. Approved the adjustment of the agenda of the Company's 2022 general shareholders' meeting. 	accordance with the contents of the resolution. Items 1 and 2 were submitted to the 2022 general shareholders' meeting for discussion and resolution.
26th term 19th session Board of Directors	2022.05.13	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Q1 consolidated financial statements. 2. Approved the proposal for adjustment of the Company's financing limit. 3. Approved the acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd. 4. Approved the Company's 14th buyback of treasury stocks. 5. Approved the Company holds 32.79% of APH ePower Co., Ltd. and plans to apply for shares to offset the capital for the newly established APH Corporation 	Implemented and announced in accordance with the contents of the resolution.
26th term 20th session Board of Directors	2022.06.02	<ol style="list-style-type: none"> 1. Approved the Company proposed to invest NT\$3 billion in APH Corporation 2. Approved the proposal for lifting the non-compete clause for the managers of the Company. 	Implemented and announced in accordance with the contents of the resolution.
26th term 21st session Board of Directors	2022.06.14	Approved the 12 land and buildings owned by the Company, including No. 259, Ronghua Section, Xinfeng Township, Hsinchu County, are proposed for sale.	Implemented and announced in accordance with the contents of the resolution.
26th term 22nd session Board of Directors	2022.07.05	<ol style="list-style-type: none"> 1. Approved the 2022 salary adjustment for managers of the Company. 2. Approved the dates for the distribution of cash dividends formulated for 2021. 	Implemented and announced in accordance with the contents of the resolution. The 2021 cash dividends were distributed on August 22, 2022.
26th term 23th session Board of Directors	2022.08.11	Approved the Company's 2022 Q2 consolidated financial statements.	Announced the proposals according to the resolutions.
26th term 24th	2022.09.22	Approved the acquisition of Taiwan Tea Corporation by the Company's subsidiary	Implemented and announced in

Name of Meeting	Date	Major Resolutions	Implementation Status
session Board of Directors		Shangyang Asset Management Co., Ltd.	accordance with the contents of the resolution.
26th term 25th session Board of Directors	2022.11.01	Approved the acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd.	Implemented and announced in accordance with the contents of the resolution.
26th term 26th session Board of Directors	2022.11.10	<ol style="list-style-type: none"> 1. Approved the Company's 2022 Q3 consolidated financial statements. 2. Approved the 2023 Internal Audit Plan of the Company. 3. Approved the proposal for adjustment of the Company's financing limit. 4. Approved the Company's earnings distribution for the first half of 2022. 5. Approved the Company proposed to donate NT\$100,000,000 to Hsinchu Sanyang Education Foundation. 6. Approved the retirement of treasury shares and establishment of the capital reduction baseline date. 7. Approved the amendment of the "Procedures for Application for Halt and Resumption of Trading". 8. Approved the amendment of the "Procedures for Handling Material Inside Information". 	Implemented and announced in accordance with the contents of the resolution. Paragraph 4 was reported at the 2023 general shareholders' meeting. The capital reduction baseline date for treasury shares in Paragraph 6 was set as November 16, 2022, and the Company completed capital reduction registration on December 19, 2022.
26th term 27th session Board of Directors	2022.12.14	<ol style="list-style-type: none"> 1. Approved newly appointed managers of the Company. 2. Approved the proposal for the salary of the new manager of the Company. 3. Approved the acquisition of Taiwan Tea Corporation by the Company's subsidiary Shangyang Asset Management Co., Ltd. 4. Approved the amendment of the "Procedures for Handling Material Inside Information". 	Implemented and announced in accordance with the contents of the resolution.
26th term 28th session Board of Directors	2023.01.12	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Business Plan. 2. Approved the proposal of the Company for allocating 2022 year-end bonus to the Directors and managers. 3. Approved the proposal to assess the independence of, and to appoint CPAs auditing and attesting the Company's financial statements for 2023. 4. Approved the establishment of the general principles of the Company's pre-approval 	Implemented and announced in accordance with the contents of the resolution.

Name of Meeting	Date	Major Resolutions	Implementation Status
26th term 29th session Board of Directors	2023.03.15	<p data-bbox="587 230 954 259">non-affirmation service policy.</p> <ol style="list-style-type: none"> <li data-bbox="539 528 1134 595">1. Approved 2022 Statement on Internal Control System of the Company. <li data-bbox="539 607 1066 674">2. Approved the 2022 Business Report and Financial Statements of the Company. <li data-bbox="539 685 1066 752">3. Approved the Company's distribution of remuneration of employees for 2022. <li data-bbox="539 763 1066 831">4. Approved the Company's distribution of remuneration of Directors for 2022. <li data-bbox="539 842 1155 909">5. Approved the 2022 Earnings Distribution of the Company. <li data-bbox="539 920 1114 987">6. Approved the proposal for adjustment of the Company's remuneration of Independent Directors. 	<p data-bbox="1182 271 1417 1256">The proposals were implemented and announced according to the resolutions. The proposals specified in Paragraphs 2 and 5 were presented at the 2023 general shareholders' meeting for acceptance and resolution; those in Paragraphs 3 and 4 were submitted to report at the 2023 general shareholders' meeting; those indicated in Paragraphs 7 and 10 were presented at the 2023 general shareholders' meeting for discussion and resolution.</p>
26th term 29th session Board of Directors	2023.03.15	<ol style="list-style-type: none"> <li data-bbox="539 1447 1118 1514">7. Approved the amendment of the "Articles of Incorporation". <li data-bbox="539 1525 1066 1592">8. Approved election for the 27th Board of Directors. <li data-bbox="539 1603 1134 1693">9. Approved the Company's acceptance of the candidate nomination for Directors (including Independent Directors). <li data-bbox="539 1704 1134 1805">10. Approved exemption of new directors of the 27th Board of Directors and their representatives from non-competition clauses. <li data-bbox="539 1816 1118 1883">11. Approved the details of the Company's 2023 general shareholders' meeting. 	<p data-bbox="1182 1279 1406 2040">Implemented and announced in accordance with the contents of the resolution. Items 2 and 5 will be submitted to the 2023 general shareholders' meeting for approval and resolution. Items 3 and 4 will be reported in the 2023 general shareholders' meeting; Items 7 and 10 will be submitted to the 2023 general shareholders'</p>

Name of Meeting	Date	Major Resolutions	Implementation Status
			meeting for discussion and resolution.
26th term 30th session Board of Directors	2023.05.11	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q1 consolidated financial statements. 2. Approved the proposal for adjustment of the Company's financing limit. 3. Approved the Company which hold 100% subsidiary, SY INTERNATIONAL LTD. to provide and adjust an endorsement guarantee to the Company which direct 99.66% shareholding, Ching Ta Investment Co., Ltd. 4. Approved the amendment of the "Remuneration Committee Charter". 5. Approved the nomination of the the 27th Directors' list. 6. Approved the relieve non-competition constraints upon directors of the 27th Board of Directors and their representatives . 	Implemented and announced in accordance with the contents of the resolution. Items 5 and 6 will be submitted to the 2023 general shareholders' meeting for discussion and resolution.

(XIII) The important resolutions passed by the Board of Directors or the Board of Supervisors with varying opinions and recorded or stated in writing in the most recent fiscal year and as of the date of annual report: None.

(XIV) Summary of discharge and resignation of parties relating to the financial report: None.

IV. Information about CPA Professional Fee

Unit: NT\$ thousand

Name of CPA Firm	Name of CPAs	Audit Period	Audit Fees	Non-audit Fees	Total	Note
KPMG	Chung-Che Chen	2022.01.01	10,100	2,236	12,336	Non-audit Fees are mainly for transfer pricing and group main file report service, etc.
	Hsin-Ting Huang	~ 2022.12.31				

(I) Change in CPA firm and audit fees for the year of the change less than that of the previous year: None.

(II) Audit fees which were over 10% lower than that of the previous year: None.

(III) Items for evaluating independence of CPAs:

The Audit Committee of the Company evaluates the independence and competency of its CPAs every year. In addition to requiring the CPAs to provide "Independent Auditor Reports" and "Audit Quality Indicators (AQIs)", the following standards

and 13 AQI indicators are used for evaluation. The evaluation results of the latest year have been discussed and approved by the Audit Committee on January 12, 2023, and were submitted to the Board of Directors for approval on January 12, 2023, to evaluate the independence and competency of CPAs.

Evaluation Item	Rating	Independence of the CPAs
1. Whether the CPAs have direct or material indirect financial interest with the Company	No	Yes
2. Whether the CPAs have conducted any financing or guarantee activities in connection with the Company or its Directors	No	Yes
3. Whether the CPAs have close business relationships or potential employment relationships with the Company	No	Yes
4. The CPAs and members of the audit team serving as directors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years	No	Yes
5. Whether the appointed CPAs provide non-audit services for the Company that would have a direct impact on the audits	No	Yes
6. Whether the CPAs have stocks or other securities issued by the Company as intermediaries	No	Yes
7. Whether the CPAs act as defendant of the Company or solve the Company's conflicts with other third parties on behalf of the Company	No	Yes
8. Whether the CPAs have kinships with Directors, managers or staff holding posts with material impacts upon audit in the Company	No	Yes

V. CPAs Replacement Related Information: None.

VI. Information Regarding the Chairman, Presidents, Financial and Accounting Managers Holding a Position at an Accounting Firm or an Affiliate in the Most Recent Fiscal Year: None.

VII. Conditions of Share Transfer and Changes in Equity Pledge from the Directors, Managers, and Shareholders Holding over 10% of Shares in the Most Recent Year and as of the Date of the Annual Report:

(I) Changes in equity of Directors, managerial officers and majorshareholders:

Unit: Share

Position	Name	2022 (Note 1)		As of April 30 of the current year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman/President	Ching-Yuan Wu	-	-	-	-
Vice Chairman/Director	Chien-Jin Investment Co., Ltd.	-	-	-	-

Position	Name	2022 (Note 1)		As of April 30 of the current year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	-	-	-	-
Managing Director/ Independent Director	Chung-Chuan Shih	-	-	-	-
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-
Director	Chao-Yao Investment Co., Ltd.	-	-	-	-
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang Ren-Hao Tien Te-Ching Chang	-	-	-	-
Independent Director	Chen Chiang	-	-	-	-
Independent Director	Chih-Hung Hsieh	-	-	-	-
Vice President	Nai-Shih Lin	-	-	-	-
Vice President	Hsu-Pin Chen	-	-	-	-
Vice President	Shih-Liang Hsu	-	-	-	-
Assistant Vice President	Ying-Feng Chiu	-	-	-	-
Assistant Vice President	Chao-Shun Lin	-	-	-	-
Assistant Vice President	Hsi-Cheng Chang	-	-	-	-
Assistant Vice President	Kuei-Chin Huang	-	-	-	-
Assistant Vice President	Chao-Sheng Lin	-	-	-	-
Assistant Vice President	Chien-Sheng Chen	-	-	-	-
Assistant Vice President	Ren-Hao Tien	-	-	-	-
Assistant Vice President	Yuan-Ping Huang	-	-	-	-
Assistant Vice President	Ming-Chieh Lin	-	-	-	-
Assistant Vice President	Yuh-Shying Gau	-	-	-	-
Assistant Vice President	Kuang-Pin, Chuang	-	-	-	-

Note 1: From January 1, 2022 to December 31, 2022.

Note 2: Kuang-Pin, Chuang was newly elected on December 14, 2022.

(II) Where the counterparty of stock transfer or stock pledge is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors, Supervisors and shareholders holding over 10% shares of the Company, and the shares obtained or pledged shall be disclosed: None.

VIII. Information on Relationships among top 10 Shareholders

April 30, 2023 Unit: Share

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		TOTAL NUMBER OF SHARES HELD IN OTHERS' NAMES		TOP 10 SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Designation)	Relationship	
Da Yang Investment Ltd. Representative: Tiao-Mou Hsu	54,905,000	6.88%	-	-	-	-	-	-	-
Chuan Yuan Investment Ltd. Representative: Kuo-I Wang	47,375,000	5.94%	-	-	-	-	-	-	-
Bai Ke Investment Ltd. Representative: Wen-Lung Chang	45,730,000	5.75%	-	-	-	-	-	-	-
Guancheng Investment Co., Ltd. Representative: Ting-Yu Hsiao	29,997,000	3.76%	-	-	-	-	-	-	-
Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	29,181,000	3.66%	-	-	-	-	Ching-Yuan Wu	Brother and sister with the company's representative	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-
							Li-Chu Wu	Representative of the company	-
Ting-Chueh Investment Co., Ltd. Representative: Chen-Mei Ku	20,165,000	2.53%	-	-	-	-	Hongbai Investment Co., Ltd.	Representative of the company	-
Ching-Yuan Wu	20,126,240	2.52%	281,360	0.04%	-	-	Chien-Jin Investment Co., Ltd.	Brother and sister with the company's representative	-

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		TOTAL NUMBER OF SHARES HELD IN OTHERS' NAMES		TOP 10 SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or Designation)	Relationship	
							Chuangfu Development Consulting Co., Ltd.	Brother and sister with the company's representative	-
							Li-Chu Wu	Sibling	-
Hongbai Investment Co., Ltd. Representative: Chen-Mei Ku	17,963,000	2.25%	-	-	-	-	Ting-Chueh Investment Co., Ltd.	Representative of the company	-
Chuangfu Development Consulting Co., Ltd. Representative: Li-Mei Wu	17,086,000	2.14%	-	-	-	-	Chien-Jin Investment Co., Ltd.	Sisterhood with the company's representative	-
							Ching-Yuan Wu	Brother and sister with the company's representative	-
							Li-Chu Wu	Sisterhood with the company's representative	-
Li-Chu Wu	17,046,560	2.14%	4,269,600	0.54%	-	-	Chien-Jin Investment Co., Ltd.	Representative of the company	-
							Ching-Yuan Wu	Sibling	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-

IX. Number of Shares Held by the Company, Its Directors, Managers or Any Companies under Direct or Indirect Control of the Company in a Single Enterprise, and Their Total Shareholding Ratio

April 30, 2023 Unit: Share; %

Investee business (Note)	Investment by the Company		Investments by Directors, Supervisors, Managers and Directly or Indirectly Controlled Enterprises		Total Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Shangyang Asset Management Co., Ltd.	771,432,767	100%	-	-	-	100%
Chu-Yang Motor Co., Ltd.	2,900,000	100%	-	-	-	100%
Ching Ta Investment Co., Ltd.	111,466,934	99.66%	-	-	-	99.66%
Sanyang Deutschland GmbH	-	100%	-	-	-	100%
Sanyang Italia S.r.l	-	100%	-	-	-	100%
Youth Taisun Co., Ltd.	18,093,488	100%	-	-	-	100%
SY International Ltd.	-	100%	-	-	-	100%
Nova Design Co., Ltd.	19,080,000	100%	-	-	-	100%
Nanyang Industries Co., Ltd.	150,728,066	89.78%	-	-	-	89.78%
Sunshine Auto-Lease Co., Ltd.	7,623,817	16.27%	38,705,093	82.58%	46,328,910	98.85%
Profit Source Investment Ltd.	-	100%	-	-	-	100%
APh Corporation	93,333,333	53.23%	-	-	-	53.23%
Sanyang Motor Colombia S.A.S	100,002	100%	-	-	-	100%
Yi Young Co., Ltd.	28,000,000	100%	-	-	-	100%

Note: The Company uses the equity method for its long-term investments.

Chapter 4 Funding Status

I. Capital and Shares

(I) Source of Capital

Capitalization Process

Unit: Shares; NT\$

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1990.07	NT\$10	500,000,000	5,000,000,000	455,000,000	4,550,000,000	Earnings: NT\$395,371,200 Capital reserve: NT\$200,916,800	None	(79) TCZ (I) No.01769
1992.12	NT\$10	500,000,000	5,000,000,000	486,850,000	4,868,500,000	Earnings: NT\$136,500,000 Capital reserve: NT\$182,000,000	None	(81)TCZ (I) No. 03331
1994.09	NT\$10	750,000,000	7,500,000,000	569,000,000	5,690,000,000	Cash: NT\$ 91,225,000 Earnings: NT\$486,850,000 Capital reserve: NT\$243,425,000	None	(83)TCZ (I) No. 32553
1995.10	NT\$10	750,000,000	7,500,000,000	694,180,000	6,941,800,000	Earnings: NT\$995,750,000 Capital reserve: NT\$256,050,000	None	(84)TCZ (I) No. 34157
1998.07	NT\$10	750,000,000	7,500,000,000	746,243,500	7,462,435,000	Earnings: NT\$242,963,000 Capital reserve: NT\$277,672,000	None	(87)TCZ (I) No. 58685
1999.09	NT\$10	850,000,000	8,500,000,000	776,093,240	7,760,932,400	Capital reserve: NT\$298,497,400	None	(88)TCZ (I) No. 75780
2000.08	NT\$10	850,000,000	8,500,000,000	790,070,000	7,900,700,000	Capital Reserve: NT\$139,767,600	None	(89)TCZ (I) No. 72283
2001.08	NT\$10	850,000,000	8,500,000,000	805,370,000	8,053,700,000	Capital reserve: NT\$153,000,000	None	(90)TCZ (I) No. 153660
2008.09	NT\$10	850,000,000	8,500,000,000	845,638,500	8,456,385,000	Earnings: NT\$402,685,000	None	FSC Official Letter No. 0970039548
2011.08	NT\$10	950,000,000	9,500,000,000	896,376,810	8,963,768,100	Earnings: NT\$507,383,100	None	FSC Official Letter No. 1000036651
2014.04	NT\$10	950,000,000	9,500,000,000	900,044,604	9,000,446,040	Overseas convertible corporate bonds US\$6,400,000	None	FSC Official Letter No. 1020051210
2015.12	NT\$10	950,000,000	9,500,000,000	880,044,604	8,800,446,040	Cancellation of treasury stocks NT\$200,000,000	None	JSS No. 10401262010
2017.08	NT\$10	950,000,000	9,500,000,000	868,595,604	8,685,956,040	Cancellation of treasury stocks NT\$114,490,000	None	JSS No. 10601113840
2018.06	NT\$10	950,000,000	9,500,000,000	853,595,604	8,535,956,040	Cancellation of treasury stocks NT\$150,000,000	None	JSS No. 10701062160
2020.07	NT\$10	950,000,000	9,500,000,000	814,398,604	8,143,986,040	Cancellation of treasury stocks NT\$391,970,000	None	JSS No. 10901146070
2020.09	NT\$10	950,000,000	9,500,000,000	804,982,604	8,049,826,040	Cancellation of treasury stocks NT\$94,160,000	None	JSS No. 10901180540
2020.11	NT\$10	950,000,000	9,500,000,000	803,077,604	8,030,776,040	Cancellation of treasury stocks NT\$19,050,000	None	JSS No. 10901200540

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2021.12	NT\$10	950,000,000	9,500,000,000	797,639,604	7,976,396,040	Cancellation of treasury stocks NT\$54,380,000	None	JSS No. 11001217790
2022.12	NT\$10	950,000,000	9,500,000,000	797,489,604	7,974,896,040	Cancellation of treasury stocks NT\$1,500,000	None	JSS No. 11101239480

Share Class

Share Class	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common Shares	797,489,604	152,510,396	950,000,000	Listed Company's Shares

Information for shelf registration: None.

(II) Shareholder Structure

April 30, 2023

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Corporate Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	5	322	54,731	204	55,263
Shares Held	1,169,000	3,901,176	373,704,080	325,023,637	93,691,711	797,489,604
Shareholding Ratio	0.15	0.49	46.86	40.76	11.74	100

(III) Equity Distribution

April 30, 2023; unit: NT\$10 per share

Shares Range	Number of shareholders	Shares Held	Shareholding Ratio (%)
1~999	30,632	1,653,904	0.21
1,000~5,000	19,525	37,325,544	4.68
5,001~10,000	2,435	19,453,731	2.44
10,001~15,000	798	10,055,282	1.26
15,001~20,000	500	9,379,522	1.18
20,001~30,000	381	9,912,322	1.24
30,001~40,000	239	8,576,597	1.08
40,001~50,000	139	6,496,722	0.81
50,001~100,000	248	17,754,117	2.23
100,001~200,000	139	20,328,995	2.55
200,001~400,000	86	24,658,271	3.09
400,001~600,000	34	16,764,001	2.10
600,001~800,000	22	14,692,915	1.84
800,001~1,000,000	9	7,879,094	0.99
Over 1,000,001	76	592,558,587	74.30
Total	55,263	797,489,604	100.00

(IV) List of major shareholders: shareholders holding 5% shares

April 30, 2023

Name of Major Shareholders	Shareholding	Shares Held	Shareholding Ratio (%)
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

(V) Information on market value, net value, earnings and dividends per share

Items	Year		2021	2022	As of May 11, 2023 of current year
	Market Price per Share	Highest		38.95	42.05
Lowest		24.65	26.45	33.95	
Average		29.11	33.03	42.50	
Net Worth per Share (Note 2)	Before distribution		19.32	22.36	24.14
	After distribution		18.02	Note 1	Note 1
Earnings per share	Weighted Average Shares (Thousand Shares)		795,390	792,660	792,606
	Earnings per share		2.30	3.93	1.71
Dividends per Share	Cash Dividends		1.30	Note 1	Note 1
	Stock Dividends	Stock Dividends Appropriated from Earnings	0	Note 1	Note 1
		Stock Dividends Appropriated from Capital Reserves	0	Note 1	Note 1
	Accumulated Undistributed Dividend (Note 3)		0	0	0
Return on Investment	Price / Earnings Ratio (Note 4)		12.66	8.40	25
	Price / Dividend Ratio (Note 5)		22.39	Note 1	Note 1
	Cash Dividend Yield (Note 6)		4.47%	Note 1	Note 1

Note 1: The earnings distribution in 2022 has not been resolved by the shareholders' meeting.

Note 2: Information on net worth per share and earnings per share of the Company has been audited (reviewed) by CPAs in the most recent quarter and as of the date of the annual report.

Note 3: Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.

Note 4: Price/earnings ratio = Average closing price per share for the current fiscal year/ earnings per share, excluding loss per share.

Note 5: Price/dividend ratio = Average closing price per share for the current fiscal year/Cash dividend per share.

Note 6: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

(VI) Dividend policy and implementation of the Company

1. Dividend policy:

For any earnings in the annual account, the Company shall extract and pay taxes and cover the accumulative deficit for the previous year first as per laws; next, extract the 10% statutory surplus reserve and calculate the accumulative undistributed earnings after adding the undistributed earnings at the beginning of period; then, extract or reserve special surplus reserve as per laws, which shall serve as the distributable earnings of current year. Board of directors shall prepare the earning distribution scheme and submit it to board of shareholders for resolution

Since the Company's enterprise lifecycle is at the nature stage, but the industrial environment may vary with other external factors; the Company will still expand domestic and foreign markets actively for further growth, the Company, while distributing earnings, shall discuss our future capital demand, tax system and influence on shareholders, besides considering the actual earnings first; with the goal of keeping dividends steady, decide the dividend distribution. The dividends may be distributed either in cash or by stocks, but the distribution ratio shall not be higher than 50% of the total divided amount. Board of directors shall prepare the distribution scheme and make resolution according to Company Act.

The earnings distribution or deficit offset of the Company shall be performed at the end of half of a fiscal year. The proposal for earnings distribution of deficit offset in the first half of a fiscal year shall be resolved by the Board of Directors after it is submitted to and audited by the Audit Committee along with the business report and financial statements.

In distributing earnings as mentioned above, the Company shall first forecast and reserve the taxes payable, lawfully offset losses or set aside legal reserves or special reserves. In case of any surplus, the surplus and the opening accumulated undistributed earnings shall be accounted as distributable earnings. However, this provision shall not apply if such legal reserves amount to the total capital of the Company.

In distributing surplus earnings according to the foregoing Paragraph 3 by issuing new shares, the Company shall follow the Company Act. To distribute surplus earnings in cash, the distribution shall be resolved by the Board of Directors.

2. Dividend distribution proposed at this shareholders' meeting:

The 2022 earnings distribution proposal was drafted according to the Articles of Incorporation of the Company, and NT\$1.8 per share was distributed as cash dividend.

Sanyang Motor Co., Ltd.

2022 Earnings Distribution

Currency Unit: NT\$

Summary	Amount
Beginning balance of retained earnings	2,025,077,549
Plus (minus):	
Retained earnings offset due from retired treasury stocks	(2,831,097)
Changes in actuarial gains and losses for the current period	(19,417,003)
Disposal of investments in equity instruments at fair value through other comprehensive income	552,087,311
Changes in associates accounted for using the equity method	(187,854,841)
Reversal of special reserve arising from reduction of other shareholder's equity. (Note 1)	6,651,514
Net after-tax profit for the year	3,116,035,574
	5,489,749,007
Appropriated items:	
Legal reserve (10%)	(345,801,994)
Special reserve (Note 1)	(2,232,664)
Retained earnings available for distribution	5,141,714,349
Distribution item:	
Cash dividend NT\$ 1.8/share (Note 2)	1,435,481,287
Unappropriated retained earning	3,706,233,062

Note 1: Pursuant to the provisions of the FSC Decree No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021, the special surplus reserve accrued in the same amount as the difference between the market price of the parent company's shares held by the subsidiary and the face value of the shares at the end of period and based on the shareholding ratio shall not be distributed, and after the market price recovered later, the Company reversed the special surplus reserve of NT\$6,651,514 based on the shareholding ratio. Besides, the Company accrued the special surplus reserve of NT\$2,232,664 in the same amount after the net other equity deductibles in the period, and the after-tax net profit was added the items other than the after-tax net profit for the period and the retained earnings for the period.

Note 2: The actual ex-dividend ratio per share shall be adjusted in accordance with the actual number of outstanding shares on the ex-dividend date.

Note 3: According to board resolution, the earnings of the first half of 2022 were not distributed by board resolution on November 10, 2022.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed at this shareholders' meeting: None.

(VIII) Remuneration of Employees and Directors:

- Percentages or ranges with respect to remuneration of employees, directors and supervisors as set forth in the Company's Articles of Incorporation:

If the Company has earnings, it shall set aside over 1% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors and supervisors. When the Company suffers accumulated losses, it shall first offset the appropriate amount of such losses with the earnings. Independent Directors shall not participate in the foregoing remuneration distribution.

2. Basis for estimating the amount of remuneration of employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee bonus, the actual distributed amount for the current period, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount:

Employee and director's remuneration is calculated by getting one percent of the net pretax profit in 2022. No difference existed between the actual distributed amount and the estimated amount listed in the 2022 individual financial statements.

3. Remuneration distribution approved by the Board of Directors:
 - (1) Pay remuneration to employees, directors and supervisors in cash or in the form of stocks. In case of any discrepancy between the recognized and estimated amounts, the discrepancy, its cause and response to the discrepancy shall be indicated:

On March 15, 2023, the Board of Directors of the Company passed a resolution to pay NT\$35,380 thousand as employee remuneration and NT\$35,380 thousand as remuneration to Directors, which should be paid in cash. No discrepancy existed between the actual distributed amount and the estimated amount listed in the 2022 individual financial statements.
 - (2) The amount of employee remuneration distributed in the form of stocks, and its ratio to net after-tax income and total amount of employee remuneration listed in the separate financial statements: The Company didn't pay any remuneration to employees in the form of stocks in 2022, so this provision is not applicable.
4. Actual payment of remunerations to employees, directors and supervisors in the preceding year (including number of distributed shares, amount and stocks), and if there is any discrepancy between the actual and recognized remunerations paid to employees, directors or supervisors, the discrepancy, its

cause and response to the discrepancy shall be indicated: In 2021, NT\$20,584 thousand was paid to employees as remuneration, and NT\$20,584 thousand was paid to Directors as remuneration. No discrepancy existed between the actual and recognized remunerations in 2021.

(IX)The Company's repurchase of its shares:

1. Repurchase of the Company's shares (completed)

May 11, 2023

Term of repurchase	14th time
Purpose of repurchase	To maintain credit and shareholders' equity
Term of repurchase	2022/05/24 ~ 2022/05/24
Range of Repurchase Price	NT\$ per share NT\$19.00 ~ NT\$30.00
Type and quantity of shares repurchased	Common stock 150 thousand
Amount of shares repurchased	NT\$4,355,596
Ratio of quantity repurchased to scheduled quantity of repurchase	2.5 %
Shareholdings that have been canceled and transferred	Common stock 150 thousand
Cumulative number of shares held in the Company	0 shares
Proportion of cumulative number of shares held in the Company to total number of shares issued (%)	0%

2. Repurchase of the Company's shares (in progress): None.

II. Issuance of Corporate Bonds, Preferred Stocks, Overseas Depository Receipts, Employee Stock Option Certificates, Mergers and Acquisitions or Issuance of New Shares for Acquisition of Other Companies: None.

III.Implementation of the Company's Capital Allocation Plans:

(I) Each Uncompleted Issuance or Private Placement of Securities or Issuance or Private Placement Completed in the Past 3 Years but Have Not Yielded the Planned Benefits: None. None.

(II) Implementation Status: None.

Chapter 5. Overview of Operations

I. Business Activities

(I) Scope of Business

1. Principal Business Activities

- (1) Machinery Equipment Manufacturing.
- (2) Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- (3) Motor Vehicles and Parts Manufacturing
- (4) Motorcycles and Parts Manufacturing
- (5) Bicycles and Parts Manufacturing
- (6) Other Transport Equipment and Parts Manufacturing
- (7) Mold and Die Manufacturing
- (8) Controlled Telecommunications Radio-Frequency Devices Installation Engineer
- (9) Wholesale of Petroleum Products
- (10) Wholesale of Motor Vehicles
- (11) Wholesale of Motorcycles
- (12) Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- (13) Wholesale of Bicycle and Component Parts Thereof
- (14) Wholesale of Other Traffic Means of Transport and Component Parts Thereof
- (15) Retail Sale of Molds
- (16) Retail Sale of Petroleum Products
- (17) Retail Sale of Motor Vehicles
- (18) Retail Sale of Motorcycles
- (19) Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- (20) Retail Sale of Bicycle and Component Parts Thereof
- (21) International Trade
- (22) Restrained Telecom Radio Frequency Equipment and Materials Import
- (23) Other Consulting Service
- (24) Environmental Testing Services
- (25) Magazine (Periodical) Publishing
- (26) Book Publishing
- (27) Automobile Repair
- (28) Motorcycle Repair
- (29) Bicycle Repair
- (30) Unclassified Other Services
- (31) All business activities that are not prohibited or restricted by law, except those t subject to special approval.

2. Weight of businesses

This year, the sales of various motorcycles, automobiles and related parts account for 58.26%, 33.36% and 8.38% of the businesses respectively.

3. Current products and new products planned for development in the Company

(1) Motorcycle

A. Current products

Motorcycles: WOO series, MIO series, Fiddle LT series, Lively VIVO series, New DUKE series, DUKE series, Z1 attila series, JET SR/SL series, FNXB series, KRNBT series, Jin Fa Cai series, 4MICA series, DRGBT series, Orbit/CROX/X'Pro series, Jet4 RX series, Fiddle series, Jet 14/JET X series, Symphony S/SR/ST/CARGO series, HUSKY ADV series, HD series, Joyride S series, JOYRIDE 300/JOYRIDE 16 300 series, CRUiSYM α/Joymax Z+ series, MAXSYM series, MAXSYM TL series, Wolf series, Wolf Legend series, SYMNH X/T series and VF series.

Electric cars: E-WOO series, e X'Pro series, Fiddle electric series, MIO electric series.

B. New product development plan

- Motorcycle development for markets in Taiwan/Asia/Europe/Central and South America/ASEAN countries
- Development of new multifunctional prototypes
- Development of brand-new, safe and fashionable motorcycles
- Development of green and environment-friendly electric scooter

(2) Automobiles

A. Current products

a. Domestic automobile series:

- VENUE
- ALL NEW TUCSON L
- CUSTIN
- PORTER
- MIGHTY

b. Imported automobile series:

- SANTA FE

- KONA
- STARIA
- IONIQ 5

B. New product development plan

Brand new multi-purpose automobiles, hybrid electric automobiles and electric automobiles are currently under development.

4. Industry overview

(1) Industry status and development

A. Motorcycle

The six countries with top sales of motorcycles in 2022 are: India (about 16,200,000 motorcycles, +11.96%), Mainland China (about 13,780,000 motorcycles, +23.04%), Indonesia (about 5,400,000 motorcycles, +6.72%), Vietnam (about 3,000,000 motorcycles, +21.46%), Thailand (about 1,790,000 motorcycles, +11.18%), and Philippine (about 1,560,000 motorcycles, +8.33%). The Company cumulatively sold about 41,730,000 motorcycles in these six countries in 2022, and such sales approximately increased by 15.12% compared with those in 2021.

In 2022, the total domestic motorcycle market sales volume was 734,026 units, a decrease of 9.3% compared with 2021, mainly due to the overall domestic environment in 2022 being affected by the Covid-19 pandemic, decreasing 9.3% in annual sales compared to the previous year; among them, the annual sales of gas-powered scooters declined by 9.6%, and the annual sales of electric motorcycles declined by 6.8%.

In 2022, benefiting from the recovery of major economies and sales increase in the post-pandemic era, the U.S., China, Europe, and the Middle East will recover and even enter expansion, driving demand for goods. The total number of motorcycles exported from Taiwan (excluding triangular trade) was 163,455 units, almost equal (-1.28%) compared to 165,576 units in 2021, of which Europe and Asia were the main export regions, mainly due to the 19.15% growth in exports to Europe and 10.72% growth in Asia. The export to Europe accounted for 14.91% of the total foreign sales of Taiwan motorcycles. Spain, Italy, Belgium, Greece, and UK were top five European markets for sales of Taiwan motorcycles, as suggested by customs import and export statistics. The export to Asia accounted for 49.85% of the total foreign sales of Taiwan

motorcycles, particularly to Japan, Saudi Arabia, Israel, South Korea, Mainland China, the Philippines, Hong Kong and Macau, as suggested by customs import and export statistics. In addition, the export to Africa accounted for 19.36% of the total foreign sales of Taiwan motorcycles, particularly to Madagascar, Nigeria, and Ghana, as suggested by customs import and export statistics; The export to America accounted for 8.44% of the total foreign sales of Taiwan motorcycles, particularly to the United States, Dominican Republic and Canada, as suggested by customs import and export statistics.

Where there will be limited chances for growth in domestic markets, overseas business and export markets will become principal drivers for promoting development of the Taiwan motorcycle industry in the future. Despite fierce competitions from manufacturers in Mainland China, negative impacts of decline of global economic activities in exporting motorcycles, Taiwan motorcycle manufacturers are believed to occupy certain positions in the international markets by increasing their product value, developing new markets and satisfying different market needs with global layout.

B. Automobiles

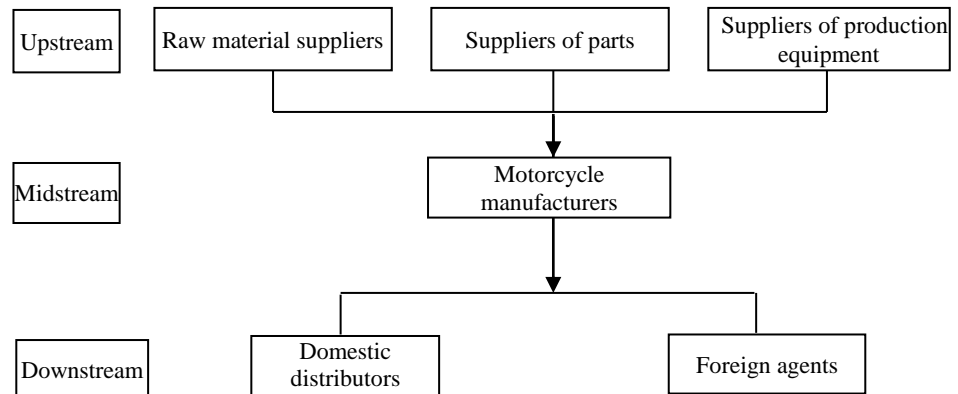
To encourage the private use of low-pollution automobiles, the government has introduced various subsidies to encourage people to purchase electric automobiles. In addition to the license tax exemption, the electric automobile goods tax exemption will also be extended to 2025. In January 2023, the Legislative Yuan of the government passed the third reading of the "Climate Change Response Act", and continued to promote a number of subsidy policies to encourage people to purchase to hybrid and electric automobiles. It is expected that the automobile market will continue to benefit from government policies and accelerate the growth of the electric automobile market.

In 2022, due to the impact of the global pandemic, the chip production and manpower supply declined, and the limited production could not fully satisfy the market. As a result, the total sales of Taiwan's automobile market reached 429,000 units, a decrease of 4.5% from 449,000 units in 2021.

(2) Connections among industry upstream, midstream and downstream

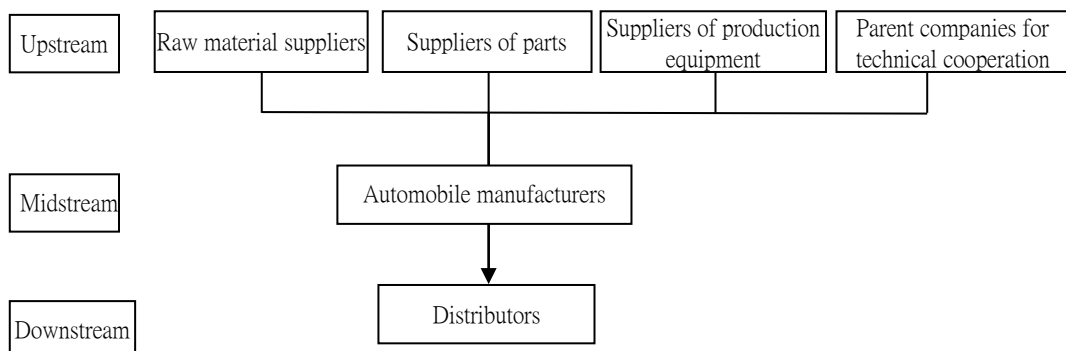
A. Motorcycle

The upstream mainly comprises of raw material suppliers (from the industries of steel, iron, aluminum ingots, rubber and plastics), suppliers of parts (systems/parts) and suppliers of production equipment (equipment and peripherals); the midstream is the motorcycle manufacturers, which manufacture products necessary for consumers using upstream raw materials and parts; the downstream is the customers served by the motorcycle manufacturers, including domestic distributors for domestic sales and foreign agents for foreign sales.



B. Automobiles

The upstream is primarily composed of raw material suppliers (from the industries of iron, steel, aluminium ingots, rubber and plastics), suppliers of parts (systems/parts), suppliers of production equipment (equipment and peripherals), and the parent companies for technical cooperation (KD parts); the midstream is the automobile manufacturers, which manufacture products necessary for consumers with upstream raw materials and parts; the downstream is the automobile distribution system.



(3) Future development trends of products

A. Motorcycle

- a. More rigorous laws and regulations on environmental protection
- Greenhouse gases have caused increasingly more serious warming of the earth. With the enactment of laws/regulations on environmental protection and increase of consumers' awareness of environmental protection, developed and developing countries have adopted more stringent laws and regulations on pollution control and pollution monitoring standards to reduce urban pollution, or control total pollution by imposing driving restriction. For instance, countries and regions such as Taiwan, Korea, Japan, Brazil, Mainland, and the United States have also gradually made their related laws more stringent like Europe. In other words, restricting waste emissions of motorcycles has become a consistent government requirement of all countries for motorcycle management. Developing motorcycles with "low pollution and low energy consumption" will be critical for development of the motorcycle industry.
- b. In view of remarkable differences in regional market demands, it is necessary to rapidly respond to different markets needs.
- In developed countries, the markets attach more importance to sports leisure, individualized and environment-friendly products, including leisure motorcycles with high added value and a displacement above 300 c.c., and small-displacement sport or fashionable motorcycle.
- In the Taiwanese market, scooters are the mainstream motorcycles, but environment-friendly and new-segment motorcycles have become new mainstream trends. Sub-segment markets, including motorcycles with vintage appearance or multiple functions have gradually become popular among young consumers, and the market shares have increased. Volkswagen's affordable segmented products pay more attention to fuel consumption, and the models that emphasize the most fuel-efficient cars in their class also have excellent sales.
- Although cbus are still main types of motorcycles in Southeast Asia, convenient scooters have been increasing over the past years. Since they were successfully launched by the manufacturers, new types of 14-inch big-wheel 125/150c.c. scooters have become mainstream products in Southeast Asia. In developing countries such as Mainland China, Central & South America and Africa, attractive, affordable and durable scooters are still key focuses of consumer demands. With the

polarization between the rich and the poor, expensive luxury scooters with high displacement have gradually emerged.

- c. Motorcycle development towards customers who need a high-end product and those who just want a lower price scooter.

In developed and highly developed countries, consumption has been polarized due to widening gaps between the rich and the poor and growing living expenses. Meanwhile, the prices of motorcycles are being polarized. Expensive motorcycles, with luxurious configurations and perfect performances, highlight individuals' status; the cheap motorcycles, with basic functions, are pragmatic and mainly used as travel tools. As a whole, they are worthy of their prices. In the future, the motorcycle manufacturers will have to supply motorcycles which can satisfy polarized consumer needs according to these consumer trends.

- d. Increase added value of products and extend the use of related technologies

With the development of global economy, motorcycles, in addition to satisfying the basic requirements for being used as travel tools with practical functions, have become partners of holidays and leisure activities highlighting individuals' tastes. Therefore, the motorcycle plants have striven to improve their overall product value with high-displacement engines, popularized safe configurations including ABS/CBS, differential exquisite appearance design, and advanced/branded configurations and so on. In addition, they extend the application of related motorcycle technologies in electric scooters, three-wheel models and diverse other products.

- e. Development of Alternative Energy Motorcycles

To protect the earth, all worldwide motorcycle manufacturers invest much money and human resources in studying alternative energy motorcycles, including electric motorcycles, hybrid motorcycles and hydrogen fuel-cell motorcycles. However, breakthroughs remain to be made in technologies and endurance capacity is still a problem. In a short term, it is difficult to make alternative energy automobiles popular, but developing alternative energy products has become a long-term concern of motorcycle manufacturers.

B. Automobiles

a. Popularization of Low-displacement Turbo Engines

In response to increasingly strict environmental regulations, all automobile manufacturers actively improve fuel consumption of their automobiles. They have successfully launched hybrid and electric automobiles, so new energy automobiles have become foremost objectives of their future development.

b. Development of Self-driving Automobiles

Self-driving automobiles have become global development trends of automobiles. All automobile manufacturers have begun to study self-driving automobiles. Throughout development of self-driving automobiles, internet of automobiles and ADAS (advanced driver assistance system) are indispensable and key technologies. Internet of automobiles makes it possible for an automobile to communicate with other surrounding automobiles and road facilities. ADAS controls direction, accelerator and brake system in a coordinated manner with multiple sensing technologies, including radar and image recognition. The integration of internet of things and ADAS makes faster and safer transport services available, changing future human transport modes.

c. Mainstream Advanced and Safe Equipment

Whether automobiles are equipped with ADAS is considered in evaluating safety of new automobiles in different countries, to boost power of automobile manufacturers. ADASs, including active cruise control (ACC) system, forward collision warning (FCW) system, blind spot detection (BSD) system and around view monitor (AVM) system, have been actively introduced and particularly promoted by automobile manufacturers.

d. Further Development of SUV Market

With growing market demands for SUVs, constant increase of market size and product segmentation (B/C/D Segment), the brands have begun to launch B-SUVs or crossover automobiles. Increasing their overall sales with complete product lines of SUV series, luxury brands have started to develop SUVs in succession.

(4) Status of product competitions:

A. Motorcycle

Motorcycles with a displacement below 125c.c. still face threats from cheap products of Mainland China, ASEAN nations and India.

Developing branded, high-quality and differentiated products is the main way for Taiwan manufacturers to respond to the challenges. Meanwhile, the manufactures confront with competitions against low prices by reducing product costs through globalized production, labor division of production bases, and reinforced integration of the supply chain with motorcycle platforms. Although European, American and Japanese manufacturers enjoy technological advantages in high-displacement motorcycles, all Taiwan motorcycle manufacturers have invested considerable resources in R&D of such motorcycles, in order to improve style design of products, promote development of new technologies and enhance manufacturing competitiveness for the final purpose of continuously increasing added and brand value of products.

Many manufacturers are cooperating with companies that favor green energy to develop environmental-friendly motorcycles to offset the by-products of internal combustion engine motorcycles.

B. Automobiles

In response to the global ban on sales of petrol and diesel automobiles in 2040, coupled with the maturity of battery technology, the cost of electric automobiles has been reduced, and the reduction in market prices will help further expand the market. Traditional automobile manufacturers are more active than ever in developing and launching electric automobiles.

(5) Technology and research overview

A. R&D expenditures in the recent years

After years of hard work by the R&D team, we have continuously invested in a variety of new models with innovative technologies, which have won the recognition and love of domestic (foreign) consumers, and made SYM return to glory after 20 years, and achieved domestic motorcycle sales champion honor in 2022, following the Company's product strategy, the sales of mid-to-high-end new models have gradually approached 50% of the total sales, bringing stable and contributing increase profits to the Company. To expand the leading position in the research and development of innovative technologies and high-end models, the Company continues to invest in R&D manpower and resources in order to develop more competitive products. Its R&D outlays amounted to NT\$804,092 thousand in 2021, and NT\$879,954 thousand in 2022, which reflects that the Company attaches great importance to R&D

in recent years.

B. R&D outcomes in recent years

a. Developing brand new styles and performances of automobiles

(a) Motorcycle

- “HUSKY ADV150” in March 2022: Made in China's Taiwan’s brand-new model, an adventurous cross-border ADV scooter model.
- "KRNBT 125" in March 2022: Taiwan's brand-new model, an off-road style and recreational riding scooter model.
- "Brand New Duke 125” in June 2022: Taiwan's brand-new model, a fuel-efficient national flagship scooter model.
- "MMBCU 158” in August 2022: Taiwan's brand-new model, a new generation adventure scooter model.
- "JOYRIDE 300” in September 2022: Brand-new model in Europe and China, an entry-level flat pedal version of heavy-duty scooter model.

(b) Automobiles

- In March 2022, the INOIQ 5 electric automobile was newly launched.
- In May 2022, STARIA CEO's flagship MPV was launched.
- In November 2022, CUSTIN was newly launched.

b. Developing modified styles and improving performances

(a) Motorcycle

- “JoymaxZ+ 300” in January 2022: Taiwan's new front-view double-lamp shape and TCS tracking anti-skid system, an entry-level large-scale heavy-duty scooter model.
- "Joymax Z+ 125/250” in January 2022: The entry-level heavy-duty scooter model that introduced the TCS tracking anti-skid system in Europe.
- "WOO 115” in March 2022: A small household scooter model with upgraded headlamp brightness in Taiwan.
- "Fiddle Electric" in March 2022: European-style light-duty electric scooter model in Europe.
- "MAXSYM TL" in June 2022: Taiwan large flagship dual-cylinder sports scooter model with exhaust capacity of 508c.c. and TCS tracking anti-skid system.

- “DRGBT 158” in July 2022: Taiwan upgraded the sports scooter model with an ergonomic waterproof switch, crystal transparent brake master cylinder design, and a Keyless intelligent keyless ignition system.
- “Fiddle 125/150” in August 2022: Taiwan introduced the Keyless intelligent keyless ignition system, the European-style popular scooter model.
- "JET X” in October 2022: Europe introduced ABS and the sports-style scooter model with second-generation Keyless smart locks.

(b) Automobiles

- In May 2022, VENUE Super Attract Fans Color Limited Edition was launched.
- In July 2022, VENUE "White Black" was launched.

(6) Plans for long-term and short-term development (future development strategies of the Company)

Items	Development Plans	
Plan for Short-term Development	a. Maintain No. 1 annual market share	<ul style="list-style-type: none"> ◎ Optimize distribution pathways and service experience quality ◎ No. 1 market share in sales and after-sales service ◎ Increase of loyal customers’ loyalty
	b. Operating Performance Growth	<ul style="list-style-type: none"> ◎ Increase operating profits from automobiles and motorcycles for the year ◎ Overseas business expansion
Plan for long-term development	a. Brand image overhaul	<ul style="list-style-type: none"> ◎ Adhere to quality first, provide highly reliable products ◎ No. 1 customer satisfaction in sales and after-sales service ◎ Rejuvenate the brand and launch the BT Spirit Beast series of high-end models
	b. More sophisticated design	<ul style="list-style-type: none"> ◎ Develop and diversify new energy technologies and products ◎ Cumulative technological strengths and launch products with high displacement

	c. Internationalized operation	<ul style="list-style-type: none"> ◎ Internationalize talent development and cultivation ◎ Global supply chains and international procurement, integrate automobile platforms ◎ Global sales exceeded 750,000 units ◎ Actively seize business opportunities for international cooperation
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II. Overview of the Market, Production and Sales

(I) Market Analysis

1. Motorcycle

(1) Sales areas of main products:

Apart from domestic sales, the motorcycles and their parts manufactured by the Company are also exported to regions and countries such as Europe, America, Africa, Australia, Hong Kong, Macao, Japan, and Southeast Asia.

(2) Market shares:

The Company's domestic/foreign sales and domestic market shares over the past two years are shown as follows. In the future, the Company will continue developing new products to satisfy consumer needs and maintain its stable growth:

Unit: Unit; %

Year \ Item	2022	2021
Domestic Sales (Exfactory) Growth Rate	251,046 (+7.02%)	234,577 (-18.5%)
Foreign Sales (Exfactory) Growth Rate	25,335 (+0.33%)	25,251 (-12.0%)
Total Domestic and Foreign Sales (Exfactory) Growth Rate	276,381 (+6.37%)	259,828 (-17.9%)
Domestic Market Shares	34.8%	27.3%

Note: The above foreign sales exclude sales of IKD and triangular trade volume.

(3) Future market supply and demand

Looking forward to 2023, major international institutions expect global economic and trade growth to slow down compared to 2022, currency fluctuations, interest rate hikes, rising inflation, and financial market uncertainty to increase. The emerging motorcycle markets, including China, India, ASEAN countries and Latin America, are still major markets. In mature

markets such as Europe and North America, economic growth has tended to increase gradually or remain equal compared with that of last year.

In the general market of domestic motorcycles, in 2022, although the Ministry of Finance's policy of replacing old motorcycles with new ones and the Environmental Protection Administration's for the first to fourth phase of motorcycle retirement subsidies of NT\$2,000 continued, the overall domestic environment was affected by the Covid-19 pandemic. The overall domestic automobile market declined by 9.3%; however, the Company timely launched competitive new products - the Brand New Duke and MMBCU, which created a good reputation for the SYM brand and also contributed to the Company's substantial increase in sales and market share, making the Company stand out in the adversity of the overall domestic automobile market and grow by 15.7%, bringing the SYM brand return to glory and leaping to its leading position in the market.

In 2023, the overall domestic environment was affected by the global recession and inflation, and the domestic motorcycle market size is estimated to fall by 3% to 5%, facing 700,000 units to maintain the battle; the Company will continue to launch new products to ensure sales volume and market share, to make the SYM brand still occupy the leading position in the market.

In spite of fierce competitions from Mainland China in foreign sales markets, the Taiwan industry of motorcycles still maintains certain advantages in R&D and design. In view of its factories abroad, it is supposed to gradually yield overall benefits. Although Taiwan's motorcycle industry's export volume was affected by the COVID-19 pandemic, the export volume has recovered to previous levels after the recent foreign pandemic situation gradually stabilized, and life returned to normal. Apart from continuously supplying products with high added value such as high-displacement scooters in developed countries, in 2023, the Company will also strengthen its development of competitive products for triangular trade. In addition, we will strengthen the Latin American market and continue to integrate the cost advantages of our overseas subsidiaries to provide reasonably priced and competitive products. Therefore, the Company remains optimistic about the development of the export market.

(4) Future growth of the industry

A. Domestic motorcycle market: In spite of high motorcycle parc, slow market growth, increasingly more rigorous environmental regulations and increasing product prices, the policies for exchanging old models for new

ones have been stimulating consumers' purchase intentions. However, the motorcycle industry still focuses on making profits from business operations, so it aims to continuously improve added-value of products features and be committed to development of environment-friendly products. In 2023, Sanyang Motor will focus on quality, service, and innovation, winning consumer recognition by "customer satisfaction", and launch products and services to the satisfaction of customers, in order to improve customer satisfaction and brand image.

- B. Export markets of motorcycles: The motorcycle markets of developed markets have been saturated, but in developing countries, there is still space for growth of motorcycle markets, so in a middle term, the motorcycle industry will still maintain relatively stable growth. In market operations, Sanyang Motor will continue expand its product lines, adjust its product mix for selling, reinforce layout of overseas strongholds, develop emerging overseas markets, look for overseas cooperation opportunities, and increase sales of Taiwan motorcycles and international trade, so as to increase sales revenues, expand sales in new markets and improve brand image.

(5) Expected sales volume and competitive niches

A. Expected sales volume

In 2023, Sanyang Motor is expected to sell 275,000 motorcycles (excluding triangular trade and IKD) in total home and abroad.

B. Competition niche

- a. All service parts are independently sold by the Company to improve confidence and satisfaction of distributors and consumers.
- b. The Company has complete distribution channels in the domestic markets.
- c. The Company will continue to focus on investing in markets of heavy-duty motorcycles and popular expensive scooters, to increase operating revenues.

(6) Favorable/unfavorable Factors of Development Visions and Countermeasures

A. Favorable factors

- a. External environment - global

- (a) With the increase of environmental awareness and the outbreak of financial crisis, fuel saving arouses greater concerns of consumers. The demands for economical and fuel saving electric scooters.
 - (b) The purchasing power has increased in Latin America, and in a long term, market growth will be achieved.
 - (c) European and American brands are based on OEM/ODM business opportunities deriving from the pressure in production costs.
 - (d) The market size of high-displacement is high in Europe and America, where the added value of products is high.
 - (e) In mature European and American markets and growing Latin American markets, there have been greater demands for the products sold at moderate and low prices.
 - (f) The product mix of scooters has gradually been expanded in emerging markets.
 - (g) Emerging markets carry favorable factors such as demographic dividends, infrastructure improvement, and living standard improvement, which will help the demand and consumption expansion of the two-wheel products.
- b. External environment - Taiwan
- (a) Young consumers have greater demands for popularity and differentiation. Their consumption in purchasing motorcycles, related parts, accessories and components has increased.
 - (b) The low-cost businesses/installment payment businesses have increased, and the threshold for purchasing motorcycles is low, which are favorable for activating markets.
 - (c) Due to energy and environmental factors, there is space for development of energy-saving and environment-friendly motorcycles.
 - (d) The government has launched subsidization policy to fully promote electric scooters and gradually activate markets of electric scooters.
 - (e) The central and local governments will continue promoting the subsidization policy for exchanging old models for new ones, which will be favorable for increasing sales of motorcycles.
 - (f) From 2022 to 2023, the Environmental Protection Agency grants subsidies for exchanging Phase 1 to 4 models for new ones, or

electric scooters, which will be helpful for increasing sales of motorcycles.

B. Unfavorable factors

a. External environment - global

- (a) The era of green environment has come. Alternative environment-friendly products (electric scooters) will be launched in markets in succession and partially replace some fuel scooters.
- (b) Striking differences in product requirements, laws and regulations of different areas.
- (c) In terms of export, the Company faces competitions from large European, Japanese and Chinese motorcycle manufacturers, which hinder our progress in foreign markets.
- (d) In view of global pollution, emission, increasingly more stringent safety rules and regulations, the Company must be more able to control costs and master more advanced technologies.
- (e) European and Japanese brands launch products made in India/ASEAN countries/China to capture mass markets at affordable prices, which hinders the survival of export markets.
- (f) Emerging markets (parts) have unclear import laws, policies are constantly changing, and the proportion of localization requirements is increasing year by year. The import threshold of motorcycle products is becoming stricter, and it is necessary to actively grasp information and respond promptly.
- (g) Export sales are faced with continued deterioration in inflation and product sales profits may be affected by rising costs.

b. External environment - Taiwan

- (a) As environmental, safety laws and regulations became more and more stringent; costs have increased accordingly, which might affect the purchase intentions in the markets of new models.
- (b) The government has fully promoted markets of electric scooters and continuous subsidization policies, to partially replace fuel-powered scooters with electric ones.
- (c) The growth in 15-to-40-year-old population has tended to be negative, and the population purchasing motorcycles has decreased.
- (d) Promote motorcycles at low prices. Cheap motorcycles have become the mainstream ones available in markets. They have

become alternatives of medium and high-price motorcycles, thus decreasing motorcycle manufacturers' sales revenues.

(e) With the continuous development of tools of mass transportation, the sales of motorcycles will be replaced by the sales of such tools.

(f) As trade tends to be liberalized, new competitors and low-cost products will be likely to enter Taiwan.

C. Countermeasures

a. For domestic sales, the Company will improve its distribution channels, services and parts supply. It will supply attractive and environment-friendly products, enhance network marketing and improve brand image.

b. For export, the Company will focus on the four major regional sales (Europe/ ASEAN/ Africa Middle East/ Central South America), develop new markets and customers, expand global sales channels, concentrate on mature markets to increase market shares, improve brand image, expand sales of high-displacement motorcycles and make breakthroughs in emerging markets.

2. Automobiles

(1) Main areas for selling products: All products manufactured by the Company and distributed by it as agent are all domestically sold.

(2) Market shares: The domestic sales and market shares over the past two years are as follows:

Unit: Unit; %

Year	2022	2021
Sales	15,419	13,411
Growth Rate	14.7%	7.46%
Domestic Market Shares	3.6%	3.0%

(3) Future market supply and demand

The price decline of imported automobiles and growing market acceptance have progressively narrowed the domestic market size of automobiles. To be more competitive in product prices. Mainland China will inevitably become critical for global supply chains of international automobile manufacturers.

(4) Favorable/unfavorable Factors of Development Visions and Countermeasures

A. Favorable factors

The government promotes the policy of replacing old motorcycles with new ones. Originally, the term of this policy is 5 years but extended to 5 years after the Legislative Yuan passed the amendment to Commodity Tax Act. In addition, the "License Tax Exemption" and "Commodity Tax Exemption" policies for electric automobiles have been extended for another 4 years. Continue the "Greenhouse Gas Reduction Incentive Measures for Eliminating Old Motorcycles and Purchasing Electric Motorcycles" to subsidize people who replace old motorcycles that are more than 10 years old and purchase low-pollution motorcycles such as electric motorcycles or hybrid electric motorcycles to reduce motorcycle carbon emissions, in hope of reducing carbon emissions of old motorcycles. Policies support the automobile market.

Since 2021, the global automotive supply chain has been affected by the pandemic and has not been able to supply sufficient production, and market orders have yet to be sold. It is expected that the shortage of materials will be alleviated in 2023. In addition to digesting existing orders, commercial vehicles will also continue to boost the automobile market due to the unblocking demand.

- B. Unfavorable factors
 - a. Taiwan no longer enjoys advantages in labor costs. International automobile manufacturers have successfully set up plants in emerging countries which are more advantageous in labor costs. In addition, the automobiles imported from Japan are more competitive in prices owing to easy monetary policies of Japanese Yen.
 - b. Since China joined WTO, the tariff on imported automobiles has been downregulated to 17.5%, but the import tax rate for auto parts has not been adjusted accordingly. Thus, the price gaps between domestic and imported automobiles have been narrowed, which have driven increase in sales of imported automobiles.
 - c. Because of global climate changes, energy conservation and carbon emission reduction have become issues that all countries must seriously and actively deal with. Particularly, the automobile industry has taken initiatives to handle such issues. As environmental protection laws and regulations on automobiles become more and more stringent in different countries, the automobile manufacturers will inevitably invest more in developing new products/technologies and improving

fuel efficiency of engines. Unavoidably, customers' costs for purchasing automobiles will be higher.

C. Countermeasures

- a. Introduce power-free automatic facilities from Japan, increase production ration of automatic equipment, and decrease complex labor production to save energy, and improve production and its efficiency. Automatic facilities will also be favorable for reducing the employment of older workers and making young people more willing to participate in production. In this way, the industry will be able to control the labor costs effectively.
- b. Improve HYUNDAI's brand image in domestic markets; provide customers with reliable advanced products and services; continue focusing on Taiwan market; increase market share and revenue of this brand in domestic markets.
- c. Deepen cooperation with the technical parent company, actively strive to become a part of the global supply chain system, create more opportunities for exporting motorcycles and their parts, and make up for the deficiency in domestic market size.
- d. Increase product lines of heavy-duty commercial automobiles and sell heavy-duty automobiles to increase revenue.
- e. For environmental protection, fuel-efficient, economical and alternative energy automobiles will be major considerations of automobile development. Continuously plan and develop green automobiles with efficient output power and low fuel consumption. The technical parent company HYUNDAI plans to massively launch electric automobiles by 2025. In addition, it is speeding up its development of automatic driving technologies, and plans to successfully equip its automobiles with "Level 3" self-driving functions in response to future development of automobile markets.

(II) Usage and Manufacturing Processes for Main Products

1. Main products and uses

Motorcycles:

(1) Scooter series

Domestic sales:

100~115c.c.: FIDDLE LT 115, WOO 115.

125~160c.c.: Lively 125, Z1 Attila 125, DUKE 125 、 Brand New DUKE 125, JET SR 125, JET SL 125, FIDDLE 125, FIDDLE DX 150, Jin Fa Cai 125/150, 4MICA 125/150, KRNBT 125, DRGBT 158, MMBCU 158.

270~300c.c.: JOYMAX Z+ 300.

400~600c.c.: MAXSYM 400, MAXSYM TL 508.

Foreign sales:

125~160c.c.: JOYRIDE 125, VS 125, Joymax 125, CRUiSYM 125, DRGBT 158.

180~300c.c.: HD2 180, JOYRIDE 200I, CRUiSYM 250/300, VS300, CITYCOM 300i, Joymax Z 250/300, HD 300, CITYCOM 300.

400~600c.c.: MAXSYM TL 465/508, MAXSYM 400i.

(2) Gear series

Domestic sales: Wolf/ Wolf Legend 125.

(3) ATV series

Foreign sales: DS 250.

(4) Electric scooters

Domestic sales: E-WOO.

Automobiles:

(1) TUCSON series: 1,600c.c. and 2,000c.c. Gasoline Automobiles.

(2) ELANTRA series: 1,600c.c. Gasoline Automobiles.

(3) VENUE series: 1,600c.c. Gasoline Automobiles.

(4) CUSTIN series: 1500c.c. Gasoline Automobiles.

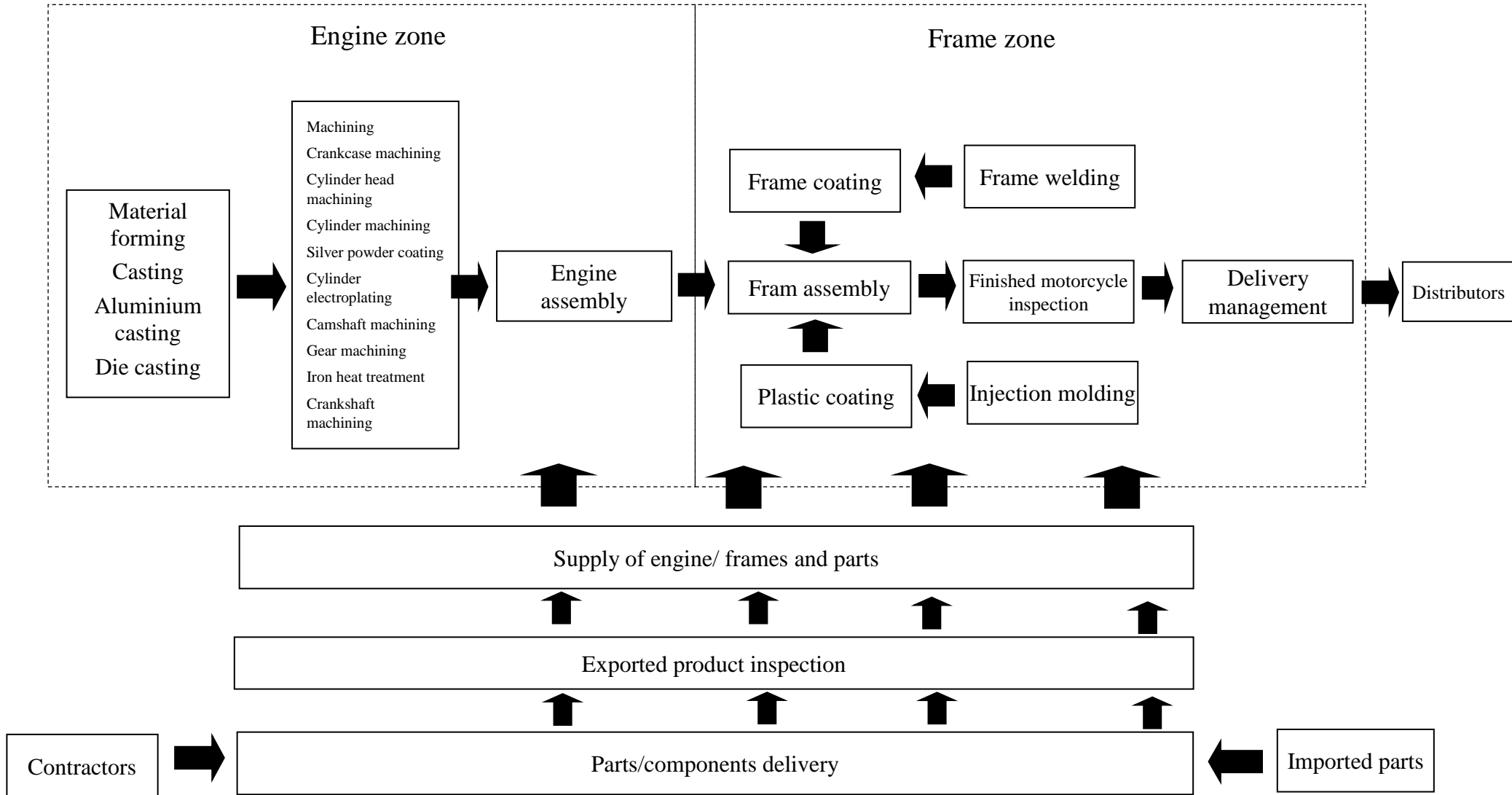
(5) Commercial vehicles: PORTER 3.25t Diesel Vans.

MIGHTY 6.5t and 7.8t diesel vans.

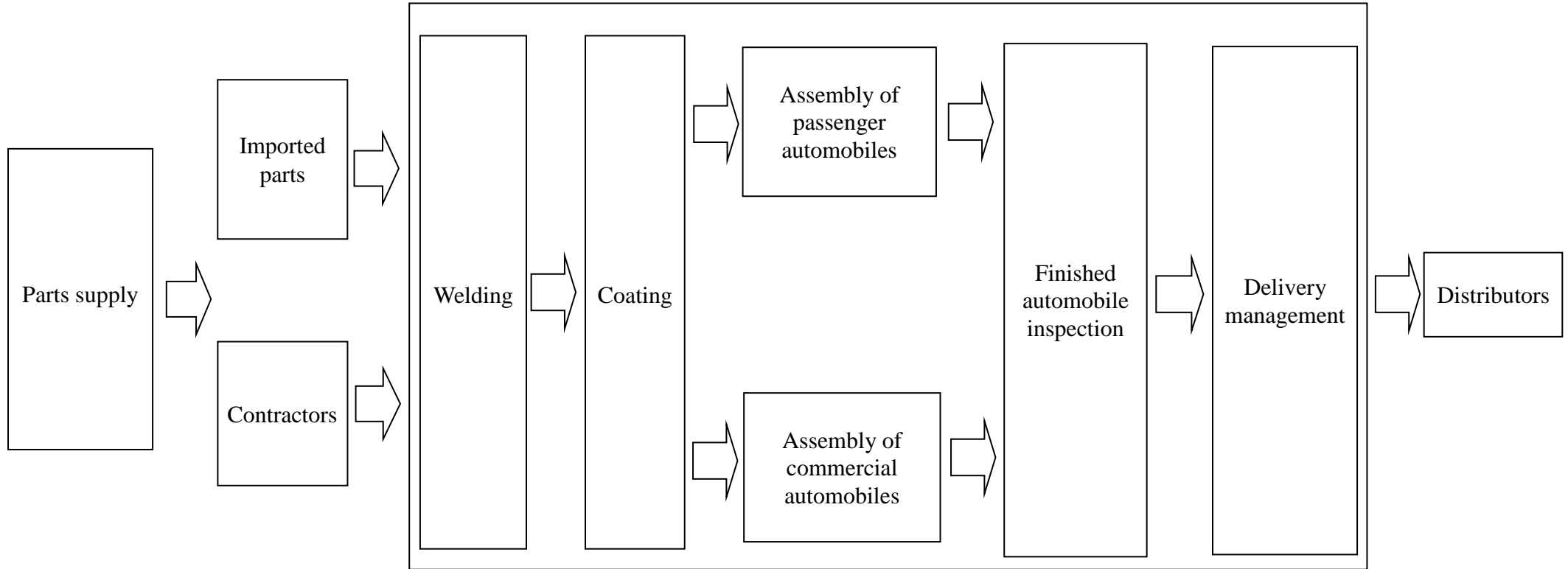
(6) Imported series: STARIA, IONIQ, KONA and SANTA FE.

2. Production process of primary products

Motorcycles:



Automobiles:



(III) Supply Situation of Main Raw Materials, Automobile and Motorcycle Parts

Motorcycles:

1. Main raw materials used by the Company:
 - (1) All aluminium ingots, plastic particles and coatings are purchased from domestic manufacturers at domestic market prices.
 - (2) For supply of all raw materials, the standard usage is calculated according to the monthly production schedule, and the raw materials are purchased as per stock status.
2. Of the motorcycle parts purchased by the Company in 2022, 7% were imported from abroad, while 93% were purchased from domestic contractors or processed by such contractors as entrusted by the Company.
 - (1) Supply situation of import:

SYM places orders monthly with foreign manufacturers according to production/marketing schedules, stock status and lead time for scheduling orders, in order to satisfy factories' production requirements. In the face of the pandemic, the production schedule of electronics-related parts and components has been affected, resulting in significant adjustments to production schedules.
 - (2) Supply situation of domestic contractors:

Orders are issued on a weekly basis, and manufacturers deliver products according to orders. In the face of the pandemic, the production schedule of electronics-related parts and components has been affected, resulting in significant adjustments to production schedules.
3. All above supplies shall be in line with actual production requirements.

Automobiles:

1. Of the auto parts purchased by the Company, only some of them are imported from foreign countries, while all the rest parts are purchased from domestic manufacturers or processed by the contractors as entrusted by the Company.
 - (1) Ratios of purchased parts: 80% KD parts and 20% domestic parts.
 - (2) Origins of purchased parts: KD parts are from Hyundai Motor Company and its subsidiaries; domestic parts are from domestic manufacturers of parts.
2. Main parts of the Company are purchased from Hyundai Motor Company and its subsidiaries as well as domestic manufacturers of parts. Benefiting from its long-term cooperation and long-term supply contracts, although affected by the chip shortage this year, some parts with chips have a short-term shortage of

materials, the Company maintains fairly normal and stable supply of other parts.

3. All the above supplies can still be in line with actual production requirements.
4. Businesses on commercial automobiles: In consideration that the markets of commercial automobiles have been kept stable in Taiwan, only light-duty commercial automobiles are produced in present production lines, so as to lay out a complete product line for the commercial automobile business.

(IV)List of Major Customers in the Past Two Years

1. Major vendors

Unit: NT\$ thousand

Items	Q1 of 2023				2022				2021			
	Manufacturers	Amount	%	Relationship with the Issuer	Manufacturers	Amount	%	Relationship with the Issuer	Manufacturers	Amount	%	Relationship with the Issuer
1	Hyundai Motor Company	2,734,766	33	Companies having business dealings with the Company	Hyundai Motor Company	7,792,692	28	Companies having business dealings with the Company	Hyundai Motor Company	4,930,238	24	Companies having business dealings with the Company
2	Xiamen Xiaxing Motorcycle Co., Ltd.	1,176,996	14	The Company's sub-subsiidiary	Xiamen Xiaxing Motorcycle Co., Ltd.	3,164,801	12	The Company's sub-subsiidiary	Xiamen Xiaxing Motorcycle Co., Ltd.	2,707,924	13	The Company's sub-subsiidiary
3	Others	4,447,352	53	-	Others	16,514,541	60	-	Others	13,305,577	63	-
	Net purchase	8,359,114	100	-	Net purchase	27,472,034	100	-	Net purchase	20,943,739	100	-

2. Major buyers

Unit: NT\$ thousand

Items	Q1 of 2023				2022				2021			
	Customers	Amount	Ratio to net sales as of Q1 of current year (%)	Relationship with the Issuer	Customers	Amount	Ratio to total net sales of the year (%)	Relationship with the Issuer	Customers	Amount	Ratio to total net sales of the year (%)	Relationship with the Issuer
1	Nanyang Industrial Co., Ltd.	3,813,692	32	The Company's sub-subsiidiary	Nanyang Industrial Co., Ltd.	10,232,064	29	The Company's sub-subsiidiary	Nanyang Industrial Co., Ltd.	7,423,264	25	The Company's sub-subsiidiary
2	Dingtai Vehicles Co., Ltd.	1,359,445	12	-	Dingtai Vehicles Co., Ltd.	4,399,381	12	-	Dingtai Vehicles Co., Ltd.	3,652,653	12	-
3	Others	6,600,953	56	-	Others	21,251,072	59	-	Others	18,800,882	63	-
	Net sales	11,774,090	100	-	Net sales	35,882,517	100	-	Net sales	29,876,799	100	-

(V) Production and Sales Volume in the Past Two Years

1. Production Volume and Output

Unit: production volume; output: NT\$ thousand

Year Production Volume and Output Main Products	2022		2021	
	Production Volume	Output	Production Volume	Output
Motorcycle	277,736	13,093,824	259,595	11,668,285
Automobiles	13,179	7,429,369	12,070	5,904,377
Others	-	1,899,278	-	1,650,496
Total	290,915	22,422,471	271,665	19,223,158

2. Sales Volume/Amount

Unit: volume; amount: NT\$ thousand

Year Sales Volume/ Amount Main Products	2022				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Motorcycle	251,046	15,451,108	118,880	5,455,856	234,577	13,769,574	116,819	4,881,900
Automobiles	15,419	11,969,875	-	-	13,349	8,788,924	-	-
Others	-	2,055,315	-	950,363	-	1,645,520	-	790,881
Total	266,465	29,476,298	118,880	6,406,219	247,926	24,204,018	116,819	5,672,781

Note 1: In 2022, the Company sold 93,545 motorcycles (including triangular trade), which amounted to NT\$3,211,687 thousand, and sold 2,304 automobiles (including imported ones), which amounted to NT\$3,191,458 thousand.

Note 2: In 2021, the Company sold 91,568 motorcycles (including triangular trade), which amounted to NT\$2,895,356 thousand, and sold 1,428 automobiles (including imported ones), which amounted to NT\$1,445,267 thousand.

III. Employee Information

Number of employees, average years of service, average age and education level in the past two years:

Year		2021	2022	As of May 11, 2023 of current year
Number of Employees	Male	2,014	2,051	2,096
	Female	289	294	297
	Total	2,303	2,345	2,393
Average Age		39.4	43.3	43.1
Average Years of Service		17.8	17	16.7
Education Level	PhD	4	4	3
	Master's Degree	263	262	260
	Bachelor's Degree	727	755	782
	High School Diploma	1,216	997	994
	Lower Degrees	93	327	354

IV. Environmental Protection Expenditures

1. Total amount of losses and penalties in the most recent year: None in 2022
2. Details of the Company's environmental protection expenditures in 2022 are as follows:

Unit: NT\$ thousand

Category	Amount
Corporate Operating Costs	6,299
Management Costs	222,417
Research and Development Costs	62,679
Social Costs	0
Losses and Compensations	22,316
Total	313,711

3. Invest in energy-saving or green energy-related, environment-friendly, and sustainable machinery and equipment:

The Company invested NT\$18,292 thousand in 2022, saved electricity 937,175 kilowatt-hours per year, and could reduce 477.022 metric tons of CO₂e per year.

The description is as follows:

Energy management:

Hsinchu Plant: Sym manages energy by replacing old equipment with new ones, introducing energy-saving and environment-friendly high-efficiency transformers, improving lighting and energy saving, combining production capacity to reduce losses and energy saving, updating refrigerators, controlling start-up time of air conditioners, etc., saving a total of 870,403 kWh/year of electricity.

Xinfeng Plant: During last year Sym improved Parallel connection of equipment, replaced and updated air compressors, improved lighting energy saving, etc., saving a total of 66,772 kWh/year of electricity.

V. Labor Relations

(I) Losses from Labor Disputes in the Most Recent Year:

The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. It is predicted that the Company wouldn't be involved in any major labor disputes, because it has complete channels for communicating about labor relations, salary and benefit systems.

(II) Information on Employee Benefits, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, Labor Agreements and Measures for Safeguarding Employees' Rights and Interests:

Items	Systems and measures
Benefits	The Company has established the Employee Welfare Committee to appropriately plan employee benefits and improve related welfare systems.
	Related benefits:
	1. Wedding and funeral subsidies
	2. Bereavement subsidies
	3. Mid-Autumn and year-end bonuses
	4. Birthday presents
	5. Cash gifts for festivals
	6. Domestic and foreign travel subsidies
	7. Subsidies for automobile purchases
	8. Scholarships and grants
	9. Club subsidies
	10. Subsidies for big annual events
	11. Traffic allowances
	12. Internal and external employee education and training
	13. Old commemorative gold coins
	14. Hospitalization subsidies for employees and their families
	15. Emergency aids and loans
	16. Group insurances
17. Regular physical examinations	
18. Special store offers	

Items	Systems and measures
Retirement (resignation) Systems	<p>(1) Retirement: The Company has paid pensions to employees covered by the old retirement system according to the Labor Standards Act, set up the Regulatory Committee on Reserve for Employee Retirement, and monthly withdraws pensions from the reserve. As of the end of December 2022, the balance had amounted to NT\$681,228 thousand in the special retirement account. For the new system on employee pensions, the Company will monthly withdraw and contribute 6% of wages of its employees adopting the new system to their individual special accounts according to regulations on employee pensions. It may also withdraw and contribute certain amount of the volunteers' wages to their individual special accounts at a proportion designated by the volunteers.</p> <p>(2) Resignation: According to rules of the Company, the employees whose pension has been paid under the old system for more than five years (inclusive) and no more than 25 years may apply for resignation allowance at the time of resignation. The retirement allowance shall be determined by multiplying the years of service, base salary and certain ratio (20%~110%). In 2022, the Company paid no resignation allowance to its employees.</p>
Continuing Education and Training	<p>The Company plans to improve its education and training systems. It annually executes its education and training plans for different fields at varying levels in combination with its business strategies and plans for its future core competencies. It encourages its employees to receive continuing education/training and improve their professional competencies, in order to maintain and enhance their competitive advantages.</p> <p>In 2022, the Company organized 109 classes for education and training. 1,726 employees were trained, and total training hours were 575.</p>
Labor Agreements	<p>The Company enters into collective agreements with its employees based on the Labor Standard Act, and file such agreements with the Labor Affairs Bureau. It implements related systems according to laws, regulations and collective agreements.</p> <p>(1) The Company and its employees formally entered into the collective agreements on March 28, 1989. Such agreements were renewed in May 1992, May 1995, May 1998, July 2001, June 2004, June 2007, June 2010, June 2013, June 2016 and June 2019.</p> <p>(2) The Company quarterly holds a symposium on management of labor management.</p> <p>(3) Apart from internal administrative channels, suggestion boxes, improved proposals and other channels are also available for filing complaints in the Company, to ensure smooth communications between the employees and management.</p>
Measures for Safeguarding Employees' Rights and Interests	<p>The Company has lawfully founded a trade union, and quarterly holds a labor-management meeting, so the labor relations are harmonious. The Company provides suggestion boxes, complaint channels, employee communication zones and employee assistance mechanisms to assist employees in solving related problems.</p>
Losses of the Company from Labor Disputes in the Most Recent Year	<p>The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. The Company has sufficient channels for communicating with its employees, complete salary and welfare systems, so it is predicted that it would not be involved in any major labor dispute.</p>

(III) Protective Measures for Work Environment and Employees' Personal Safety

SYM Uphold being people-oriented as its core value. The Company is devoted to providing safe, sanitary and healthy workplaces. It carries out occupational safety and health management according to labor laws and regulations. In 1999, it introduced and passed the certification by the occupational safety and health management system OHSAS 18001, enforced related rules and performed PDCA cycle to guarantee all of its employees' personal safety and health. To strengthen its procurement management, perform and transform its management, it introduced the Taiwan occupational safety and health management system (CNS 15506) in 2015 and ISO 45001 in 2019 for the purpose of assisting other organizations in providing safe sanitary workplaces, preventing harms or health impacts from work, and actively improving organizational health and safety performances.

To identify hazards and risks of workplaces, the Company drafts plans for management, audit assistance, independent management, education, training and emergency response drills. It takes preventive measures against possible injuries and disasters. It regularly organizes emergency response drills, in hope of making systematic responses in a well-organized manner when any accident happens, in order to minimize damages and losses. The Company also guarantees its employees' life safety to guarantee "no disaster, harm or occupational disease" as it upholds in its safety and health declaration.

(IV) Information on Code of Conduct or Ethics for Employees

Related procedures and rules are specially drafted to be followed by employees in their conducts, rights, obligations and ethical concepts. They are summarized as follows:

1. Hierarchical responsibilities:

(1) Hierarchical responsibilities for business auditing

Clarify business procedures and hierarchical responsibilities; regulate authorities for each post.

(2) Application form for position agent

Implement agent system to ensure normal business operations of the Company.

(3) Positions and titles

Define positions and titles to provide employees with appropriate blueprints for career development.

2. Work rules

Clarify rights and obligations of employees and the employer, to urge all staff of the Company to jointly promote business operations of the Company.

3. Code of professional ethics
To become internationalized, the Company has to learn from international enterprises. That is, the headquarters shall define the code of professional ethics. Ask all employees to carefully read, personally sign and obey related rules.
4. Responsibilities of departments
Clarify responsibilities and organizational functions of departments, to professionally divide labor among departments and strengthen core competencies of the Company.
5. Punishment and reward measures
To promptly reward employees with contributions and protect the Company from damages arising out of employees' behaviors, related rewards and punishments are specified in the work rules.
6. Evaluation measures
The supervisors offer appropriate assistance and feedback according to employees' performances, which are used as basis for individual rewards, transfer, promotion, appointment, dismissal, cultivation, growth, work review and improvement.
7. Management measures for attendance and leave
To maintain good disciplines to improve work quality, the Company has formulated complete attendance and leave rules on employees' attendance and leave.
8. Measures on non-competition and confidentiality undertakings
To guarantee commercial interests and enhance competitiveness of the Company, employees are obliged to keep businesses of the Company confidential. In order not to prejudice interests or goodwill of the Company, employees ought to sign Non-competition and Confidentiality Undertakings.
9. Detailed rules on prevention and control of Sexual harassment
To prevent and control sexual harassment in workplaces, maintain work equality between men and women, and safeguard human dignity, the Company expressly formulates related rule, and announces related laws and complaint channels on the internal website of the Company, so as to regulate employees' conducts in their workplaces.

(V) Corporate Responsibilities

Sanyang Motor has been adhering to the concept on quality first and customer satisfaction. It is wholly dedicated to development of core automobile and motorcycle businesses. In addition to creating value for itself and improving shareholder equity, it also obeys all laws/regulations, strictly maintains operation of its governance mechanism,

creates safe work environment for its employees, provides its employees with reasonable compensation and benefits, devotes to innovations and R&D more actively, develops intellectual property and energy-saving products with lower carbon emissions, improves its performance in environmental protection, delivers education on environmental protection/energy conservation, and actively participates in social public welfare, in order to make contributions to social/economic development, advancement of product sciences and technologies, and environmental sustainability. Outcomes of the Company are briefly introduced as follows:

1. Responses to climate changes

To reduce the impacts of products on the environment, the Company follows the standard procedure of ISO 14064, identifies and develops an inventory of greenhouse gases, and applies for verification by a third-party certification body, to exactly understand current greenhouse gas emissions, which will be considered as a basis for planning how to reduce the emissions in the future.

Besides, the Company has specially built an energy management group, which is composed of supervisors and energy managers of EHS management organizations, to completely promote execution of related energy efficiency policies.

2. EHS polices and management

Following EHS policies are formulated as guidelines for future environmental management:

- (1) EHS policies: Obey laws and regulations; create safe workplaces; prevent occupational hazards and environmental pollution; promote workers' health and continuously improve environment.
- (2) Environmental declarations: Prevent pollution, save energy, recycle resources and green environment.
- (3) Safety and health declaration: no disaster, harm or occupational disease.

Based on ISO 14001, ISO 45001 and CNS 15506 management systems, the top management defines related policies and orientations. They ensure execution and attainment of environmental policies and objectives. They also regularly hold meetings of the EHS Committee, report matters, practices and performances on occupational safety/health, review deficiencies and offer suggestions for improvement.

3. Pollution control

To reduce possible environmental hazards of wastes, the Company is dedicated to reducing the production of wastes, actively recycling and reusing resources. It strengthens management of wastes from sources to production processes. It

manages and appropriately classifies wastes as well, in hope of reducing production of wastes, gaining more benefits from reuse, decreasing the use of resources, or alleviating environmental impacts of product activities and services.

4. Green design

Greenhouse effects have caused increasingly more serious warming of the earth. With the formulation of environmental protection regulations and awakening of consumers' environmental awareness, more stringent pollution control regulations or license plate restriction policies have been adopted to control total pollution, so as to reduce urban pollution. For instance, waste emissions of motorcycles are rigorously restricted and strengthen pollution monitoring (OBDII) by the European V Regulations and the Taiwan VII Regulations. Other areas, including South Korea, Brazil, the United States, China and ASEAN countries will also tighten their regulations after Europe. Furthermore, motorcycles with "low pollution and low energy consumption" have been developed using advanced technologies, including "injection system, lean combustion and hybrid system. In spite of significant progress in technologies, developing alternative energy products is still a long-term concern of motorcycle manufacturers.

5. Customers first

To understand what customers are really thinking, customer satisfaction surveys are regularly performed among consumers and distributors. Believe that the surveys will not only make the Company more informative of market changes, but also can be used as basis for subsequent improvements.

In addition, the Company enables its customers to understand its product specifications, performances, operation and maintenance instructions as well as notes on safe driving, defensive motorcycle driving, personal rights and interests, and assistance systems through clear product identifications, including product labels, user manuals and maintenance manuals for motorcycle owners. SYM also wants to build the most rigorous and perfect product guarantee system. When facing product accidents, the rights and interests of customers are absolutely the priority. Therefore, relevant operating procedures are formulated to not only help customers solve problems and protect customers rights and interests but also hope that every accident can be resolved in the best way and quickly.

Besides, the Company configures 24h special free service hotline, and the phones to this hotline will be answered by human. It protects its customers' materials to the highest degree and provides its customers with the safest and most complete service network.

6. Friendly and safe workplace

Safe workplace is fundamental for sustainable operations of enterprises and the core value that Sanyang Motor is the most concerned about. The Company undertakes to ensure all of its employees' and stakeholders' safety and health. Besides, it places more emphasis upon employees' own safety awareness, healthy diet, moderate exercises, smoking quitting, limited alcohol intake and mental balance as living standards, in hope of keeping employees physically and mentally healthy and safe without exposure to any hazard or occupational disease.

The preventive measures against occupational hazards by the Company in 2022 particularly included management of chemical hazards, preventive control over illegal violations in workplaces, monitoring of the operating environment, maternal health protection, and preventive control over excess workload and human hazards. In addition, in response to COVID-19. Based on the announcement and policy of the Central Pandemic Command Center, the Company has implemented safety and hygiene precautions at workplaces for COVID-19. Those corresponding pandemic prevention measures are taken to allow employees to work with peace of mind so the Company can operate normally. A COVID-19 vaccination survey was conducted on December 15, 2022. Among the 2,397 persons in the Company, 79.02% had completed more than three doses of the vaccine, 15.19% had completed only two doses of the vaccine, 2.54% had completed only one dose of the vaccine and 3.25% were unvaccinated.

7. Employee care

Sanyang Motor respects human rights, obeys laws and regulations and bans inappropriate discrimination. Its employees are equally and properly treated in the Company. They are never treated differently for gender, religion, political affiliation, race or nationality. When humiliated, threatened, harassed or insulted, they can file complaints through advisory services on workplace violence or complaint channels. Apart from competitive salary, reward and compensation, the Company also has complete retirement, resignation and welfare systems so that its employees can take pleasure at work, in hope of jointly achieving brilliant business performances and sharing their growth outcomes, for the final purpose of attracting and retaining employees.

8. Social contributions

Taiwan:

- (1) Announcing the donation of 20 ambulances to Hyundai Staria, the first delivery ceremony was specially selected to be held in Hsinchu County, the

headquarters of Sanyang Motor.

- (2) With the kindness of the members of the Charity Foundation, donated materials to Wufeng Township, Zhudong Township of Hsinchu County, Btree Nursing Center, GreenLight Seed Classroom, and Saint Joseph Social Welfare Foundation.
- (3) Participated in the " Summer and Autumn Beach Cleanup" activities in Hsinchu County, and also organized the "Cleanup the Beaches, Picking Out a New Life Campaign", continuing to carry out environmental protection beach cleanup activities, and practicing environmental friendliness.
- (4) Donated scholarships and stationery, benefiting 59 students from 18 schools. The total donation was NT\$227,007.
- (5) Invited Hsinchu Blood Donation Center twice a year to dispatch its blood donation automobiles to the Company to organize blood donation and different warmth activities.

Overseas:

- (1) A team of riders took the SYM Husky 150 to the Yunnan-Guizhou Plateau, visited the elderly in remote villages, provided haircuts, took pictures, and visited local primary schools to contribute to the development of children's education.
- (2) Carried out the voluntary blood donation activity with a total of 17,200cc, where colleagues showed their love.
- (3) Donated RMB 1 million for the 6.8-magnitude earthquake that occurred in Luding County, Ganzi Prefecture, Sichuan Province, and also donated RMB 1 million to Xiamen Jimei District Education Foundation. Donated funds to promote education, aid financially impoverished students, and promote the idea of the chairman giving back to society.

9. Issuing Corporate Sustainability Report

To perform corporate social responsibilities, Sanyang Motor regularly and publicly publishes its corporate sustainability report to explain to all stakeholders of the society about its outcomes in fulfillment of such responsibilities and determination to achieve sustainable development.

VI. Important Contracts

December 31, 2022

Contract Type	Parties	Contract Term	Main Content	Restrictions
Automobiles:				
Distribution Contract	Nanyang Industrial Co., Ltd.	January 1, 1994 Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Nanyang Industrial Co., Ltd.	July 1, 2006 Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Hyundai Motor Company	2023/01/01 2024/12/31	Sell automobiles and parts of Hyundai Motor Company within the territory of R.O.C.	None
Technology licensing contract (PORTER)	Hyundai Motor Company	2013/11/20 2025/11/19	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (TUCSON HEV)	Hyundai Motor Company	2023/1/29 2028/1/28	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (VENUE)	Hyundai Motor Company	2020/04/27 2025/04/26	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (TUCSON L)	Hyundai Motor Company	2021/05/30 2026/11/15	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (KU)	Hyundai Motor Company	2021/07/26 2026/07/25	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Motorcycles:				
R&D Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	2021/12/06 2024/12/06	Provide technology services related to R&D	Exclusive licensing

Contract Type	Parties	Contract Term	Main Content	Restrictions
General Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	2021/12/06 2024/12/06	Provide general technology services unrelated to products	Exclusive licensing
No. VIPO 15 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	2020/02/20 2023/02/19	Technology transfer for 11 new types of motorcycles, including VF4, VEA and SDJ	Exclusive licensing
Supplementary Provisions of the Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	2020/02/15 2023/02/14	Modify the content related to technology transfer for 31 types of motorcycles, including SAN, VC1 and VUR.	Exclusive licensing
No. VIPO 16 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	2021/01/15 2024/01/14	Technology transfer for 7 new types of motorcycles, including VW1, VW2 and VJC	Exclusive licensing
No. VIPO 17 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	2021/12/20 2024/12/20	Technology transfer for new types of motorcycles, including VJE, VJF and VJG	Exclusive licensing

Chapter 6. Financial Overview

I. Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Consolidated Condensed Balance Sheet -IFRSs

Unit: NT\$ thousand

Year		Financial Information for the Past 5 Years (Note 1)					Q1 of 2023 (Note 3)
		2018	2019	2020	2021	2022	
Items							
Current assets		18,112,487	18,804,301	19,910,726	22,122,077	28,741,232	29, 253, 476
Property, plant and equipment, net		10,883,846	12,050,453	12,711,071	12,639,469	13,800,765	13, 856, 202
Intangible assets, net		-	-	-	-	1,040,230	1, 034, 664
Other Assets		8,400,595	10,267,463	11,396,280	11,769,672	13,495,047	13, 912, 290
Total Assets		37,396,928	41,122,217	44,018,077	46,531,218	57,077,274	58, 056, 632
Current liabilities	Before distribution	13,825,874	17,515,944	18,528,804	16,653,583	20,488,077	20,308,710
	After distribution	14,652,054	18,327,124	19,572,805	17,690,514	Note 2	-
Non-current liabilities		9,469,897	8,365,548	9,422,484	13,057,933	16,346,709	15,985,359
Total Liabilities	Before distribution	23,295,771	25,881,492	27,951,288	29,711,516	36,834,786	36,294,069
	After distribution	24,121,951	26,692,672	28,995,289	30,748,447	Note 2	-
Equity attributable to owners of parent		12,833,401	14,034,804	14,770,919	15,412,103	17,833,881	19,252,950
Share capital		8,535,956	8,535,956	8,030,776	7,976,396	7,974,896	7,974,896
Capital reserves		1,732,462	1,736,657	1,730,173	1,708,432	1,713,762	1,713,762
Retained earnings	Before distribution	4,612,588	6,072,937	6,583,938	7,182,522	9,603,610	10,956,351
	After distribution	3,786,408	5,261,757	5,539,937	6,145,591	Note 2	-
Other equity		(1,331,300)	(1,594,441)	(1,441,152)	(1,322,431)	(1,325,571)	(1,259,243)
Treasury stock		(716,305)	(716,305)	(716,305)	(132,816)	(132,816)	(132,816)
Non-controlling interest		1,267,756	1,205,921	1,205,921	1,407,599	2,408,607	2,509,613
Total equity	Before distribution	14,101,157	15,240,725	16,066,789	16,819,702	20,242,488	21,762,563
	After distribution	13,274,977	14,429,545	15,022,788	15,782,771	Note 2	-

Note 1: The consolidated financial statements for each year have been audited by independent auditors.

Note 2: No resolution has been passed to distribute the earnings for 2022.

Note 3: The consolidated financial information for the first quarter of 2023 has been reviewed by independent auditors.

(II) Consolidated Condensed Income Statement - IFRSs

Unit: NT\$ thousand

Year Items	Financial Information for the Past 5 Years (Note 1)					Q1 of 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	31,350,738	33,383,428	40,774,917	41,617,351	50,850,618	15,334,065
Gross profit	5,298,288	5,822,977	7,806,855	7,932,838	9,718,210	3,169,122
Net profit (loss)	(99,572)	450,920	1,959,359	2,222,611	3,416,744	1,623,736
Non-operating income and expenses	1,267,588	1,959,174	534,636	118,692	633,242	136,103
Pre-tax profit (loss)	1,168,016	2,410,094	2,493,995	2,341,303	4,049,986	1,759,839
Net income (loss) from continuing operations	725,006	2,192,460	2,051,856	1,964,718	3,439,941	1,443,711
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) for the year	725,006	2,192,460	2,051,856	1,964,718	3,439,941	1,443,711
Other comprehensive income (loss) for the year (net amount after tax)	50,874	(228,276)	50,356	100,025	583,106	76,364
Total comprehensive income for the year	775,880	1,964,184	2,102,212	2,064,743	4,023,047	1,520,075
Net profit (loss) attributable to the owner of the parent company	1,038,389	2,226,225	1,938,344	1,830,190	3,116,035	1,351,888
Net profit (loss) attributable to non-controlling equity	(313,383)	(33,765)	113,512	134,528	323,906	91,823
Comprehensive income attributable to the owner of the parent company	1,093,009	2,023,388	2,009,242	1,942,381	3,645,565	1,419,069
Comprehensive income (loss) attributable to non-controlling equity	(317,129)	(59,204)	92,970	122,362	377,482	101,006
Earnings (loss) per share	1.26	2.71	2.41	2.30	3.93	1.71

Note 1: The consolidated financial statements for each year have been audited by independent auditors.

Note 2: The consolidated financial information for the first quarter of 2023 has been reviewed by independent auditors.

II. Separate Condensed Balance Sheets and Separate Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Separate Condensed Income Statement - IFRSs

Unit: NT\$ thousand

Items	Year	Financial Information for the Past 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		4,688,521	4,317,788	4,659,870	5,155,637	7,933,432
Property, plant and equipment, net		4,790,940	4,994,550	5,044,289	4,945,448	4,894,622
Intangible assets, net		-	-	-	-	-
Other Assets		19,432,298	22,258,211	24,181,200	24,975,412	28,773,728
Total Assets		28,911,759	31,570,549	33,885,359	35,076,497	41,601,782
Current liabilities	Before distribution	8,060,706	11,200,395	11,270,740	8,918,844	10,950,796
	After distribution	8,886,886	12,011,575	12,314,741	9,955,775	Note 2
Non-current liabilities		8,017,652	6,335,350	7,843,700	10,745,550	12,817,105
Total Liabilities	Before distribution	16,078,358	17,535,745	19,114,440	19,664,394	23,767,901
	After distribution	16,904,538	18,346,925	20,158,441	20,701,325	Note 2
Share capital		8,535,956	8,535,956	8,030,776	7,976,396	7,974,896
Capital reserves		1,732,462	1,736,657	1,730,173	1,708,432	1,713,762
Retained earnings	Before distribution	4,612,588	6,072,937	6,583,938	7,182,522	9,603,610
	After distribution	3,786,408	5,261,757	5,539,937	6,145,591	Note 2
Other equity		(1,331,300)	(1,594,441)	(1,441,152)	(1,322,431)	(1,325,571)
Treasury stock		(716,305)	(716,305)	(132,816)	(132,816)	(132,816)
Total equity	Before distribution	12,833,401	14,034,804	14,770,919	15,412,103	17,833,881
	After distribution	12,007,221	13,223,624	13,726,918	14,375,172	Note 2

Note 1: The separate financial report for each year has been audited by CPAs.

Note 2: No resolution has been passed to distribute the earnings for 2022.

(II) Separate Condensed Income Statement - IFRSs

Unit: NT\$ thousand

Items	Year	Financial Information for the Past 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		22,621,007	23,659,272	30,796,834	29,876,799	35,882,517
Gross profit		2,503,056	2,455,146	3,924,645	3,694,692	4,204,934
Net operating income		263,002	287,858	1,379,482	1,434,778	1,745,717
Non-operating income and expenses		934,236	2,052,131	883,996	582,487	1,721,513
Pre-tax profit (loss)		1,197,238	2,339,989	2,263,478	2,017,265	3,467,230
Income (loss) from continuing operations for the year		1,038,389	2,226,225	1,938,344	1,830,190	3,116,035
Loss from discontinued operations		-	-	-	-	-
Net income (loss) for the year		1,038,389	2,226,225	1,938,344	1,830,190	3,116,035
Other comprehensive income (loss) for the year (net amount after tax)		54,620	(202,837)	70,898	112,191	529,530
Total comprehensive income for the year		1,093,009	2,023,388	2,009,242	1,942,381	3,645,565
Earnings (loss) per share		1.26	2.71	2.41	2.30	3.93

Note 1: The separate financial report for each year has been audited by CPAs.

III. CPAs and Audit Opinions of the Past Five Fiscal Years

Year	Name of CPA Firm	CPA	Opinion
2018	KPMG	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2019	KPMG	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2020	KPMG	Tsung-Che Chen, Ti-Nuan Chien	Unmodified opinion
2021	KPMG	Chung-Che Chen, Hsin-Ting Huang	Unmodified opinion
2022	KPMG	Chung-Che Chen, Hsin-Ting Huang	Unmodified opinion

IV. Financial Analysis

(I) Financial Analysis for the Past 5 Years - IFRSs

1. Consolidated Financial Analysis

Unit: NT\$ thousand

Items		Year	Financial Analysis for the Past 5 Years					
			2018	2019	2020	2021	2022	Q1 of 2023
Financial structure (%)	Debt to asset ratio (%)		62.29	62.94	63.50	63.85	64.53	62.51
	Ratio of long-term capital to property, plant, and equipment (%)		216.57	195.90	200.53	236.38	265.12	272.43
Solvency	Current ratio (%)		131.00	107.36	107.46	132.84	140.28	144.04
	Quick ratio (%)		97.18	76.69	73.02	86.91	88.00	90.30
	Times interest earned (times)		6.00	11.13	11.73	12.96	15.59	17.70
Operating performance	Average collection turnover (times)		11.71	12.43	15.68	15.14	16.40	16.19
	Days sales outstanding		31	29	23	24	22	23
	Average inventory turnover (times)		6.32	6.32	6.41	5.38	4.91	4.87
	Average payment turnover (times)		10.68	10.44	9.52	7.98	9.22	9.86
	Average Inventory Turnover Days		57	57	56	68	74	75
	Property, plant and equipment, net turnover (times)		2.84	2.91	3.29	3.28	3.85	4.44
	Total assets turnover (times)		0.85	0.85	0.96	0.92	0.98	1.07
Profitability	Return on total assets (%)		2.45	6.06	5.24	4.69	7.07	2.65
	Return on equity (%)		5.05	14.94	13.11	11.95	18.56	6.87
	Ratio of net income before tax to paid-in capital (%)		13.68	28.23	31.06	29.35	50.78	22.07
	Net profit margin (%)		2.31	6.57	5.03	4.72	6.76	9.42
	Net profit margin (%)		1.26	2.71	2.41	2.30	3.93	1.71
Cash flow	Cash flow ratio (%)		2.80	7.71	26.40	8.67	9.93	4.19
	Cash flow adequacy ratio (%)		76.09	71.34	90.49	62.84	48.43	56.59
	Cash reinvestment ratio (%)		Note 1	1.18	8.73	0.79	1.72	1.44
Leverage	Operating leverage		(46.54)	10.37	3.30	2.95	2.20	1.42
	Financial leverage		0.30	2.09	1.13	1.10	1.09	1.07

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2:

1. Financial structure:

(1) Debt to asset ratio = total liabilities/total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net value of property, plant and equipment

2. Solvency:

- (1) Current ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities
- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses for the year

3. Operating performance:

- (1) Average collection turnover = Net sales/Average trade receivables
- (2) Days sales outstanding = 365 / Average collection turnover
- (3) Average inventory turnover = Cost of sales / Average inventory
- (4) Average payment turnover = Cost of sales/Average trade payables
- (5) Average inventory turnover days = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Net sales / average net property, plant and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability:

- (1) Return on total assets = (Net income (loss) after tax+ Interest expenses * (1 - Tax rate)) / Average total assets
- (2) Return on equity = income (loss) after tax/Average total equity
- (3) Net margin = Net income (loss) after tax/ Net sales
- (4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - Preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow:

- (1) Cash flow ratio = Net cash provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of net cash flow from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends)
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other noncurrent assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net sales - Variable cost) / Income from operations
- (2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

2. Financial analysis (unconsolidated)

Unit: NT\$ thousand

Items		Year	Financial Analysis for the Past 5 Years				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio (%)		55.61	55.54	56.41	56.06	57.13
	Ratio of long-term capital to property, plant, and equipment (%)		435.22	407.85	448.32	528.92	626.22
Solvency	Current ratio (%)		58.17	38.55	41.34	57.81	72.45
	Quick ratio (%)		29.99	18.03	22.88	33.13	33.33
	Times interest earned (times)		9.31	17.13	17.30	18.45	22.34
Operating performance	Average collection turnover (times)		14.67	17.38	29.10	25.15	25.98
	Days sales outstanding		25	21	13	15	14
	Average inventory turnover (times)		8.90	10.34	13.54	12.94	10.33
	Average payment turnover (times)		13.51	13.21	11.53	9.26	11.20
	Average Inventory Turnover Days		41	35	27	28	35
	Property, plant and equipment turnover (times)		4.69	4.84	6.14	5.98	7.29
	Total assets turnover (times)		0.79	0.78	0.94	0.87	0.94
Profitability	Return on total assets (%)		4.03	7.75	6.26	5.58	8.47
	Return on equity (%)		8.06	16.57	13.46	12.13	18.75
	Ratio of net income before tax to paid-in capital (%)		14.03	27.41	28.19	25.29	43.48
	Net margin (%)		4.59	9.41	6.29	6.13	8.68
	Earnings per share (NT\$)		1.26	2.71	2.41	2.30	3.93
Cash flow	Cash flow ratio (%)		3.44	12.73	37.15	9.06	2.23
	Cash flow adequacy ratio (%)		93.66	116.57	174.40	117.66	74.39
	Cash reinvestment ratio (%)		Note 1	1.77	9.29	Note 1	Note 1
Leverage	Operating leverage		12.71	11.18	3.55	3.29	3.06
	Financial leverage		2.21	2.02	1.11	1.09	1.10

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2:

1. Financial structure:

(1) Debt to asset ratio = total liabilities/total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net value of property, plant and equipment

2. Solvency:

- (1) Current ratio = Current assets/Current liabilities
- (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities
- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses for the year

3. Operating performance:

- (1) Average collection turnover = Net sales/Average trade receivables
- (2) Days sales outstanding = 365 / Average collection turnover
- (3) Average inventory turnover = Cost of sales / Average inventory
- (4) Average payment turnover = Cost of sales/Average trade payables
- (5) Average inventory turnover days = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Net sales / average net property, plant and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability:

- (1) Return on total assets = (Net income (loss) after tax+ Interest expenses * (1 - Tax rate)) / Average total assets
- (2) Return on equity = income (loss) after tax/Average total equity
- (3) Net margin = Net income (loss) after tax/ Net sales
- (4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - Preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow:

- (1) Cash flow ratio = Net cash provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of net cash flow from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends)
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other noncurrent assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net sales - Variable cost) / Income from operations
- (2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

(II) Notes on Variances in Financial Ratios in the Past 2 Years - IFRSs

1. Changes in consolidated financial ratios

Unit: %

Items		Year	2022	2021	Increase (decrease) (%)
Financial structure	Debt to asset ratio (%)		64.53	63.85	1.06
	Ratio of long-term capital to property, plant, and equipment (%)		265.12	236.38	12.16
Solvency	Current ratio (%)		140.28	132.84	5.60
	Quick ratio (%)		88.00	86.91	1.25
	Times interest earned (times)		15.59	12.96	20.29
Operating performance	Average collection turnover (times)		16.40	15.14	8.32
	Days sales outstanding		22	24	(8.33)
	Average inventory turnover (times)		4.91	5.38	(8.74)
	Average payment turnover (times)		9.22	7.98	15.54
	Average Inventory Turnover Days		74	68	8.82
	Property, plant and equipment turnover (times)		3.85	3.28	17.38
	Total assets turnover (times)		0.98	0.92	6.52
Profitability	Return on total assets (%)		7.07	4.69	50.75
	Return on equity (%)		18.56	11.95	55.31
	Ratio of net income before tax to paid-in capital (%)		50.78	29.35	73.02
	Net margin (%)		6.76	4.72	43.22
	Earnings per share (NT\$)		3.93	2.30	70.87
Cash flow	Cash flow ratio (%)		9.93	8.67	14.53
	Cash flow adequacy ratio (%)		48.43	62.84	(22.93)
	Cash reinvestment ratio (%)		1.72	0.79	117.72
Leverage	Operating leverage		2.20	2.95	(25.42)
	Financial leverage		1.09	1.10	(0.91)

Note 1: Analysis of changes in the above financial ratios by over 20%:

1. Solvency:

Interest coverage ratio: The increase in pre-tax profit of 2022 gave rise to a higher interest coverage ratio than that of 2021.

2. Profitability: The increased revenue in 2022 contributed to an increase in profitability from 2021.

3. Cash flow:

Cash flow allowance ratio: The car inventory was increase in 2022. Thus, the cash flow allowance ratio declined in 2021.

Cash reinvestment ratio: The net cash inflows from operating activities in 2022 were higher than that in 2021, so the cash reinvestment ratios increase.

4. Leverage:

Operating leverage: The operating income and net income in 2022 was higher than that in 2021. The increase of net income was far greater than operating income. Thus, the leverage risk declined in 2021.

2. Changes in unconsolidated financial ratios

Unit: %

Items		Year	2022	2021	Increase (decrease) (%)
Financial structure	Debt to asset ratio (%)		57.13	56.06	1.91
	Ratio of long-term capital to property, plant, and equipment (%)		626.22	528.92	18.40
Solvency	Current ratio (%)		72.45	57.81	25.32
	Quick ratio (%)		33.33	33.13	0.60
	Times interest earned (times)		22.34	18.45	21.08
Operating performance	Average collection turnover (times)		25.98	25.15	3.30
	Days sales outstanding		14	15	(6.67)
	Average inventory turnover (times)		10.33	12.94	(20.17)
	Average payment turnover (times)		11.20	9.26	20.95
	Average Inventory Turnover Days		35	28	25.00
	Property, plant and equipment turnover (times)		7.29	5.98	21.91
	Total assets turnover (times)		0.94	0.87	8.05
Profitability	Return on total assets (%)		8.47	5.58	51.79
	Return on equity (%)		18.75	12.13	54.58
	Ratio of net income before tax to paid-in capital (%)		43.48	25.29	71.93
	Net margin (%)		8.68	6.13	41.60
	Earnings per share (NT\$)		3.93	2.30	70.87
Cash flow	Cash flow ratio (%)		2.23	9.06	(75.39)
	Cash flow adequacy ratio (%)		74.39	117.66	(36.78)
	Cash reinvestment ratio (%)		Note 1	Note 1	-
Leverage	Operating leverage		3.06	3.29	(6.99)
	Financial leverage		1.10	1.09	0.92

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2: Analysis of changes in the above financial ratios by over 20%:

1. Solvency:

- (1) Current ratio: The increase in inventories contributed to growing current assets, hereby leading to an increase in current ratio from 2021.
- (2) Interest coverage ratio: The increase in pre-tax profit of 2022 gave rise to a higher interest coverage ratio than that of 2021.

2. Operating performance:

- (1) Average inventory turnover and average inventory turnover days: In 2022, the increase in the inventory of automobiles contributed to a decrease in average inventory turnover and an increase in average inventory turnover days from 2021.
- (2) Average payment turnover: The increased revenue in 2022 contributed to an increase in cost of sales, hereby leading to an increase in average payment turnover from 2021.
- (3) Property, plant and equipment turnover: The increased revenue in 2022 contributed to an increase in the property, plant and equipment turnover from 2021.

3. Profitability: The increased revenue in 2022 contributed to an increase in profitability from 2021.

4. Cash flow: The ratios related to cash flow decreased in 2022 compared to 2021 due to a decrease in net cash inflow from operating activities.

V. Audit Committee's Reports on Financial Report of the Most Recent Fiscal Year

Sanyang Motor Co., Ltd.

Audit Report of the Audit Committee

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements and Proposal for Earnings Distribution, among which the Financial Statements have been audited by KPMG, Taiwan, by whom an audit report has been issued accordingly. The above business report, financial statements and proposal for earnings distribution have been examined and reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Sincerely,

2023 Annual General Shareholders' Meeting of Sanyang Motor Co., Ltd.

Convener of the Audit Committee: Shih Chung Chuan

Mar. 15, 2023

VI. Financial Analysis of Financial Statements for Most Recent Years

Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit results and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

Corresponding audit procedures:

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

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

2. Valuation of accounts receivable

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

Description of key audit matter:

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

Corresponding audit procedures:

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

Other Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to parent company only financial statements.

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

(2) SANYANG MOTOR CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to parent company only financial statements.

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

(3) SANYANG MOTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

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

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SANYANG MOTOR CO., LTD.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	Retained earnings						Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity
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
Profit for the year	-	-	-	-	1,830,190	1,830,190	-	-	-	-	1,830,190
Other comprehensive income for the year	-	-	-	-	(82,408)	(82,408)	(39,361)	233,960	194,599	-	112,191
Comprehensive income for the year	-	-	-	-	1,747,782	1,747,782	(39,361)	233,960	194,599	-	1,942,381
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	136,185	-	(136,185)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(130,078)	130,078	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,044,001)	(1,044,001)	-	-	-	-	(1,044,001)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(163,787)	(163,787)
Retirement of treasury shares	(54,380)	(719)	-	-	(108,688)	(108,688)	-	-	-	163,787	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	1,139	-	-	-	-	-	-	-	-	1,139
Changes in equities of long-term investments	-	(22,161)	-	-	(72,387)	(72,387)	-	-	-	-	(94,548)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	75,878	75,878	-	(75,878)	(75,878)	-	-
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
Profit for the year	-	-	-	-	3,116,035	3,116,035	-	-	-	-	3,116,035
Other comprehensive income for the year	-	-	-	-	(19,417)	(19,417)	409,237	139,710	548,947	-	529,530
Comprehensive income for the year	-	-	-	-	3,096,618	3,096,618	409,237	139,710	548,947	-	3,645,565
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	164,258	-	(164,258)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(109,352)	109,352	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,036,931)	(1,036,931)	-	-	-	-	(1,036,931)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(4,351)	(4,351)
Retirement of treasury shares	(1,500)	(20)	-	-	(2,831)	(2,831)	-	-	-	4,351	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(239)	-	-	-	-	-	-	-	-	(239)
Changes in equities of long-term investments	-	5,589	-	-	(187,855)	(187,855)	-	-	-	-	(182,266)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	552,087	552,087	-	(552,087)	(552,087)	-	-
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

See accompanying notes to parent company only financial statements.

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

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

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

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

See accompanying notes to parent company only financial statements.

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

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

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

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

See accompanying notes to parent company only financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted

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

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

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

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

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

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

(Continued)

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

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

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

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

(4) Summary of significant accounting policies

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

(Continued)

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

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

- (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 Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

(Continued)

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

- 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.

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(Continued)

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

4) Business model assessment

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

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;

(Continued)

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

- terms that may adjust the contractual coupon rate, including variable rate features;
 - prepayment and extension features; and
 - terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)
- 6) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

The maximum period considered when estimating ECLs is the maximum contractual

(Continued)

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

period over which the Company is exposed to credit risk.

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

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

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

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

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

7) Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its

(Continued)

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

statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

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

or to realize the asset and settle the liability simultaneously.

(g) Inventories

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

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

(h) Non-current assets held for sale

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

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

(i) Investment in associates

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

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

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

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

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

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

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

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

(j) Investment in Subsidiaries

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

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

(k) Investment property

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

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

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

(Continued)

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

(l) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(iv) Reclassification to investment property

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

(m) Leases

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

(i) As a lessee

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

(Continued)

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

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

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

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

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

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

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term

(Continued)

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

leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

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

(n) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(Continued)

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

(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

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

(p) Provisions

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

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

(q) Revenue recognition

(i) Revenue from contracts with customers

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

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

The Company manufactures and sells automobiles, scooters and their parts. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have

(Continued)

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

been shipped to the location according to the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

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

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

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

2) Service Revenue

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

3) Technical support and consulting services

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

4) Financing components

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

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

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

(s) Income taxes

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

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

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

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

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

(Continued)

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

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

(t) Business combination

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

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

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

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

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

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

(v) Operating segments

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

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

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

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

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

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical

(Continued)

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

experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(d).

(b) Valuation of inventories

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

Assessment

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

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

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

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

(6) (6) Explanation of significant accounts:

(a) Cash and cash equivalents

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

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

(Continued)

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

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

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

			December 31, 2021	
	Amount (in thousands)		Currency	Maturity date
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
Equity investments at fair value through other comprehensive income:		
Common shares of domestic unlisted companies	<u>\$ 132,037</u>	<u>141,484</u>

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

(e) Inventories

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

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

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

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

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

(f) Non-current assets held for sale

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

(g) Investments accounted for using the equity method

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

(Continued)

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

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

(i) Subsidiaries

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

(ii) Associates

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

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	<u>\$ -</u>	<u>267,844</u>

	For the years ended December 31	
	2022	2021
Attributable to the Company:		
Net loss from continuing operations	\$ (36,422)	(23,933)
Other comprehensive income (loss)	-	-
Comprehensive income	<u>\$ (36,422)</u>	<u>(23,933)</u>

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

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

The Company will participate in the capital increase plan of APh Corp. from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board of Directors on June 2, 2022. On July 1, 2022, the Company subscribed to additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 12.05% of the total equity shares, and recognized the difference between

(Continued)

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

from additional paid-in-capital of \$2,444 thousand and retained earnings of \$187,855 thousand. Later on November 1, 2022, the Company subscribed to additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 8.39% of the total equity shares. With the accumulated percentage of shareholdings reaching 53.23%, the Company obtained control over it. From that date, it became a subsidiary of the Company. Please refer to Note 6 (h) for details.

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

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

(vi) Collateral

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

(h) Business combination

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

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

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

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

Cash and cash equivalents	\$	870,900
Inventories		1,309
Prepayments		15,152
Other current assets		150
Property, plant and equipment		108,620
Right-of-use assets		153,008
Intangible assets		4,013
Intangible assets — Patents and acquired special technology		372,490
Other non-current assets		10,168
Other payables		(6,506)
Current lease liabilities		(12,361)

(Continued)

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

Other current liabilities	(124)
Non-current lease liabilities	<u>(140,648)</u>
Fair value of identifiable net assets	<u>\$ 1,376,171</u>

(iii) Goodwill

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

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

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

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

(i) Changes in equity interest of subsidiary

Acquisition of additional equity interest in subsidiary

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

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

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

(Continued)

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

(j) Property, plant and equipment

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

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

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

(Continued)

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

(k) Investment property

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

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

(Continued)

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

classified to Level 3.

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

- (l) Short-term notes and bills payable

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

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

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

- (m) Short-term borrowings

The short-term borrowings were summarized as follows:

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

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

- (n) Accounts payable (including related parties)

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

	December 31, 2022	December 31, 2021
Accounts payables to suppliers	\$ 2,909,937	2,741,588

- (o) Long-term borrowings

The long-term borrowings were summarized as follows:

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

(Continued)

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

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

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

(p) Provisions

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

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

(q) Employee benefits

(i) Defined benefit plans

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

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

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

The employee benefit liabilities for the Company were as follows:

	December 31, 2022	December 31, 2021
Compensated absence liabilities	\$ 70,682	68,906

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

(Continued)

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

3) Movements in the fair value of plan assets

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

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

4) Expenses recognized in profit or loss

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

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

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

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

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

(Continued)

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

6) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Future salary increase rate	3.000%	2.000%

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

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

7) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

(Continued)

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

(r) Income taxes

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

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

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

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

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

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

(Continued)

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

(iv) Unrecognized deferred tax liabilities

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

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

(v) Recognized deferred tax assets and liabilities

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

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

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

(Continued)

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

(s) Capital and other equity

(i) Ordinary shares

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

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

	(in thousands of shares)	
	Ordinary Shares	
	2022	2021
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>

(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>\$ 1,713,762</u>	<u>1,708,432</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

(Continued)

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

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. The distribution ratio of stock dividend shall not be higher than 50% of the total divided amount, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

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

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

1) Legal reserve

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

2) Special reserve

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

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified to special earnings reserve during earnings distribution. The amount to be reclassified should be the difference between the current period total net reduction of other shareholders' equity and the special reserve appropriated due to application to first-time adoption of IFRS. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current period earnings and undistributed prior period earnings. As for the year 2020 earnings distribution in 2021, the amount to be reclassified to special reserve shall be a portion of current period earnings plus other line items in the retained earnings movements and undistributed prior period earning.

(Continued)

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

A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserves were set aside (reserved) by \$(117,813) thousand and \$(113,623) thousand in June, 2022 and July, 2021, respectively.

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

3) Earnings distribution

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

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

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

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

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

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

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

- 3) The Board of Directors of the Company in year 2021, resolved to repurchase 5,438

(Continued)

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

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

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

(v) Other equity, net of tax

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

(Continued)

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

(t) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(u) Revenue from contracts with customers

(i) Details of revenue

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

(Continued)

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

(ii) Contract balances

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

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

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

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

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

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

(w) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

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

(Continued)

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

(ii) Other gains and losses

The details of other gains and losses were as follows:

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

(iii) Finance costs

The details of finance costs were as follows:

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

(x) Financial instruments

(i) Credit risk

1) Maximum amount exposed to credit risk

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

2) Credit risk of receivables

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

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

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

(ii) Liquidity risk

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

(Continued)

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

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

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

2) Sensitivity analysis

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

(Continued)

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

for the years ended December 31, 2022 and 2021 by \$3,227 thousand and \$574 thousand, respectively. The analysis assumes that all other variable factors remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains (losses) on monetary items

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

(iv) Interest rate analysis

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

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

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

(v) Other market price risk

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

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

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

(Continued)

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

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

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

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

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

a) Financial assets and liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a

(Continued)

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

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 Company have no active market, the measurements of fair value are categorized as follows:

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

b) Derivative financial instruments

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

c) Fair value hierarchy

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

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

4) Transfers between levels

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

(Continued)

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

5) Reconciliation of Level 3 fair values

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

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

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

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

Quantified information on significant unobservable inputs was as follow:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2022 and 2021) 	<ul style="list-style-type: none"> • Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2022 and 2021) 	<ul style="list-style-type: none"> • Not applicable • 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	<ul style="list-style-type: none"> • The multiplier of price-to-book ratio (1.83 and 2.17 as of December 31, 2022 and 2021, respectively) • Market illiquidity discount rate (40% as of December 31, 2022 and 2021) 	The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).

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

(Continued)

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

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

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

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

(y) Financial risk management

(i) Overview

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

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

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

(Continued)

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

(ii) Structure of risk management

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

2) Investments

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

3) Guarantees

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

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient

(Continued)

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

liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

(v) Market risk

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

(z) Capital management

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

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

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

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

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shan Young Assets Management Co., Ltd. (Shan Young)	A subsidiary of the Company
Youth Taisun Co., Ltd. (Youth Taisun)	"
Chu-Yang Motor Co., Ltd. (Chu-Yang)	"
NOVA Design Co., Ltd. (NOVA Design)	"
Nanyang Industries Co., Ltd. (Nanyang)	"
Nanchen Industries Co., Ltd. (Nanchen) (Note 1)	"
SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE AUTO-LEASE)	"
Ching Ta Investment Co., Ltd. (Ching Ta)	A subsidiary of the Company "
APh Corporation (Aph)(Note 5)	"
APh ePower Co., Ltd. (APh ePower) (Note 5)	"
Profit Source Investment Ltd. (Profit Source)	"
Sanyang Deutschland GmbH (SDE)	"
SY International Ltd. (SYI)	"
Sanyang Italia S.R.L. (SIT)	"
Sanyang Motor Colombia S.A.S (SCB)	"
Yi Young Co., Ltd. (Yi Young)	"
NOVA Design Ltd. (NOVA Samoa)	"
Shian Yang Industries Co., Ltd. (Shian Yang)	"
Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	"
Li Yang Industry Co., Ltd. (Li Yang)	"
Jau Ryh Business Co., Ltd.(Jau Ryh)	"
Nanyang Holding Co., Ltd. (NY Samoa)	"
Three Brothers Machinery Industrial Co., Ltd. (TBM)	"
Fact Co., Ltd.	"
Chong Hing International Limited (Chong Hing)	"
Cosmos System Inc. (Cosmos)	"
New Path Trading Limited (New Path)	"
Plassen International Limited (PIL)	"
Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	"
Sun Goal Limited (Sun Goal)	"
NOVA Design (Shanghai) Ltd. (Nova Shanghai)	"
Su Zhou Hui Ying Motor Sales and Service Co., Ltd. (Su Zhou Hui Ying)(Note 2)	"
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.	"

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
(Chang Zhou Nan Yang)	
Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	//
Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	//
Fu Ta Co., Ltd. (Fu Ta) (Note 3)	//
Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	//
Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	//
Chin Zong Trading Co., Ltd. (Chin Zong)	A subsidiary of the Company
Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	//
Xiamen Xia Shing Motor Co., Ltd. (Xia Shing Motor)	//
Xiamen Xia Shing Trading Co., Ltd. (Xia Shing Trading)	//
Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	//
Vietnam Casting Forge Precision Co., Ltd. (VCFP)	//
Dinh Duong Joint Stock Company (Dinh Duong)	//
Zoeng Chang Industry Co., Ltd. (Zoeng Chang)	Associate of the Company
King Zone Corporation (King Zone)	A subsidiary of the Company is the juristic director of the entity
Hitachi Astemo Taichung Co., Ltd. (Astemo)	The Company is the juristic director of the entity
Taiwan Tea Corporation (Taiwan Tea)(Note 4)	Associate of the Company
Sanyang Educational Foundation	Same chairman with the Company

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

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

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

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

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

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

(b) Significant transactions with related parties

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

Significant sales to related parties were as follows:

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

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

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

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

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

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

(Continued)

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

(ii) Goods purchased from related parties:

Purchases from related parties were as follow:

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

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

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

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

(Continued)

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

(iv) Payables to related parties

The payables to related parties were as follows:

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

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

(v) Services acquired from related parties:

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

(vi) Leases

- 1) The Company leases land and buildings to Nanyang as the automobile service factories, and a monthly rental payment is stated in the lease agreement. The related rental income was \$23,898 thousand and \$21,945 thousand for the years ended December 31, 2022 and 2021, respectively.
- 2) The Company leases land and buildings to NOVA Design as the headquarter, and a monthly rental payment is stated in the lease agreement. The related rental income was \$19 thousand and \$14,304 thousand for the year ended December 31, 2022 and 2021, respectively.

(Continued)

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

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

(vii) Property transactions

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

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

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

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

- 3) Acquisition of financial assets:

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

(viii) Other

- 1) Interest income from delayed receipts of payments

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

(Continued)

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

2) Advertising

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

3) Shan Young provided its real estate for the Company as collateral for bank loans. As of December 31, 2022 and 2021, the book value of the aforementioned real estate was \$7,400,000 thousand and \$4,900,000 thousand, respectively.

4) Chong Hing provided time deposits amounted CNY201,000 thousand and CNY265,000 thousand for the Company as collateral for bank loans in 1,000,000 thousand as of December 31, 2022 and 2021, respectively.

(c) Key management personnel compensation

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

(8) Pledged assets

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

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

(9) Commitments and contingencies

(a) Significant unrecognized contractual commitments

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

(Continued)

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

	December 31, 2022	December 31, 2021
USD	<u>USD 91,263</u>	<u>USD 67,651</u>
JYP	<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>\$ 280,679</u>	<u>154,106</u>

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

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

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

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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

(12) Other:

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

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

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

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

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

Compensation policies are as follows:

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

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(b) Management

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

(c) Employees

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

(13) (13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	132,330 (CNY30,000)	88,220 (CNY20,000)	88,220 (CNY20,000)	2.5-4%	Short term financing	-	Business operation	-	Real estate	88,220	263,653	263,653
2	Sanyang Global	XTBM	Other receivables	Y	13,233 (CNY3,000)	-	-	3.91%	Short term financing	-	Business operation	-	None	(CNY20,000)	(CNY59,772)	(CNY59,772)
2	Sanyang Global	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	66,165 (CNY15,000)	66,165 (CNY15,000)	66,165 (CNY15,000)	2.5%	Short term financing	-	Business operation	-	Real estate	66,165 (CNY15,000)	204,008 (CNY46,250)	204,008 (CNY46,250)
3	Chin Zong	VMEP	Other receivables	Y	61,430 (USD2,000)	52,216 (USD1,700)	52,216 (USD1,700)	Note 2	Short term financing	-	Business operation	-	None	(CNY15,000)	(CNY46,250)	(CNY46,250)
4	Chong Hing	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	110,275 (CNY25,000)	-	110,275 (CNY25,000)	4.00%	Short term financing	-	Business operation	-	None	-	1,508,385	1,508,385
5	Nova Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	220,550 (CNY50,000)	110,275 (CNY25,000)	110,275 (CNY25,000)	2.50%	Short term financing	-	Business operation	-	Real estate	396,990 (CNY90,000)	(CNY341,960)	(CNY341,960)
6	Ching Ta	Yi Young Co., Ltd.	Other receivables	Y	100,000	80,000	-	1.07%	Short term financing	-	Business operation	-	None	-	486,125	486,125

Note 1: The numbering method is as follows:

(1)“0” represents the parent company.

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

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

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

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

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

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

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

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

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

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

Note 1: The numbering method is as follows:

- (1) "0" represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

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

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

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

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

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

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

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

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

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

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

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

(Continued)

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

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
TBM	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	600	13,500	10.00 %	13,500	
TBM	Equity-Xu Mao Investment Co., Ltd.	The Group is the juristic director of the entity	Note 1	750	14,904	5.00 %	14,904	
Sanyang Global	Equity Shang Guang (Shanghai) Investment Ltd.	-	Note 1	1,519	362,730	6.76 %	362,730	

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

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

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

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

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

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

(In thousands of NTD/In thousands of shares)

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

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

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

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

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

(In thousands of NTD)

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

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

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

(In thousands of NTD)

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

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

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

(In thousands of NTD)

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

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

(Continued)

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

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

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

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

Note 3: Affiliate.

Note 4: Substantive related party.

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

(In thousands of NTD/ foreign currency)

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

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

(b) Information on investees:

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

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Shan Young	Taiwan	Real estate development and management	4,843,889	3,843,889	756,300	100.00%	8,370,044	(342,848)	(342,848)	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	219,671	10,175	10,175	"
"	Chu Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	55,329	23,417	23,417	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	833,486	150,728	89.78%	2,248,597	447,524	401,402	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	193,392	400	400	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	7,624	16.27%	92,634	34,259	5,574	"
The Company	Ching Ta	Taiwan	Investment activities	785,609	785,609	111,467	99.66%	1,264,998	44,651	44,500	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,770,953	117,272	117,272	"

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2022	December 31, 2021	Shares (in thousands)	Percentage of ownership	Carrying value			
"	VMEPH	Cayman Islands	Investment shareholding company	(USD13,226) 3,040,294	(USD13,226) 3,040,294	608,818	67.07%	(USD14,964) 1,051,379	(USD1,396) (1,205)	"	"
"	NEW PATH	Samoa	Investment shareholding company	(USD98,984) 282,786	(USD98,984) 282,786	-	100.00%	(USD34,230) 516,834	(USD40) 20,588	"	"
"	PIL	British Virgin Islands	Investment shareholding company	(USD9,207) 424,973	(USD9,207) 424,973	-	100.00%	(USD16,827) 3,006,262	(USD691) 919,075	"	"
"	Sun Goal	Samoa	Investment shareholding company	(USD13,836) 268,167	(USD13,836) 268,167	-	100.00%	(USD97,876) 199,521	(USD30,839) 18,056	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	(USD8,731) 147,035	(USD8,731) 147,035	-	100.00%	(USD6,496) 100,352	(USD606) 19,669	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	41,125	(157)	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	85,000	150,000	8,500	100.00%	101,814	18,108	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,096,632	5,096,632	-	100.00%	1,394,690	24,411	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc.	(USD165,933) 138,218	(USD165,933) 138,218	-	100.00%	(USD45,407) 144,514	(USD819) (469)	Disclosure not required	Note 1
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	(USD4,500) 14,282	(USD4,500) 14,282	-	31.00%	(USD4,705) 18,648	(USD16) (157)	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	(USD465) 221,547	(USD465) 221,547	-	99.94%	(USD607) 219,969	(USD5) (8)	"	"
Qing Zhao Investment Co., Ltd.	Sunny Mind HighTechnology Inc.	Samoa	Investment shareholding company	(USD7,213) 330,951	(USD7,213) 330,951	-	100.00%	(USD7,162) 186,035	(USD-) (16,104)	"	Note 2

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

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

(c) Information on investment in Mainland China:

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

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
Xia Shing Motor	Manufacturing, assembling and sale of scooters and its parts, along with the follow-up warranty service	706,445	(ii)Note1 (2)1	424,973	-	-	424,973	1,198,761	76.67%	919,090	3,004,414	-
		(USD23,000)		(USD13,836)			(USD13,836)	(USD40,224)		(USD30,839)	(USD97,816)	
Xia Shing Trading	Wholesale of scooter parts and components	13,233	(ii)Note1 (3)1	-	-	-	-	45,405	76.67%	Note 4	44,864	-

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
SCK	Manufacturing and sale of scooter parts	(CNY3,000) 1,014,824	(ii)Note1 (2)1	713,387	-	-	713,387	59,649	100.00%	59,649	(CNY10,171) 659,130	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	(USD33,040) (Note 1)	(ii)Note1 (2)1	(USD23,226) 1,096,587	-	-	(USD23,226) 1,096,587	(USD2,001) -	-	(USD2,001) -	(USD21,460) -	538,280
Sanyang Global	Developing, wholesaling, importing and exporting the following items: computer software, tool equipment, molds, (electric)scooter and automobile and their parts	276,435	(ii)Note1 (2)1	(USD35,702) 276,435	-	-	(USD35,702) 276,435	20,527	100.00%	20,527	510,019	(USD17,525) -
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	(USD9,000) 46,288	(ii)Note1 (1)	(USD9,000) 13,883	-	-	(USD9,000) 13,883	(USD689) -	30.00%	(USD689) -	(USD16,605) -	-
NOVA Shanghai	Product design	(USD1,507) 399,356	(ii)Note1 (2)2	(USD452) 353,560	-	-	(USD452) 353,560	(7,812)	100.00%	(7,812)	299,700	-
XTBM	Manufacturing, processing and sale of scooter parts	(USD13,002) 135,146	(ii)Note1 (2)3	(USD11,511) 135,146	-	-	(USD11,511) 135,146	(USD(262)) 19,327	54.81%	(USD(262)) 10,594	(USD9,757) 37,114	-
GTBM	Manufacturing, processing and sale of scooter parts	(USD4,400) (Note 2)	(ii)Note1 (2)3	(USD4,400) 21,439	-	-	(USD4,400) 21,439	(USD648) -	-	(USD355) -	(USD1,208) -	-
Su Zhou Hui Ying	Retail of automobiles and its parts	(Note 3) (USD6,201)	(ii)Note1 (2)4	(USD698) 190,464	-	-	(USD698) 190,464	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	(USD6,201) 124,396	(ii)Note1 (2)4	(USD6,201) 124,396	-	-	(USD6,201) 124,396	(127)	89.78%	(114)	89,594	-
Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	(USD4,050) 153,575	(ii)Note1 (2)5	(USD4,050) 153,575	-	-	(USD4,050) 153,575	(USD(4)) 8,565	29.19%	(USD(4)) 2,500	(USD2,917) 51,127	-
Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	(USD5,000) 153,575	(ii)Note1 (2)5	(USD5,000) -	-	-	(USD5,000) -	(USD287) (24,739)	29.19%	(USD83) (7,221)	(USD1,665) (8,838)	-
Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	(USD5,000) 2,206	(ii)Note1 (2)6	(USD5,000) -	-	-	(USD5,000) -	(USD(830)) -	29.19%	(USD(242)) -	(USD(288)) 2,198	-
		(CNY500)									(CNY498)	

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

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

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

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

Note 4: Recognized in Xia Shing Motor.

(ii) Limitation on investment in Mainland China:

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

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

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

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

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

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

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

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

(iii) Significant transactions:

(Continued)

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

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

(d) Major shareholders:

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, preferred shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every preferred.

(14) (14) Segment information:

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

Sanyang Motor Co., Ltd.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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

USD : 30.7150

EUR : 32.7400

JPY : 0.2325

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

Sanyang Motor Co., Ltd.

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Sanyang Motor Co., Ltd.

Statement of changes in investments accounted for using the equity method

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

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

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

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

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

Statement of changes in investment property

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

Sanyang Motor Co., Ltd.

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Sanyang Motor Co., Ltd.

Statement of trade payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Sanyang Motor Co., Ltd.
Statement of long-term borrowings
December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Sanyang Motor Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Sanyang Motor Co., Ltd.

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Cost of technical services	115,501
Warranty expenses	172,424
Commodity tax	<u>3,257,746</u>
Operating costs	<u>\$ 31,649,964</u>

Sanyang Motor Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

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

Statement of administrative expenses

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

Statement of research and development expenses

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

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

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

Statement of finance costs

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

VII. Consolidated Financial Statements of the Parent Company and Subsidiaries of the Most Recent Fiscal Year Audited and Attested by CPAs

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)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Assets				
Current assets:				
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>
Non-current assets:				
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>
Total assets	\$ <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 Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities:					
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	-
		20,488,077	36	16,653,583	36
Non-current liabilities:					
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	-
		16,346,709	29	13,057,933	28
Total liabilities		36,834,786	65	29,711,516	64
Equity attributable to owners of parent (Note 6(x)):					
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)	-
		17,833,881	31	15,412,103	33
36XX	Non-controlling interests	2,408,607	4	1,407,599	3
Total equity		20,242,488	35	16,819,702	36
Total liabilities and equity		57,077,274	100	46,531,218	100

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)

		2022		2021	
		Amount	%	Amount	%
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
	Gross profit from operations	<u>9,718,210</u>	<u>19</u>	<u>7,932,838</u>	<u>19</u>
	Operating expenses (Notes 6(d), (v), (aa) and 7):				
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)	-
		<u>6,301,466</u>	<u>12</u>	<u>5,710,227</u>	<u>14</u>
	Net operating income	<u>3,416,744</u>	<u>7</u>	<u>2,222,611</u>	<u>5</u>
	Non-operating income and expenses:				
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)	-
		<u>633,242</u>	<u>1</u>	<u>118,692</u>	<u>1</u>
7900	Profit before income tax	<u>4,049,986</u>	<u>8</u>	<u>2,341,303</u>	<u>6</u>
7950	Less: Income tax expenses (Note 6(w))	<u>610,045</u>	<u>1</u>	<u>376,585</u>	<u>1</u>
	Profit for the period	<u>3,439,941</u>	<u>7</u>	<u>1,964,718</u>	<u>5</u>
8300	Other comprehensive income (loss) (Notes 6(g) and (x)):				
8310	Items that may not be reclassified subsequently to profit or loss				
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	-
		<u>125,257</u>	<u>-</u>	<u>137,923</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
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	-	-	-	-
		<u>457,849</u>	<u>1</u>	<u>(37,898)</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>583,106</u>	<u>1</u>	<u>100,025</u>	<u>-</u>
8500	Comprehensive income	<u>\$ 4,023,047</u>	<u>8</u>	<u>2,064,743</u>	<u>5</u>
	Profit attributable to:				
8610	Owners of parent	\$ 3,116,035	6	1,830,190	5
8620	Non-controlling interests	323,906	1	134,528	-
		<u>\$ 3,439,941</u>	<u>7</u>	<u>1,964,718</u>	<u>5</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 3,645,565	7	1,942,381	5
8720	Non-controlling interests	377,482	1	122,362	-
		<u>\$ 4,023,047</u>	<u>8</u>	<u>2,064,743</u>	<u>5</u>
	Earnings per share (Note 6(y))				
9750	Basic earnings per share (NT dollars)	<u>\$ 3.93</u>		<u>2.30</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 3.93</u>		<u>2.30</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 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			Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity				
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)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 4,049,986	2,341,303
Adjustments:		
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, plant 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
Changes in operating assets and liabilities:		
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)
Net cash flows from operating activities	2,033,829	1,444,612

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)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) investing activities:		
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
Net cash flows used in investing activities	(3,581,229)	(1,940,604)
Cash flows from (used in) financing activities:		
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)
Net cash flows from financing activities	4,500,656	455,003
Effect of exchange rate changes on cash and cash equivalents	84,661	9,782
Net increase (decrease) in cash and cash equivalents	3,037,917	(31,207)
Cash and cash equivalents at beginning of period	4,829,905	4,861,112
Cash and cash equivalents at end of period	\$ 7,867,822	4,829,905

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.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments
(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 asset 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.

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 allowance 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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

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.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(iv) Reclassification to investment property

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

passed to the customer.

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Business combination

The 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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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	229,790	293,889
Cash and cash equivalents	\$ 7,867,822	4,829,905

(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	\$ 15,459	15,459

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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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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
Equity investments at fair value through other comprehensive income:		
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	<u>375,226</u>	<u>234,076</u>
Total	<u>\$ 857,766</u>	<u>3,827,893</u>

(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	<u>\$ 3,359,258</u>	<u>446,838</u>
Gain or loss on disposal transferred to retained earnings	<u>\$ 552,087</u>	<u>75,878</u>

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).

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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.

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

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	\$ 316,917	288,962
Installment notes receivable from operating activities	931	931
Less: Unrealized interest revenue from installment sales	<u>(57)</u>	<u>(57)</u>
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	<u>(723)</u>	<u>(907)</u>
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	<u>(44,427)</u>	<u>(30,926)</u>
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	<u>(138,500)</u>	<u>(108,659)</u>
	<u>\$ 4,134,332</u>	<u>3,494,547</u>
Current	\$ 3,597,815	3,029,531
Non-current	<u>536,517</u>	<u>465,016</u>
Total	<u>\$ 4,134,332</u>	<u>3,494,547</u>

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:

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

	December 31, 2022	December 31, 2021
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	<u>104,478</u>	<u>97,117</u>
	<u>\$ 3,413,049</u>	<u>3,037,236</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:

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

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

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	1,651,548	725,676
Subtotal	7,572,290	4,838,867
Construction industry:		
Land held for construction site	2,200,743	1,952,773
Prepaid for land purchase	90,531	83,345
Subtotal	2,291,274	2,036,118
Total	\$ 9,863,564	6,874,985
Expected to be recovered in more than 12 months	\$ 2,200,743	1,952,773

- (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:

	For the years ended December 31	
	2022	2021
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
	\$ 41,132,408	33,684,513

- (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:

	December 31, 2022	December 31, 2021
Associates	\$ 4,643,509	733,112

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:

<u>Associates</u>	<u>Relationship</u>	<u>Registration Country</u>	<u>Percentage of ownership</u>	
			<u>2022.12.31</u>	<u>2021.12.31</u>
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:

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

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:

	2022.12.31
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	<u>\$ 14,758,506</u>
Net assets, attributable to non-controlling interests	<u>\$ -</u>
Net assets, attributable to investee's shareholders	<u>\$ 14,758,506</u>

(Continued)

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

	2022.1.11 ~2022.12.31
Sales revenue	\$ 376,996
Net loss from continuing operations	(2,205,396)
Other comprehensive income	(56,441)
Comprehensive income	\$ (2,261,837)
Comprehensive income net loss, attributable to non controlling interests	\$ -
Comprehensive income, attributable to investee's shareholders	\$ (2,261,837)
	2022.1.11 ~2022.12.31
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)	(625,992)
Ending balance of investments in major associate at December 31	4,104,534
Goodwill	21,320
Total carrying amount of equity of the major associate as of December 31	\$ 4,125,854

(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	\$ 517,655	733,112
	For the years ended December 31	
	2022	2021
Attributable to the Group:		
Net income (loss) from continuing operations	(10,175)	(18,331)
Other comprehensive income (loss)	(2,450)	(112)
Comprehensive income	(12,625)	(18,443)

- (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		<u>(140,648)</u>
Fair value of net identifiable assets	\$	<u>1,376,171</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>667,438</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>(239)</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>1,139</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(j) Material non-controlling interests of subsidiaries

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>(72,857)</u>	<u>(19,380)</u>
Net assets	<u>\$ 1,567,718</u>	<u>1,456,005</u>
Non-controlling interests	<u>\$ 516,339</u>	<u>479,554</u>
	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
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:

	December 31, 2022	December 31, 2021
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	\$ 3,918,630	2,682,997
Non-controlling interests	\$ 914,216	625,946

	For the years ended December 31	
	2022	2021
Sales revenue	\$ 10,657,593	8,751,396
Net gain	\$ 1,198,761	676,414
Other comprehensive income	36,872	14,259
Comprehensive income	\$ 1,235,633	690,673
Net gain, attributable to non controlling interests	\$ 279,671	157,811
Comprehensive income, attributable to non-controlling interests	\$ 288,270	161,134
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	\$ 13,887	358,430

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
Cost or deemed cost:									
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>
Accumulated depreciation and impairment loss :									
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>
Carrying amount:									
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>

(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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
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	<u>\$ 698,946</u>	<u>1,027,482</u>	<u>1,726,428</u>
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	<u>\$ 490,577</u>	<u>942,184</u>	<u>1,432,761</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Land	Buildings	Total
Accumulated depreciation and impairment loss:			
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	24,243	937	25,180
Balance on December 31, 2022	<u>\$ 347,141</u>	<u>497,447</u>	<u>844,588</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	(569)	(1,036)	(1,605)
Balance on December 31, 2021	<u>\$ 302,556</u>	<u>361,987</u>	<u>664,543</u>
Carrying amount:			
Balance on December 31, 2022	<u>\$ 351,805</u>	<u>530,035</u>	<u>881,840</u>
Balance on January 1, 2021	<u>\$ 198,104</u>	<u>611,212</u>	<u>809,316</u>
Balance on December 31, 2021	<u>\$ 188,021</u>	<u>580,197</u>	<u>768,218</u>

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

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 :

	<u>Owned property</u>		<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land and improvements</u>	<u>Buildings</u>	<u>Land and improvements</u>	
Cost or deemed cost:				
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>\$ 1,375,025</u>	<u>2,835,231</u>	<u>161,757</u>	<u>4,372,013</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>\$ 1,417,757</u>	<u>2,825,100</u>	<u>151,415</u>	<u>4,394,272</u>
Accumulated depreciation and impairment loss:				
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>633,493</u>	<u>7,500</u>	<u>640,993</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>532,731</u>	<u>5,430</u>	<u>538,161</u>
Carrying amount:				
Balance on December 31, 2022	<u>\$ 1,375,025</u>	<u>2,201,738</u>	<u>154,257</u>	<u>3,731,020</u>
Balance on December 31, 2021	<u>\$ 1,417,757</u>	<u>2,292,369</u>	<u>145,985</u>	<u>3,856,111</u>
Balance on January 1, 2021	<u>\$ 1,417,757</u>	<u>2,353,749</u>	<u>147,830</u>	<u>3,919,336</u>
Balance on December 31, 2022				<u>\$13,656,597</u>
Balance on December 31, 2021				<u>\$13,690,285</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:

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

- (i) The details of amortisation :

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

	2022	2021
Administrative expenses	\$ 9	-
Research and development expenses	16,707	-
Total	\$ 16,716	-

(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:

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2021			
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	CBF, IBFC	0.848%	\$ 299,798
Acceptance payable			552,151
Total			\$ 851,949

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

(p) Short-term borrowings

	December 31, 2022	December 31, 2021
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	\$ 9,175,249	6,868,444
Unused short-term credit lines	\$ 9,976,414	12,204,729
Range of interest rates	1.29%~8.00%	0.59%~6.00%

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:

	December 31, 2022	December 31, 2021
Accounts payables to suppliers	\$ 4,594,958	4,331,437

(r) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2022	December 31, 2021
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	\$ 12,224,867	9,171,524
Unused long-term credit lines	\$ 320,533	663,178
Range of interest rates	1.34%~2.25%	0.84%~1.45%

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

(ii) Certain financial covenants

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

Some leases of equipment contain extension and cancellation options exercisable by the Group.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	For the years ended December 31	
	2022	2021
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	<u>\$ 662,737</u>	<u>580,288</u>
Current	\$ 436,975	405,292
Non-current	<u>225,762</u>	<u>174,996</u>
Total	<u>\$ 662,737</u>	<u>580,288</u>

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:

	December 31, 2022	December 31, 2021
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	\$ 419,749	277,035

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:

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

The employee benefit liabilities for the Group were as follows:

	December 31, 2022	December 31, 2021
Compensated absence liabilities	\$ 117,049	110,283

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:

	For the years ended December 31	
	2022	2021
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	\$ 1,571,467	2,951,631

(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:

	For the years ended December 31	
	2022	2021
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	\$ 762,003	2,100,604

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2022	2021
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
	\$ 13,432	18,014
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
	\$ 13,432	18,014

(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:

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

- 6) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
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:

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
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:

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

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

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

(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:

	For the years ended December 31	
	2022	2021
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	\$ 610,045	376,585

(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:

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

2) Unrecognized deferred tax assets

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

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

(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
\$ 1,765,234	1,136,588	

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
Deferred tax assets:			
Balance at January 1, 2022	\$ 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
Balance at December 31, 2022	\$ 238,491	339,276	577,767
Balance at January 1, 2021	\$ 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)
Balance at December 31, 2021	\$ 233,089	295,702	528,791

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Income from foreign investments	Land value increment tax	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2022	\$ 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
Balance at December 31, 2022	<u>\$ 319,553</u>	<u>1,152,120</u>	<u>59,063</u>	<u>1,530,736</u>
Balance at January 1, 2021	\$ 319,553	1,152,120	34,567	1,506,240
Exchange differences on translation of foreign financial statements	-	-	156	156
Balance at December 31, 2021	<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)	
	Ordinary Shares	
	2022	2021
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>

(ii) Capital surplus

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	<u>55,334</u>	<u>55,334</u>
	<u>\$ 1,713,762</u>	<u>1,708,432</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”:

	2021		2020	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1,300,244.52	1,036,931	1,308,862.90	1,044,001

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:

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

- 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><u>\$ (1,331,123)</u></u>	<u><u>5,552</u></u>	<u><u>(1,325,571)</u></u>
Balance on January 1, 2021	\$ (1,700,999)	259,847	(1,441,152)
Exchange differences on foreign operations	(24,876)	-	(24,876)
Exchange differences on associates accounted for using the equity method	(112)	-	(112)
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><u>\$ (1,740,360)</u></u>	<u><u>417,929</u></u>	<u><u>(1,322,431)</u></u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Non-controlling interests

	Attributed to Non-controlling Interests
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>\$ 2,408,607</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>\$ 1,407,599</u>

(y) Earnings per share

	For the years ended December 31	
	2022	2021
Basic earnings per share		
Net income attributable to common shareholders of the Company	<u>\$ 3,116,035</u>	<u>1,830,190</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>\$ 3.93</u>	<u>2.30</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the years ended December 31	
	2022	2021
Diluted earnings per share		
Net income attributable to common shareholders of the Company (after the adjustment of potential dilutive ordinary shares)	<u>\$ 3,116,035</u>	<u>1,830,190</u>
Weighted average number of ordinary shares	792,660	795,390
Effect of potential dilutive ordinary shares		
Employee share bonus	<u>1,218</u>	<u>935</u>
Weighted average number of ordinary shares (after the adjustment of potential dilutive ordinary shares)	<u>792,660</u>	<u>796,325</u>
	<u>\$ 3.93</u>	<u>2.30</u>

(z) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31, 2022			
	Domestic segment	Foreign segment	Other segments	Total
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	<u>823,931</u>	<u>940,804</u>	<u>-</u>	<u>1,764,735</u>
	<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	<u>862,336</u>	<u>50,080</u>	<u>731</u>	<u>913,147</u>
	<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

	For the year ended December 31, 2021			
	Domestic segment	Foreign segment	Other segments	Total
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
	\$ 32,299,372	9,201,031	116,948	41,617,351
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
	\$ 32,299,372	9,201,031	116,948	41,617,351

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
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	\$ 3,274,549	2,928,577	2,569,595
Contract liabilities	\$ 540,482	439,329	292,179

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:

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

(ii) Other income

The details of other income were as follows:

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

(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:

	For the years ended December 31	
	2022	2021
	\$	
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	\$ 819,720	41,112

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2022	2021
Interest expense	\$ 278,585	196,492

(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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2022							
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	<u>781,772</u>	<u>916,321</u>	<u>81,533</u>	<u>69,572</u>	<u>128,860</u>	<u>219,527</u>	<u>416,829</u>
	<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>
December 31, 2021							
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	<u>654,823</u>	<u>730,606</u>	<u>70,874</u>	<u>67,666</u>	<u>118,951</u>	<u>204,198</u>	<u>268,917</u>
	<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	<u>2,299</u>	<u>542,807</u>	<u>542,807</u>	-	-	-	-
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:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<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
<u>Financial liabilities</u>						
<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	
Prices of securities at the reporting date	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Increase 5%	\$ 34,311	618	153,116	618
Decrease 5%	\$ (34,311)	(618)	(153,116)	(618)

(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	
Financial assets at fair value through profit or loss					
Preferred shares of overseas unlisted companies	\$ 15,459	-	-	15,459	15,459
Financial assets at fair value through other comprehensive income					
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>\$ 873,225</u>	<u>156,455</u>	<u>-</u>	<u>716,770</u>	<u>873,225</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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:

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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.
- 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:

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	<u>At fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Non-derivative mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
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.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Quantified information on significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Interrelationship between Significant Unobservable Inputs and Fair Value Measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2022 and 2021) 	<ul style="list-style-type: none"> • Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Interrelationship between Significant Unobservable Inputs and Fair Value Measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2022 and 2021) 	<ul style="list-style-type: none"> • Not applicable • 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	<ul style="list-style-type: none"> • The multiplier of price-to-book ratio (1.83~3.06 and 2.17~7.83 as of December 31, 2022 and 2021, respectively) • Market illiquidity discount rate (30%~40% as of December 31, 2022 and 2021, respectively) 	<ul style="list-style-type: none"> • 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	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Year-on-year ratio (5.00% as of December 31, 2022 and 2021, respectively) • Weighted average capital cost (11.09% and 14.07% as of December 31, 2022 and 2021, respectively) • Market illiquidity discount rate (15.80% and 14.60% as of December 31, 2022 and 2021, respectively) • Non-controlling interests discount (23.10% and 24.53% as of December 31, 2022 and 2021, respectively) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the year-on-year percentage increased. • The estimated fair value would increase if the weighted average capital cost decreased. • The estimated fair value would increase if the Market illiquidity discount rate was lower. • 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:

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			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:

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

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
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:

	<u>Sales</u>		<u>Receivables from related parties</u>	
	<u>For the years ended December 31</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
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.

(ii) Purchases

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	<u>830,381</u>	<u>772,703</u>	<u>137,526</u>	<u>128,730</u>
	<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	"	<u>220</u>	<u>504</u>
		<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	<u>8,852</u>	<u>12,309</u>
	<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
	\$	1,607	1,351
2) Other receivables			
		December 31, 2022	December 31, 2021
Associates	\$	2,897	3,087
Other related parties		343	217
	\$	3,240	3,304
3) Loans to related parties			
		December 31, 2022	December 31, 2021
Associates-Yangzhou Tairun Hotel, Ltd.	\$	264,660	260,760
<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
	\$	148,860	138,691

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

landowners.

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	\$ 89,513	80,977

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 armament 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		\$ 17,155,274	16,013,972

(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	USD 92,323	68,879
JPY	JPY 111,230	-

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

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2022	December 31, 2021
Unpaid balance	\$ 2,054,320	186,846

(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		
By item	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
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/guaran- tees 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.

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:

(Continued)

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

(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.

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.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to 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 (USD25,878)	794,843 (USD25,878)	-	100.00%	3,770,948 (USD122,772)	100.00%	117,272 (USD3,935)	"	Note 1
SYI	Cosmos	British Virgin Islands	Investment shareholding company	406,224 (USD13,226)	406,224 (USD13,226)	-	100.00%	459,634 (USD14,964)	100.00%	41,594 (USD1,396)	"	"
"	VMEPH	Cayman Islands	Investment shareholding company	3,040,294 (USD98,984)	3,040,294 (USD98,984)	608,818	67.07%	1,051,379 (USD34,230)	67.07%	(1,205) (USD(40))	"	"
"	New Path	Samoa	Investment shareholding company	282,786 (USD9,207)	282,786 (USD9,207)	-	100.00%	516,834 (USD16,827)	100.00%	20,588 (USD691)	"	"
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

(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				
"	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 (USD819)	"	"
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) (USD16)	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	14,282 (USD465)	14,282 (USD465)	-	31.00%	18,648 (USD607)	31.00%	(157) (USD5)	"	"
"	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)	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.

(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

(Continued)

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

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
Revenues:					
Revenues from external customers	\$ 38,553,226	12,164,204	133,188	-	50,850,618
Intersegment revenues	<u>1,831,300</u>	<u>3,324,086</u>	<u>126,414</u>	<u>(5,281,800)</u>	<u>-</u>
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>
Assets:					
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
Revenues:					
Revenues from external customers	\$ 32,299,372	9,201,031	116,948	-	41,617,351
Intersegment revenues	<u>6,183,924</u>	<u>3,758,219</u>	<u>135,076</u>	<u>(10,077,219)</u>	<u>-</u>
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>
Assets:					
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.

Geographical information	For the years ended December 31	
	2022	2021
Revenues from external customers:		
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>
Non-current assets:		
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>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

VIII. Effects of Any Insolvency of the Company and Its Affiliates upon the Company's Financial Position during the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance and Risk Management

I. Financial Position:

Comparative Analysis on Unconsolidated Financial Position

Unit: NT\$ Thousand ; %

Year Items	2022	2021	Difference	
			Amount	%
Current assets	7,933,432	5,155,637	2,777,795	53.88
Property, plant and equipment, net	4,894,622	4,945,448	(50,826)	(1.03)
Other Assets	28,773,728	24,975,412	3,798,316	15.21
Total Assets	41,601,782	35,076,497	6,525,285	18.60
Current liabilities	10,950,796	8,918,844	2,031,952	22.78
Non-current liabilities	12,817,105	10,745,550	2,071,555	19.28
Total Liabilities	23,767,901	19,664,394	4,103,507	20.87
Share capital	7,974,896	7,976,396	(1,500)	(0.02)
Capital reserves	1,713,762	1,708,432	5,330	0.31
Retained earnings	9,603,610	7,182,522	2,421,088	33.71
Other equity	(1,325,571)	(1,322,431)	(3,140)	0.24
Treasury stock	(132,816)	(132,816)	0	0.00
Total equity	17,833,881	15,412,103	2,421,778	15.71

Notes on material changes:

1. Current liabilities: Mainly due to the increase inventory compared to 2021.
2. Current liabilities: Mainly due to the increase in short-term loans compared to 2021.
3. Retained earnings: Mainly due to the increase in net income for the year from 2021.

II. Financial Performance:

Comparative Analysis of Operating Results

Unit: NT\$ thousand

Year Items	2022	2021	Difference	
			Amount	%
Operating revenue	35,882,517	29,876,799	6,005,718	20.10
Operating costs	31,649,964	26,161,020	5,488,944	20.98
Gross profit	4,204,934	3,694,692	510,242	13.81
Operating expenses	2,459,217	2,259,914	199,303	8.82
Net operating income	1,745,717	1,434,778	310,939	21.67
Non-operating income and expenses	1,721,513	582,487	1,139,026	195.55
Profit before income tax	3,467,230	2,017,265	1,449,965	71.88
Income tax expense	351,195	187,075	164,120	87.73
Profit for the year	3,116,035	1,830,190	1,285,845	70.26
Other comprehensive income (Net amount after tax)	529,530	112,191	417,339	371.99
Total comprehensive income for the year	3,645,565	1,942,381	1,703,184	87.69

Notes on material changes:

1. Operating revenue, operating costs, and operating profit: mainly attributable to increased motorcycle and automobile sales in 2021.
2. Non-operating revenue and expenses: Mainly due to the increase in shares of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method and gain on disposal of investments from 2021.
3. Income before tax, net profit for the period and total comprehensive income for the year: Mainly due to the increase in operating profit and non-operating income.
4. Income tax expense: Mainly due to the increase in profit before tax.
5. Other comprehensive income: Mainly due to the increase in the translation differences in the financial statements of foreign operating companies from 2021.

III. Cash flow:

(I) Liquidity analysis for the past 2 years

Unit: %

Items \ Year	2022	2021	Increase (decrease) (%)
Cash flow ratio (%)	2.23	9.06	(75.39%)
Cash flow adequacy ratio (%)	74.39	117.66	(36.78%)
Cash reinvestment ratio (%)	Note 1	Note 1	-

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2: The ratios related to cash flow decreased in 2022 compared to 2021 due to a decrease in net cash inflow from operating activities.

(II) Cash Liquidity Analysis for the Upcoming Year

Unit: NT\$ thousand

Cash at Beginning of Year	Net Cash Flows from Operating Activities	Net Cash Inflow from Investments and Financing Activities of the Whole Year	Cash balance (Deficit)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
2,175,711	1,742,823	(2,387,292)	1,531,242	-	-

In the coming year, the estimated cash inflow from operating activities is NT\$1,742,823 thousand, the estimated cash outflow from investing activities is NT\$349,911 thousand, and the estimated cash outflow from financing activities is NT\$2,037,381 thousand.

IV. Impacts of Material Capital Expenditure in the Most Recent Fiscal Year upon Financial Business:

(I) Major Capital Expenditures

Unit: NT\$ thousand

Plan	Actual or expected source of funds	Actual or expected completion date	Funds Required	Actual or estimated capital expenditure				
				2023	2022	2021	2020	2019
Projects for production rationalization	Private capital	2023	1,597,127	542,746	165,486	333,869	267,406	287,620
Development of new types of scooters	Private capital	2023	1,091,778	250,077	161,676	22,001	298,046	359,978
Others	Private capital	2023	861,903	33,616	296,241	194,744	313,600	23,702

(II) Expected Benefits

1. Invest in equipment for expansion and integration; improve efficiency and quality of present product lines to make products competitive and make sure of promptly satisfying domestic and foreign market needs.
2. Invest in developing new types of motorcycles and creating more complete product lines, so as to develop new market segments and new international markets while increasing market shares, corporate revenues and sales.

V. Reinvestment Policies for the Most Recent Fiscal Year, Main Causes of Profits or Losses Resulting Therefrom, Improvement Plans and Investment Plan for the Upcoming Fiscal Year:

The Company's reinvestment strategies focus on its core businesses. In 2022, the return on reinvestment recognized by equity method in 2022 amounted to NT\$1,239,605 thousand. In the future, the Company will continue to steadily execute the reinvestment plans.

VI. Risk Management and Assessment:

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Future Responses:

1. Changes in interest rates

The Company's interest rate risks are mainly from the liabilities from managing its operating activities. The short and mid-term liabilities measured at banks' benchmark interest rate and the fixed interest rate are reckoned as main financing instruments. To reduce interest rate risks, the Company annually strives to be granted loans by financial institutions at a lower interest rate from time to time according to market interest rate.

The short-term loan interest rate of the Company in 2022 ranged from 1.29% to 1.81%, and the long-term loan interest rate ranged from 1.343% to 1.855%.

While other conditions were kept unchanged, the net profit in 2022 declined or increased by NT\$109,097 thousand whenever the loan interest rate increased or declined by 1%.

2. Exchange rate fluctuations

In 2022, the foreign sales revenue of the Company approximately increased by NT\$733,438 thousand compared with those in 2021. The ratio of foreign sales revenue to the total revenue of the Company decreased from 18.99% in 2021 to 17.85% in 2022. In addition, most parts used by the Company for automobile

production were imported from foreign countries. In order to prevent its net profit to be impacted by exchange rate fluctuations, the Company has concluded transactions necessary for avoiding the risks, including spot sales of net inflow of US dollars and conclusion of outright forward foreign exchange contracts, in hope of reducing impacts of exchange rate fluctuations upon gains (losses) of the Company.

To strengthen risk control over exchange rate fluctuations, the Company has taken following countermeasures:

- (1) Regularly collects information on exchange rate markets to understand fluctuation trends of exchange rate;
- (2) Regularly reviews and performs timely foreign exchange operations to adjust foreign currency positions;
- (3) Appoints financial institutions having cooperated with the Company to provide professional advisory services and require finance personnel to collect information about exchange rate and timely provide related departments with such information for reference;
- (4) Exchange rate fluctuations are also taken into account to ensure that the Company will make reasonable profits when making quotations in foreign currencies.

3. Inflation

According to the data released by the General Accounting Office of the Executive Yuan, the average consumer price index in 2022 is 107.40, an increase of 2.95% from the average of 104.32 in 2021. Global price of raw materials has increased, while the Company's costs have increased due to growing needs for precious metals necessary for key parts, tightened supply and continuous price increase of the noble metals necessary for key parts. The Company develops some parts subject to price increase in raw materials are jointly developed by several manufacturers, or designs or studies them in collaboration with manufacturers. On the premise of keeping quality changed or improving quality, it reduces the use of raw materials supplied at growing prices by different development or production methods, to reduce impacts of the price increase. In the future, it will continue developing new technical manufacturers or cooperate with the manufacturers to develop new technologies, to relieve the impacts of advertise factors by technologically lowering costs.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments,

Loans to Other Parties, Endorsements /Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Future Response Measures

To effectively control financial risks, the Company hasn't engaged in high risk or high leverage investments or transactions. Capital loans, endorsements or guarantees and derivatives transactions also comply with related laws. In addition, the Company has developed operating procedures for capital loans, endorsements/guarantees and derivatives transactions as well as measures related to internal control and management on the basis of improving financial and business management.

Besides, the Company concludes transactions on derivative financial products for the purpose of evading market risks instead of trading or speculative product trading. In the future, it will continue regularly evaluating and flexibly adjusting related strategies for avoiding risks in accordance with its business conditions and changes in market trends.

(III) Future R&D Plans and Expected R&D Spending

1. Motorcycles:

- (1) SYM continuously develops its motorcycle brands image and increase its market shares.
- (2) SYM masters core product technologies, accumulate creative product technologies, and possess more leading technologies.
- (3) SYM improves its abilities to integrate and develop platforms; quickly launches products worth more than what they are paid for.
- (4) Sanyang Motors continuously develops heavy-duty motorcycles and green creative products with high added value.
- (5) Sanyang Motors integrates R&D technologies and production resources of overseas bases; launch economical and pragmatic scooters.

2. Automobile:

Plan to introduce environmental regulations and standards for hybrid automobiles, electric automobiles and those with efficient combustion engines.

3. In 2023, the Company plans to invest NT\$250,077 thousand in R&D of new automobiles.

(IV) Impacts of Changes in Domestic and Foreign Material Policies and Legal Changes upon Financial Operations of the Company and Responses:

The Company operates in compliance with relevant domestic and foreign laws and

regulations, and the management has been paying close attention to laws and policies affecting the Company's business and operations. Currently, there is no significant impact on financial operations.

(V) Effects of Developments in Science and Technology and Industrial Changes on the Financial Operations, and Measures to Be Taken in Response:

1. With the development of the digital environment and technological tools, we are concerned about the continuous operation of data protection and information systems. The Company takes appropriate measures to protect information security to prevent cyber attacks, natural disasters and machine failures from causing information security incidents.
2. The Company has obtained ISO 27001 certification for its information security management system and follows international standards in system security, network security and system management to fully protect information confidentiality and effectively control information security risks.
3. SYM actively marketing electric scooters at home and abroad, to seize market opportunities.
4. SYM pays attention to future technology and market development trends of electric scooters.

(VI) Effects of Changes in Company Image upon Crisis Management and Measures to Be Taken in Response:

1. To strengthen governance, the Company has an independent director and has established an audit committee and a remuneration committee to hold regular meetings, and to synchronize with the requirements of the competent authorities to immediately disclose important information, implement a spokesperson mechanism, and have a dedicated unit to deal with the matter to effectively protect the Company's image.
2. With the challenge of extreme climate globally, enterprises' ability to handle risks is exposed to test. As the central factory of vehicle manufacturing, the Company has established the Sustainable Strategy Development Department. With the goal of sustainable environmental operation. The Company responds to the government's net zero emission program by actively probing into high-tech renewable energy and shouldering corporate responsibility to create the future with the long-term sound operations.

3. In addition to formulating annual and monthly management plan projects, the Company holds weekly and monthly meetings, as well as production and sales meetings on a regular basis to improve the management accuracy and quickly respond to the supply situation of raw materials and key components, confirm the implementation of miscellaneous operations, effectively control and allocate internal resources, and raise capabilities for crisis response.

(VII) Expected Benefits and Possible Risks Associated with Any M&A and Measures to Be Taken in Response: None

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response:

The Company's plant expansions have all gone through complete of prudent evaluation by responsible units. The return on investment and possible risks have all been carefully considered.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response:

1. Motorcycle

(1) Purchase:

A. Risks:

- a. Of the motorcycle parts purchased by the Company, except those technologically advanced parts (including ABS) are purchased from professional (exclusive) manufacturers and cooperation is maintained with 2 manufacturers of these parts, all other parts are supplied by more than 3 manufacturers competent for production, so the Company doesn't face any risk of centralized purchase.
- b. For the motorcycle parts imported from foreign countries, the delivery of some parts has been delayed because of COVID-19 and its impacts upon overseas transport. As a result, the production capacity of certain motorcycles has been affected.

B. Countermeasures:

- a. For the parts purchased from exclusive manufacturers, the Company maintains good relations with the manufacturers it cooperates with. Meanwhile, it actively develops new manufacturers and looks for alternative resources satisfying their needs, in order to reduce risks.
- b. Provide half-year predictive quantity for the manufacturers as reference for them to prepare goods. Increase safe inventory level and prolong the

lead time; reduce risks of late delivery of parts.

(2) Sales:

A. Domestic sales:

The Company's general agents for selling motorcycles include general distributors in Taiwan and Outer Islands (Kinmen and Penghu) and some distributors in charge of shipping scooters. The Company has maintained cooperation and good interactions with these distributors for many years. For shipping, the Company collects shipping security deposit from the general distributors and those shipping the scooters. After the scooters guaranteed by the security deposit are shipped first according to corresponding order, the payment for the entire order will be collected one week thereafter. After the Finance Department confirms the payment has been received and accounted, the scooters will not be further shipped until the shipping guarantee is resumed. The main distributors and local dealers in charge of shipping shall independently manage their sales and inventories in combination with the Company's marketing progress. It is concluded that the Company faces no centralized or immediate risks.

B. Foreign sales:

- a. The Company has its motorcycles sold to different parts of the world. It has set up an international business unit to coordinate marketing and production capacity of the factories in three areas and global shipping. It will focus on promoting its global sales in four major markets (Europe, Central/South America, Africa/Middle East and ASEAN). At present, SYM has approximately 90 agents worldwide, and the International Business Development Division has a strategy of distributing sales outlets by region and country, effectively reducing regional "market risk".
- b. The Company exports its motorcycles to foreign countries "with a bank's letter of credit as guarantee or shipped after receiving the payment". If a customer has any special payment requirement or credit line change requirements, the order won't be shipped before the requirement is reviewed and approved by supervisors, so as to lower "financial risks".

2. Automobile

(1) Purchase:

The automobiles of the Company are mainly supplied by Hyundai, where strike happens every 7 to 8 months. As a result, the purchase risk is relatively high. However, the Company maintains long-term close cooperation with its suppliers, to ensure that it will not be short of sources of different parts. In the first quarter of 2022, due to the pandemic, the world was facing a shortage of chips and most of the automobile industry was short of materials; Hyundai Korea was also confronted with a lack of chips. However, the Company was able to meet the real production demand by purchasing key chips through the insufficient but continuous supply under the severe environment. In addition, Nanyang Motor Company is the main customer and an affiliate of the Company. Both companies regularly hold production and sales meetings to review their sales ratio and jointly decentralize purchase risks, to make sure that the Company will not incur unnecessary costs.

(2) Sales:

Nanyang Motor not only sells passenger vehicle, it also markets and distributes commercial vehicles. Nanyang Motor Company and other distributors place all orders with the Company according to consumers' orders. In addition, other distributors are not excluded from selling the Company's vehicles. Hence, the sales risks are decentralized. Only Nanyang Motor has the legal authority to distribute Hyundai's cars in Taiwan. For passenger vehicles, Nanyang Motor Company strives to develop diverse sales channels apart from selling through its outlets. It primarily sells commercial vehicles in designated areas to commercial groups by different distribution methods.

- (X) Impacts of Substantial Share Transfer by Directors, Supervisors or Shareholders Holding over 10% Shares on the Company, Risks and Countermeasures: None.
- (XI) Impacts of Changes in Management Rights upon the Company, Risks and Countermeasures: None.
- (XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in

charge, shareholders with 10% or more share ownership, or affiliates are involved in a settled or pending material litigation, non-contentious case or an administrative proceedings which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other Important Risks and Countermeasures:

Information security management:

With the growth of the Company, electronic data protection and continuous operation of information systems have become more and more important. The Company takes appropriate measures to protect information security to prevent cyber attacks, natural disasters and machine failures from causing information security incidents.

1. In terms of information security: Local high-availability and remote online backup mechanism is established according to how important the information is. Regular drills are performed regarding data recovery to reduce the risk of damaging the data. Meanwhile, it functionally improves the storage systems. It actively prevents failures of data storage systems by regular upgrade, more advanced technologies and predictive analysis.
2. As to cyber security: To maintain its normal operations, the Company has established systems for protecting network and computer security. It also updates related information security equipment, maintains internal and external network security, and provides endpoint protection for important hosts.
3. With respect to institutional management: The Company has established an Information Security Management Committee, as well as formulated information security policy, information security organization, information security asset management, risk assessment and management, human resources security management, access control, physical and environmental security, organizational panoramic assessment, system and network security, system development and maintenance, information security incident notification management, operation continuity management, outsourcing management, information security audit management, correction management, suitability, document and record management, backup and recovery management, database management, information security implementation, and other items.

To comply with the international trend of information security management,

we started to introduce ISO27001 information security management system in 2021, and in December 2021, we obtained ISO27001 certification for the maintenance and management activities of our core business application information systems, including system management, server room management, and network infrastructure management, which is valid until January 2025. Through the introduction of ISO27001 information security management system and appointment of supervisors and personnel responsible for cybersecurity, we continuously review and improve our information security system to reduce information security risks to an acceptable level and protect the confidentiality, integrity and availability of information.

4. The Company joins the TWCERT/CC to enhance information sharing and joint defense of cybersecurity and achieve an overall effect of cross-region defense against cybersecurity threats.

VII. Other Important Matters: None.

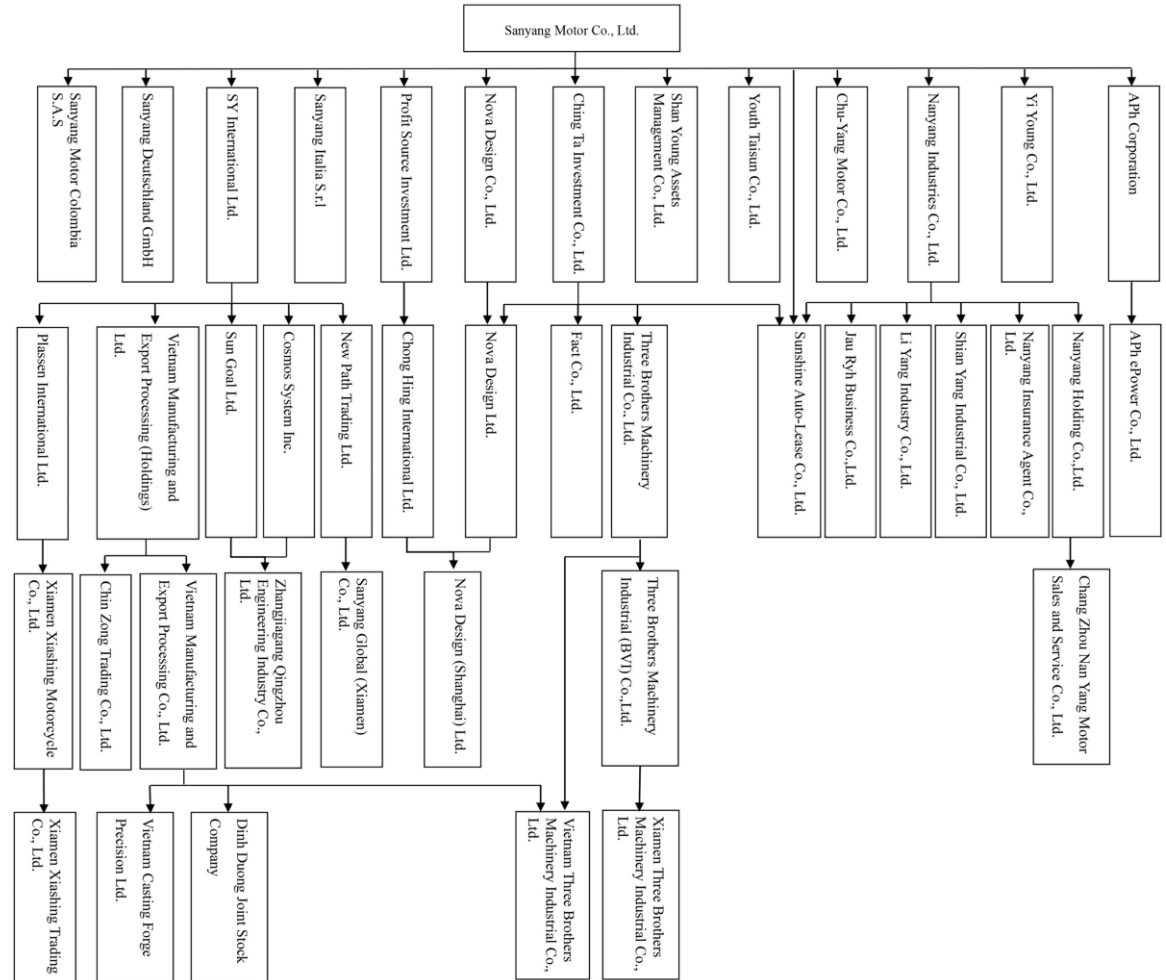
Chapter 8. Special Notes

I. Information on Affiliates

(I) The Consolidated Business Report of the Affiliates

1. Summary of the affiliates

(1) Organizational chart of the affiliates



(2) The affiliates' name, date of incorporation, address, paid-in capital and principal businesses:

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital	Principal Businesses or Products
Nanyang Industries Co., Ltd.	1965.05.11	F3, No.386, Sec.6, Nanjing East Rd., Neihu Dist., Taipei City	NTD 1,678,920,350	Trading, distribution, (consignment) sales, export, import, repair and maintenance of automobiles, motorcycles and their parts.
Nanyang Insurance Agency Co., Ltd.	1984.11.28	F2, No.62, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City	NTD 14,175,000	Property insurance agent
Ching Ta Investment Co., Ltd.	1987.01.23	Rm. 3, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD 1,118,424,880	Investments
Nova Design Co., Ltd.	1988.08.16	No. 285, Tanmei Street, Neihu Dist., Taipei City	NTD 190,800,000	Product design
Vietnam Manufacturing and Export Processing Co.,Ltd.	1992.03.25	Lot5,Tam Hiep Ward, Bien Hoa City, Dong Nai Province, Vietnam	USD 147,060,000	Production of motorcycles and their parts
Plassen International Ltd.	1992.09.29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola,VG1110,B.VI	USD 23,000,000	Holding company
Xiamen Xiashing Motorcycle Co., Ltd.	1992.11.14	No.99, Xibin Rd., Xinglin Town, Jimei District, Xiamen, China	RMB 196,778,501	Assembly, production, sales, after-sales and repair of motorcycles and their parts
SUNSHINE AUTO-LEASE Co., Ltd.	1993.12.29	F3, No.386, Sec.6, Nanjing East Rd., Neihu Dist., Taipei City	NTD 468,678,900	Lease of Type A cars, other industrial services (employment of drivers as agents) and lease
Cosmos System Inc.	1995.12.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola,VG1110,B.VI	USD 23,040,000	Holding company
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	1995.12.25	No.3, Haifeng Road, Nanfeng Town, Zhangjiagang, Jiangsu Province, China	RMB 258,085,993	Production and sales of automobile and motorcycle engines, parts and utility engines
Youth Taisun Co., Ltd.	1996.02.09	No.18, Wenhua Road, Hukou Township, Hsinchu County	NTD 180,934,880	Production of automobile and motorcycle parts
Chong Hing International Ltd.	1998.09.04	Craigmuir Chambers, Road Town, Tortola, VG 1110, B.V.I	RMB 89,252,064	Holding company
CHU-Yang Motor Co., Ltd.	2002.01.07	Rm. 3, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD 29,000,000	Wholesale and retail of motorcycle and automobile parts and equipment
Sun Goal Ltd.	2004.04.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 10,000,000	Holding company
Profit Source Investment Ltd.	2004.05.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 22,792,500	Holding company
Shan Young Assets Management Co.,Ltd.	2004.07.08	Rm. 1, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD 7,563,000,000	Development, lease and sales of residential houses, buildings and industrial factory buildings as well as development of special zones
New Path Trading Ltd.	2004.09.21	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 9,200,000	Holding company
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	2005.06.20	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands	USD 1,162,872	Holding company
Sanyang Italia S.R.L	2005.11.01	Corso Giacomo Matteotti, 1 20121 Milano (MI), ITALY	EUR 4,000,000	Import and sales of motorcycles and their parts
SY International Ltd.	2005.11.01	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 53,341,956	Holding company
Sanyang Deutschland GmbH	2006.08.02	Opelstraße 13, D-64546 Mörfelden-Walldorf, Germany (DE)	EUR 3,000,000	Import and sales of motorcycles and their parts

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital		Principal Businesses or Products
Sanyang Motor Colombia S.A.S	2018.11.21	COLOMBIA, ANTIOQUIA, 05631 - SABANETA, CL 84 SUR, NO 37-10, BG 101.	COP	100,002,000	Import and sales of motorcycles and their parts
Chin Zong Trading Co., Ltd.	2007.07.06	Rm. 1, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD	85,000,000	International trade, wholesale and retail of motorcycle and automobile parts and equipment
Sanyang Global Co., Ltd.	2007.12.11	1F, Office Building, No.99, Xibin Road, Xinglin Town, Jimei District, Xiamen, China	RMB	63,429,900	R&D, design and sales of motorcycles and their parts
Shian Yang Industries Co., Ltd	2014.11.24	No.593, Sec.4, Chunghua Rd., Xiangshan District, Hsinchu City	NTD	47,400,000	Wholesale, retail and repair of automobiles, motorcycles and their parts
THREE BROTHERS MACHINERY INDUSTRIAL CO., LTD.	1969.05.17	No.450, Wangjian Road, Wangjianli, Xinwu District, Taoyuan	NTD	116,205,910	Manufacturing of automobiles, motorcycles and their parts
Fact Co., Ltd.	1995.01.27	No.18, Wenhua Road, Hukou Township, Hsinchu County	NTD	10,000,000	Manufacturing of automobiles, motorcycles and their parts
Jau Ryh Business Co.,Ltd	2004.08.17	F3, No.386, Sec.6, Nanjing East Rd., Neihu Dist., Taipei City	NTD	29,931,230	Manufacturing and lease of automobiles, motorcycles and their parts
Liyang Industrial Co., Ltd.	2005.09.21	F3, No.386, Sec.6, Nanjing East Rd., Neihu Dist., Taipei City	NTD	30,000,000	Manufacturing of automobiles, motorcycles and their parts as well as third-party payment
NOVA DESIGN Ltd.	2003.04.09	INTETRUST LIMITED, at Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	USD	5,910,428	Industrial design
Nanyang Holding Co., Ltd.	2009.09.11	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	USD	4,050,000	Holding company
Nova Design (Shanghai) Ltd.	2003.06.09	Yuanda Road, Auto Parts Industrial Park, Shanghai International Auto City, Anting Town, Jiading District, Shanghai	USD	13,002,332	Industrial design
Vietnam Three Brothers Machinery Industrial Co., Ltd.	2002.09.05	No. 46			
Three Brothers Machinery Ind(BVI) Co.,Ltd.	1995.06.30	C-7-2, No.8, Long Binh Industrial Zone, Bien Hoa, Dong Nai Province, Vietnam	USD	1,500,000	Manufacturing of automobiles, motorcycles and their parts
Changzhou Nanyang Motor Sales and Service Ltd.	2011.01.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD	5,118,949	Holding company
Vietnam Casting Forge Precision Ltd.	2002.04.12	No.23, Zonglv Road, Zhonglou District, Changzhou	USD	4,050,000	Domestic wholesale and retail of automobile parts
Dinh Duong Joint Stock Company	2018.09.28	Ho Nai Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	VND	113,659,000,000	Manufacturing of motorcycles and their parts
Xiamen Three Brothers Machinery Industrial Co., Ltd.	1995.07.06	19 Cach Mang Thang Tam Street, Thoi Binh Ward, Ninh Kieu District, Can Tho City, Vietnam	VND	168,350,000,000	Sales of motorcycles and management of immovable property and land use rights
Yi Young Co., Ltd.	2022.02.08	No.62-70, Tianyang Road, Jimei District, Xiamen, Fujian Province, China	USD	4,401,376	Manufacturing of automobiles, motorcycles and their parts as well as machine hardware and molds
Xiamen Xiaxing Trading Co., Ltd.	2022.03.28	Rm. 1, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD	280,000,000	Waste processing
APh Corporation	2022.06.01	No.99-1, Xibin Rd., Jimei District, Xiamen, China	RMB	3,000,000	Retail and wholesale of motorcycles and components
APh ePower Co., Ltd.	2018.04.23	Rm. 10, 9F., No. 65, Gaotie 7th Rd., Zhubei City, Hsinchu County	NTD	385,733,332	Holding company
		Room A, 4F., No. 98, Luke 5th Rd., Luzhu District. Kaohsiung City	NTD	1,263,499,990	R&D, manufacturing and sales of energy products related to aluminum battery and sales of electricity by renewable energy

(3) Reason for judging if a company is under the control or an affiliate of the Company and personnel-related information: None.

(4) Businesses of the affiliates: refer to Item (2).

(5) Information on directors, supervisors and managers of the affiliates:

December 31, 2022

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Plassen International Ltd.	Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Cosmos System Inc.	Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Vietnam Manufacturing and Export Processing Co., Ltd.	Chairman Director Director	Vietnam Manufacturing and Export Processing (Holdings) Ltd. Representative: Tsung-Yeh Huang Chin-Yung Chiang Chun-Yu Lin	-	100%
Xiamen Xiashing Motorcycle Co., Ltd.	Chairman Director Director Director Director	Plassen International Ltd. Representative: Ching-Yuan Wu Li-Chu Wu Shih-Liang Hsu CCRE Representative: Wei Chen Chien-Hua Chang	-	76.67%
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	Chairman Director Director Supervisor	Cosmos System Inc. Representative: Shih-Liang Hsu Chao-Sheng Lin Chien-Sheng Chen Hsiu-Hua Yang	-	100%
Profit Source Investment Ltd.	Director Director	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
Chong Hing International Ltd.	Director Director	Profit Source Investment Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
SY International Ltd.	Director Director	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Sun Goal Ltd.	Director Director	SY International Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
New Path Trading Ltd.	Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
San Yang Italia S.r.l	Chairman Director Director	Sanyang Motor Co., Ltd. Representative: Ju-Cheng Liu Hsu-Pin Chen Yuan-Tse Li	-	100%
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	Chairman of the Board of Directors Executive Director Executive Director Non-executive Director Non-executive Director Non-executive Director Independent Non-executive Director Independent Non-executive Director Independent Non-executive Director	Natural Person: Wu-Hsiung Liu Tsung-Yeh Huang Chun-Yu Lin Chin-Yung Chiang Li-Chu Wu Hsu-Pin Chen Ching-Ching Lin Kuei-Mei Wu An-Chieh Chang	-	-
Sanyang Deutschland GmbH	Chairman Director Director	Sanyang Motor Co., Ltd. Representative: Ju-Cheng Liu Hsu-Pin Chen Chien-Ling Chen	-	100%
Sanyang Global Co., Ltd.	Chairman Director Director Supervisor	New Path Trading Ltd. Representative: Ching-Yuan Wu Shih-Liang Hsu Chien-Sheng Chen Hui-Ting Wu	-	100%
Nova Design Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative: Ying-Feng Chiu	18,000,000 shares	100%
Nanyang Industries Co., Ltd.	Chairman Vice Chairman Managing Director Director Director Director Director Director Supervisor	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Li-Chu Wu Po-Ta Hsu Ren-Hao Tian Hung-Hua Li Hsing-Sheng Chan Hui-Hsin Wu Ming-Piao Lai Yi-Cheng Wu Natural Person: Hui-Ting Wu Natural Person: Hui-Fen Yeh	126,484,430 shares	89.59%
Ching Ta Investment Co., Ltd.	Chairman Supervisor	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Natural Person: Kuei-Chin Huang	85,186,223 shares	99.66%
CHU-Yang Motor Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative: Hsu-Pin Chen	2,900,000 shares	100%
Shangyang Asset Management Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative: Li-Chu Wu	556,300,000 shares	100%

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Youth Taisun Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative: Hsi-Cheng Chang	16,752,800 shares	100%
SUNSHINE AUTO-LEASE Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative: Nai-Shih Lin	24,459,737 shares	61.46%
	Supervisor	Sanyang Motor Co., Ltd. Representative: Kuei-Chin Huang	6,473,398 shares	16.27%
Chin Zong Trading Co., Ltd.	Chairman Director Director Supervisor	Vietnam Manufacturing and Export Processing (Holdings) Ltd. Representative: Lu-Wei Huang Tsung-Yeh Huang Jui-Chiao Wu Chun-Yu Lin	15,000,000 shares	100%
Shian Yang Industries Co., Ltd	Chairman	Nanyang Industries Co., Ltd. Representative: Po-Ta Hsu	2,100,000 shares	100%
Vietnam Three Brothers Industrial Ltd.	Chairman	Three Brothers Machinery Industrial Co., Ltd. Representative: Ren-Hao Tien	-	-
	Director Director Director Director Director Director	Lu-Wei Huang Hung-Chun Lin Hui-Yen Cheng Shih-En Cheng Vietnam Manufacturing and Export Processing Co., Ltd. Representative: Tsung-Yeh Huang Chun-Yu Lin		
Three Brothers Machinery Ind(BVI) Co Ltd.	Director	Natural Person: Hui-Ting Wu	-	-
Changzhou Nanyang Motor Sales and Service Ltd.	Chairman Director Director Supervisor	Nanyang Industries Co., Ltd. Representative: Ren-Hao Tien Po-Ta Hsu Hui-Ting Wu Hung-Hua Li	-	100%
Vietnam Casting Forge Precision Ltd.	Chairman Director Director	Vietnam Manufacturing and Export Processing Co., Ltd. Representative: Tsung-Yeh Huang Jui-Chiao Wu Lu-Wei Huang	-	100%
Xiamen Three Brothers Machinery Industrial Co., Ltd.	Chairman Director Director Director Director Supervisor	Natural Person: Shih-Liang Hsu Yao-Chung Cheng Hui-Yen Cheng Yi-Fang Chang Hsu-Pin Chen Hsiu-Hua Yang	-	-
Nanyang Insurance Agency Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu	1,316,250 shares	92.86%

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
	Director Director Supervisor	Po-Ta Hsu Hung-Hua Li Natural Person: Hui-Fen Yeh		
Three Brothers Machinery Industrial Co., Ltd.	Chairman Director Director Director	Ching Ta Investment Co., Ltd. Representative: Ren-Hao Tien Hsu-Pin Chen Yuan-Ping Huang Hung-Chih Ho	5,225,000 shares	55.00%
	Director Director Vice Chairman Supervisor Supervisor	Shangjie Investment Co., Ltd. Representative: Chien-Cheng Cheng Natural Person: Hui-Yen Cheng Natural Person: Yao-Chung Cheng Natural Person: Hui-Ting Wu Canadian Shanggao Royal Investment Co., Ltd. Representative: Shih-En Cheng	1,577,000 shares 8,359 shares 1,121,000 shares	16.60% 1.26% 11.8%
Fact Co., Ltd.	Chairman	Ching Ta Investment Co., Ltd. Representative: Hsi-Cheng Chang	1,000,000 shares	100%
Jau Ryh Business Co.,Ltd	Chairman	Nanyang Industries Co., Ltd. Representative: Po-Ta Hsu	1,693,123 shares	100%
Liyang Industrial Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu	1,200,000 shares	100%
NOVA DESIGN Ltd.	Director	Natural Person: Ying-Feng Chiu	-	-
NanYang Holding CO., Ltd.	Director	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu	-	100%
Nova Design (Shanghai) Ltd.	Chairman Director Director Supervisor	Chong Hing International Limited Representative: Ying-Feng Chiu Ching-Yuan Wu NOVA DESIGN Ltd. Representative: Yi-Cheng Wu Li-Hsi Chiang	-	59.02% 40.98%
Sanyang Motor Colombia S.A.S	Legal Representative	Hsi-Hsiang Hung	-	-
Dinh Duong Joint Stock Company	Chairman	Vietnam Manufacturing and Export Processing Co., Ltd. Representative: Jui-Chiao Wu	-	99.99%
Yi Young Co., Ltd.	Chairman	Representative: Ching-Yuan Wu	-	-
APh Corporation	Chairman Director Director Supervisor	Hou Pu Establishment, Ltd. Representative: Chao-Hui Chen Jui Chih Establishment, Ltd. Representative: Jui-Hsuan Wu Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Natural Person:Chien-Liang Chen	-	-

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
APh ePower Co., Ltd.	Chairman Director Director Supervisor	APh Corporation Representative: Chao-Hui Chen Jui-Hsuan Wu Ching-Yuan Wu Natural Person:Chien-Liang Chen	-	-
Xiamen Xiashing Trading Co., Ltd.	Chairman Director Director Supervisor	Xiamen Xiashing Motorcycle Co., Ltd. Representative: Shih-Liang Hsu Chien-Sheng Chen Chao-Sheng Lin Hui-Ting Wu	-	-

2. Summary of business operations

December 31, 2022 Unit: NT\$

Name of Affiliates	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the year	Earnings per share
Plassen International Ltd.	USD 23,000,000	USD 97,876,024	USD 0	USD 97,876,024	USD 0	USD (677)	USD 30,838,870	
Cosmos System Inc.	USD 23,040,000	USD 14,964,467	USD 0	USD 14,964,467	USD 0	USD 0	USD 1,395,640	
Vietnam Manufacturing and Export Processing Co., Ltd.	USD 147,060,000	USD 120,847,034	USD 75,435,288	USD 45,407,472	USD 128,951,930	USD 1,130,024	USD 819,082	
Xiamen Xiaxing Trading Co., Ltd.	RMB 3,000,000	RMB 118,449,226	RMB 105,183,399	RMB 13,265,827	RMB 663,786,973	RMB 15,922,283	RMB 10,265,827	
Xiamen Xiashing Motorcycle Co., Ltd.	RMB 196,778,501 (USD 23,000,000)	RMB 1,391,490,645	RMB 503,110,524	RMB 888,380,121	RMB 2,295,836,778	RMB 222,699,081	RMB 271,034,079	
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	RMB 258,085,993 (USD 33,040,000)	RMB 185,804,705	RMB 36,375,518	RMB 149,429,187	RMB 187,151,368	RMB 13,081,571	RMB 13,486,433	
Ching Ta Investment Co., Ltd.	NTD 1,118,424,880	NTD 1,330,116,104	NTD 114,803,271	NTD 1,215,312,833	NTD 50,687,181	NTD 49,318,648	NTD 44,650,772	NTD 0.40
NOVA Design Co., Ltd.	NTD 190,800,000	NTD 399,285,265	NTD 205,893,003	NTD 193,392,262	NTD 128,239,830	NTD (10,684,245)	NTD 400,132	NTD 0.02
Youth Taisun Co., Ltd.	NTD 180,934,880	NTD 284,411,224	NTD 64,740,368	NTD 219,670,856	NTD 326,359,908	NTD 10,146,075	NTD 10,174,714	NTD 0.56
Nanyang Industries Co., Ltd.	NTD 1,678,920,350	NTD 6,204,051,962	NTD 3,564,069,727	NTD 2,639,982,235	NTD 13,419,636,505	NTD 297,140,834	NTD 447,524,356	NTD 2.86
CHU-Yang Motor Co., Ltd.	NTD 29,000,000	NTD 247,197,495	NTD 191,868,847	NTD 55,328,648	NTD 1,101,646,279	NTD 28,962,615	NTD 23,416,634	NTD 8.07
Shan Young Assets Management Co., Ltd.	NTD 7,563,000,000	NTD 11,420,711,526	NTD 3,050,667,116	NTD 8,370,044,410	NTD 108,720,920	NTD (78,035,401)	NTD (342,847,452)	NTD (0.47)
SUNSHINE AUTO-LEASE Co., Ltd.	NTD 468,678,900	NTD 1,959,592,649	NTD 1,390,236,714	NTD 569,355,935	NTD 958,744,413	NTD 49,863,411	NTD 34,258,815	NTD 0.75
Profit Source Investment Ltd.	USD 22,792,500	USD 122,772,370	USD 0	USD 122,772,370	USD 0	USD 0	USD 3,934,967	
Chong Hing International Ltd.	RMB 89,252,064	RMB 859,989,060	RMB 5,089,403	RMB 854,899,657	RMB 0	RMB (51,004)	RMB 26,514,588	
Sanyang Italia S.r.l	EUR 4,000,000	EUR 21,208,912	EUR 14,633,733	EUR 6,575,178	EUR 42,175,182	EUR 983,187	EUR 983,242	
SY International Ltd.	USD 53,341,956	USD 241,388,634	USD 0	USD 241,388,634	USD 0	USD (41,668)	USD 34,817,983	
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	USD 1,162,872	USD 127,136,158	USD 76,095,419	USD 51,036,465	USD 132,925,310	USD (84,726)	USD (40,442)	
Sun Goal Ltd.	USD 10,000,000	USD 6,495,884	USD 0	USD 6,495,884	USD 0	USD 0	USD 605,851	
New Path Trading Ltd.	USD 9,200,000	USD 16,826,747	USD 0	USD 16,826,747	USD 0	USD (677)	USD 690,827	
Sanyang Deutschland GmbH	EUR 3,000,000	EUR 4,517,737	EUR 1,456,380	EUR 3,061,357	EUR 5,696,516	EUR 826	EUR 33,144	
Chin Zong Trading Co., Ltd.	NTD 85,000,000	NTD 223,543,023	NTD 121,728,989	NTD 101,814,034	NTD 128,226,052	NTD 7,744,591	NTD 18,107,714	NTD 1.22
Sanyang Global (Xiamen) Co., Ltd.	RMB 63,429,900 (USD 9,000,000)	RMB 174,390,118	RMB 58,765,432	RMB 115,624,686	RMB 78,643,861	RMB 6,158,334	RMB 4,641,022	
Nova Design (Shanghai) Co., Ltd.	RMB 91,411,169 (USD 13,002,332)	RMB 68,354,530	RMB 410,446	RMB 67,944,084	RMB 5,220,578	RMB (3,681,171)	RMB (1,766,322)	

Name of Affiliates	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the year	Earnings per share
Nova Design Ltd.	USD 5,910,428	USD 4,809,949	USD 250	USD 4,809,699	USD 0	USD (950)	USD (97,920)	
Nanyang Holding Co.,Ltd.	USD 4,050,000	USD 3,248,981	USD 0	USD 3,248,981	USD 0	USD 0	USD (4,257)	
Changzhou Nanyang Motor Sales and Service Ltd.	RMB 26,278,037 (USD 4,050,000)	RMB 22,938,667	RMB 315,038	RMB 22,623,628	RMB 0	RMB (1,643,279)	RMB (28,688)	
Nanyang Insurance Agency Co., Ltd. Companies	NTD 14,175,000	NTD 62,157,574	NTD 20,813,316	NTD 41,344,258	NTD 157,392,481	NTD 9,939,746	NTD 8,108,502	NTD 5.72
Shian Yang Industries Co., Ltd	NTD 47,400,000	NTD 169,625,826	NTD 73,588,153	NTD 96,037,673	NTD 272,253,600	NTD 48,671,741	NTD 36,213,341	NTD 7.64
Liyang Industrial Co., Ltd.	NTD 30,000,000	NTD 45,804,020	NTD 12,784,820	NTD 33,019,200	NTD 392,579,635	NTD (15,279,947)	NTD 973,724	NTD 0.32
Jau Ryh Business Co.,Ltd	NTD 29,931,230	NTD 80,941,364	NTD 29,078,091	NTD 51,863,273	NTD 237,669,690	NTD 18,275,719	NTD 15,568,350	NTD 5.20
Fact Co., Ltd.	NTD 10,000,000	NTD 28,023,932	NTD 12,600	NTD 28,011,332	NTD 0	NTD (8,751,162)	NTD (7,555,367)	NTD (7.56)
THREE BROTHERS MACHINERY INDUSTRIAL CO., LTD.	NTD 116,205,910	NTD 424,100,434	NTD 270,941,398	NTD 153,159,036	NTD 683,946,597	NTD 18,638,131	NTD 35,319,266	NTD 3.16
Vietnam Three Brothers Machinery Industrial Co. Ltd.	VND 23,279,526,592 (USD1,500,000)	VND 94,226,353,798	VND 48,379,128,703	VND 45,847,225,095	VND 184,583,430,308	VND 13,629,179,784	VND (120,559,626)	
Three Brothers Machinery Industrial (BVI) Co.,Ltd.	USD 5,118,949	USD 3,267,184	USD 0	USD 3,267,184	USD 0	USD (3,502)	USD 659,995	
Xiamen Three Brothers Machinery Industrial Ltd.	RMB 36,603,600 (USD4,401,376)	RMB 26,961,686	RMB 11,611,267	RMB 15,350,419	RMB 63,574,729	RMB 3,898,095	RMB 4,369,678	
Dinh Duong Joint Stock Company	VND 168,350,000,000	VND 167,815,987,891	VND 61,600,000	VND 167,754,387,891	VND 600,000,000	VND (126,740,656)	VND (6,540,698)	
Vietnam Casting Forge Precision Ltd.	VND 113,659,000,000	VND 138,984,663,149	VND 28,840,410,755	VND 110,144,252,394	VND 193,521,365,935	VND (1,832,234,047)	VND (364,232,116)	
Sanyang Motor Colombia S.A.S	COP 100,002,000	COP 13,626,674,289	COP 13,997,677,787	COP (371,003,498)	COP 5,916,984,357	COP (2,332,462,213)	COP (2,253,981,168)	
Yi Young Co., Ltd.	NTD 280,000,000	NTD 263,185,266	NTD 141,029	NTD 263,044,237	NTD 0	NTD (16,952,589)	NTD (16,955,763)	NTD (0.82)
APh ePower Co., Ltd.	NTD 1,263,499,990	NTD 1,113,771,098	NTD 159,470,032	NTD 954,301,066	NTD 28,571	NTD (118,085,376)	NTD (118,421,411)	NTD (1.25)
APh corporation	NTD 385,733,332	NTD 968,694,442	NTD 148,191	NTD 968,546,251	NTD 0	NTD (447,911)	NTD (99,853,744)	NTD (0.89)

(II) Consolidated Financial Statements of Affiliated Enterprises

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

II. Issuance of Private Placement Securities of the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

III. Holding or Disposal of the Company's Share by Subsidiaries in the Most Recent Fiscal Year and as of the Date of the Annual Report:

1. Ching Ta Investment Co., Ltd., a subsidiary of the Company, holds 981 thousand shares of the Company.
2. Nanyang Industries Co., Ltd., a subsidiary of the Company, holds 4,351 thousand shares of the Company.

IV. Other Necessary Supplementary Information: None.

V. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

Sanyang Motor Co., Ltd.

Chairman Ching-Yuan Wu