

Yeh Chiang Technology Corporation
Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: 7F., No.19-13, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)
Telephone: (02)2655-1166

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~22
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	22
(6) Explanation of significant accounts	22~48
(7) Related-party transactions	48~50
(8) Pledged assets	50
(9) Commitments and contingencies	51
(10) Losses Due to Major Disasters	51
(11) Subsequent Events	51
(12) Other	51~52
(13) Other disclosures	
(1) Information on significant transactions	53~54
(2) Information on investees	55
(3) Information on investment in mainland China	55~56
(4) Major shareholders	56
(14) Segment information	56
List of major account titles	57~64

Independent Auditors' Report

To the Board of Directors of Yeh Chiang Technology Corporation:

Opinion

We have audited the financial statements of Yeh Chiang Technology Corporation ("the Company"), which comprise the balance sheet as of December 31, 2022 and 2021, and the statement 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, 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 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("these requirements"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

Please refer to Note 4(14) "Revenue" and Note 6(16) "Revenue from contracts with customers" to the parent-company-only financial statements.

Description of key audit matter:

The revenue of the Company is recognized when the control in each individual contract with customers is transferred. The Company recognizes revenue involves various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred, which is of high complexity.; therefore, the timing of sales revenue recognition has been identified as one of our key audit matters of the Company.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the design and operating effectiveness of sales control; reading significant and new contracts while understanding their terms; testing the sales transactions occurred during year end to assess the correctness of the revenue recognition period.

Responsibilities of Management and Those Charged with Governance for the 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 auditor's 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 appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the consolidated 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 Chun-Yuan Wu and Yen-Hui Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2023

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and 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 financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (note 6(16))	\$ 856,556	100	1,155,904	100
5000	Operating costs (notes 6(4) and 7)	<u>682,892</u>	<u>80</u>	<u>895,707</u>	<u>77</u>
	Gross profit from operations	<u>173,664</u>	<u>20</u>	<u>260,197</u>	<u>23</u>
	Operating expenses (note 6(11), (12), (17), and 12):				
6100	Selling expenses	130	-	323	-
6200	Administrative expenses	32,442	4	39,575	3
6300	Research and development expenses	<u>5,033</u>	<u>-</u>	<u>5,740</u>	<u>1</u>
		<u>37,605</u>	<u>4</u>	<u>45,638</u>	<u>4</u>
	Net operating income	<u>136,059</u>	<u>16</u>	<u>214,559</u>	<u>19</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net(notes 6(18) and 7)	76,922	9	(3,272)	-
7050	Finance costs (notes 6(11))	(4,256)	-	(1,872)	-
7375	Share of profit of associates accounted for using equity method (notes 6(5))	(116,353)	(14)	43,633	3
7100	Interest income(note 7)	<u>13,591</u>	<u>1</u>	<u>9,680</u>	<u>1</u>
		<u>(30,096)</u>	<u>(4)</u>	<u>48,169</u>	<u>4</u>
	Profit before income tax	105,963	12	262,728	23
7950	Less: Income tax expenses (note 6(13))	<u>21,167</u>	<u>2</u>	<u>27,934</u>	<u>3</u>
	Profit	<u>84,796</u>	<u>10</u>	<u>234,794</u>	<u>20</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	1,519	-	(1,598)	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(14))	(22,124)	(3)	32,524	3
8330	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>1,231</u>	<u>-</u>	<u>79</u>	<u>-</u>
		<u>(19,374)</u>	<u>(3)</u>	<u>31,005</u>	<u>3</u>
8360	Items that may be reclassified subsequently to profit or loss (note 6(14)):				
8361	Exchange differences on translation of foreign financial statements	42,871	5	(14,116)	(1)
8380	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	15,298	2	(6,424)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(13))	<u>(8,574)</u>	<u>1</u>	<u>2,823</u>	<u>-</u>
		<u>49,595</u>	<u>6</u>	<u>(17,717)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>30,221</u>	<u>3</u>	<u>13,288</u>	<u>2</u>
8500	Comprehensive income	<u>\$ 115,017</u>	<u>13</u>	<u>248,082</u>	<u>22</u>
	Earnings per share (New Taiwan Dollars) (note 6(15))				
9750	Basic earnings per share	<u>\$ 0.46</u>		<u>1.29</u>	
9850	Diluted earnings per share	<u>\$ 0.46</u>		<u>1.28</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2021	\$ 1,824,799	831,220	58,417	143,625	454,254	656,296	(144,670)	17,193	(127,477)	3,184,838
Profit for the year	-	-	-	-	234,794	234,794	-	-	-	234,794
Other comprehensive income for the year	-	-	-	-	(1,519)	(1,519)	(17,717)	32,524	14,807	13,288
Total comprehensive income for the year	-	-	-	-	233,275	233,275	(17,717)	32,524	14,807	248,082
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	27,486	-	(27,486)	-	-	-	-	-
Special reserve	-	-	-	(16,148)	16,148	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,542	13,542	-	(13,542)	(13,542)	-
Balance at December 31, 2021	\$ 1,824,799	831,220	85,903	127,477	689,733	903,113	(162,387)	36,175	(126,212)	3,432,920
Balance on January 1, 2022	\$ 1,824,799	831,220	85,903	127,477	689,733	903,113	(162,387)	36,175	(126,212)	3,432,920
Profit for the year	-	-	-	-	84,796	84,796	-	-	-	84,796
Other comprehensive income for the year	-	-	-	-	2,750	2,750	49,595	(22,124)	27,471	30,221
Total comprehensive income for the year	-	-	-	-	87,546	87,546	49,595	(22,124)	27,471	115,017
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	24,682	-	(24,682)	-	-	-	-	-
Special reserve	-	-	-	4,289	(4,289)	-	-	-	-	-
Balance at December 31, 2022	\$ 1,824,799	831,220	110,585	131,766	748,308	990,659	(112,792)	14,051	(98,741)	3,547,937

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 105,963	262,728
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,776	4,831
Amortization expense	271	333
Net profit on financial assets and liabilities at fair value through profit or loss profit	-	(66)
Interest expense	4,256	1,872
Interest income	(13,591)	(9,680)
Dividend income	(1,251)	(641)
Share of loss (profit) of associates accounted for using the equity method	116,353	(43,633)
Others	(17)	(19)
Total adjustments to reconcile profit	110,797	(47,003)
Changes in operating assets and liabilities:		
Trade receivables, net	157,646	(60,344)
Other receivable - related parties	(60)	-
Inventories	4,656	(7,911)
Other operating assets	371	542
Notes and trade payables (including related parties)	(39,661)	19,278
Other payable	(2,368)	(534)
Other current liabilities	(1,100)	1,028
Total changes in operating assets and liabilities	119,484	(47,941)
Total adjustments	230,281	(94,944)
Cash flow generated from operations	336,244	167,784
Interest received	11,507	9,365
Dividends received	1,251	641
Interest paid	(4,227)	(2,012)
Income taxes paid	(15,390)	(9,214)
Net cash flows from operating activities	329,385	166,564
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	-	108,748
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	64,280
Acquisition of investments accounted for using the equity method	(93,435)	(573,426)
Acquisition of property, plant and equipment	(138)	(775)
Decrease in refundable deposits	-	12,981
Increase in other receivables - related parties	(26,388)	(86,219)
Decrease in other financial assets	-	8
Dividends received	23,070	-
Net cash flows used in investing activities	(96,891)	(474,403)
Cash flows from (used in) financing activities:		
Increase in short term borrowings	75,000	269,000
Payment of lease liabilities	(4,485)	(4,420)
Net cash flows from financing activities	70,515	264,580
Net increase (decrease) in cash and cash equivalents for the period	303,009	(43,259)
Cash and cash equivalents at beginning of period	229,861	273,120
Cash and cash equivalents at end of period	\$ 532,870	229,861

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
Yeh Chiang Technology Corporation
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

Yeh Chiang Technology Corporation (the "Company") was incorporated in December 23, 1994 and commenced its business operation in December 1995. The registered address of the Company's office is 7th Floor, No.19-13, Sanchong Road, Nangang District, Taipei City. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) in March 2002.

The major business activities of the Company are the production and sales of high-tech heat pipe components, solder balls and LED lighting products, equipment.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 22, 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 Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- 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 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"

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies presented in the Parent-Company-Only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the Parent-Company-Only financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(i) Functional and presentation currency

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

(3) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, 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 retranslated into the functional currencies using 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 transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency 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.

(4) 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 in 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 of the liability 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.

(5) Cash and cash equivalents

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(6) Financial instruments

Trade 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 a trade 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. A trade 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 basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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.

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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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 income, are recognized in profit or loss.

4) 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, trade 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 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 allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from 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 ECL is the maximum contractual period over which the Company is exposed to credit risk.

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 assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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). ECL are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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.

5) 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.

(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) 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

4) 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.

5) Offsetting of financial assets and liabilities

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

(7) 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 present location and condition.

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

(8) 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 arising from the acquisition less any accumulated impairment losses.

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

Unrealized gains resulting from the transactions between the Company and associates have been eliminated to the extent of the Company's interest in the investees. Unrealized losses were eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(9) Investments in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their financial statements. Under the equity method, profit, other comprehensive income and equity in the financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost 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 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.

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

1) Buildings	15~25 years
2) Machinery and equipment	8 years
3) Miscellaneous equipment	2~6 years

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(11) Leases

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

(i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 in the lease term resulting from 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 on whether it will exercise a extension or termination option; or
- 5) there is any lease modification

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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 to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less 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 short-term borrowings 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 short-term borrowings 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 short-term borrowings considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

(12) Intangible assets

(i) Recognition and measurement

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, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(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 expenditure 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 from the date that they are available for use.

The estimated useful lives for the current and comparative periods of patents and trademarks are 10 to 23 years.

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

(13) 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. 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 cash-generating units (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.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(14) 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(i) Sale of goods - electronic components

The Company manufactures and sells high-tech heat pipe components and solder balls. The Company recognizes revenue when control of the products has been 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 specific location, 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.

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.

(ii) 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.

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

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

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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.

(16) 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.

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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

Deferred taxes are recognized except for the following:

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that have been enacted or substantively enacted at the reporting date.

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the 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.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic 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. 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, such as employee remuneration through the issuance of shares.

(18) Operating segments

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

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

In preparing these Parent-Company-Only financial statements, management has made 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.

(6) Explanation of significant accounts:

- (1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	\$ 13	13
Check and demand deposits	9,003	3,327
Time deposit	523,854	226,521
	\$ 532,870	229,861

Please refer to note 6(19) for the credit risk of the financial assets and liabilities of the Company.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(2) Financial instruments

(i) Current financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Beneficiary Certificates - mutual Funds	\$ -	-

The Company disposed of financial assets measured at fair value through profit and loss in March and June of 2021, the consideration received are \$97,560 thousand and \$11,188 thousand respectively.

(ii) Non-Current financial assets at fair value through other comprehensive income:

	December 31, 2022	December 31, 2021
Listed stocks – ASUSTeK Computer Inc.	\$ 194	271
Listed Stock – Powerchip Semiconductor Manufacturing Corporation (note)	14,841	33,178
Domestic non-listed (cabinet) stock - Powerchip Technology Corporation	7,813	11,523
	\$ 22,848	44,972

Note: On December 6, 2021, Powerchip Semiconductor Manufacturing Corporation ceased to trade its shares on TPEx and became a TWSE-listed company.

In January 2021, the Company disposed of its investments in equity instruments designated at FVOCI—ASUSTeK Computer Inc. and Pegatron Corporation, and the respective fair values thereof amounted to \$38,202 thousand and \$23,292 thousand at the time of disposal. The accumulated gains on the disposals amounted to \$402 thousand and \$6,932 thousand respectively, both of which have been transferred from other equity interest to retained earnings.

In March 2021, the Company acquired 5,434 thousand shares in Quaser Machine Tools, Inc. at a cost of \$171,174 thousand as part of its operational strategy. In June 2021, the Company made acquisitions of shares in Quaser Machine Tools, Inc., reaching a shareholding of 22.63%. The Company assessed that it had significant influence on Quaser Machine Tools, Inc.; consequently, it derecognized the underlying financial asset at fair value through other comprehensive income, and transferred it to investments accounted for using equity method based on its fair value. Additionally, the accumulated amount of gains on disposal of \$4,872 thousand mentioned above has been transferred from other equity interest to retained earnings.

In 2020, Song Long Electronics Co., Ltd. resolved to be dissolved, and the liquidation proceedings have been completed on December 31, 2021, after which the remaining assets attributable to the Company amounted to \$2,786 thousand; the accumulated gains on disposal amounted to \$1,336 thousand, which have been transferred by the Company from other equity interest to retained earnings.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company investments in these equity instruments are not held for trading purposes and have been designated for non-current financial assets at fair value through other comprehensive income.

(3) Trade receivables, net

	December 31, 2022	December 31, 2021
Trade receivables – measured as amortized cost	\$ 207,273	364,919
Less: loss allowance	-	-
	\$ 207,273	364,919

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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance as of December 31, 2022 and 2021 were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not past due	\$ 207,273	-%	-
	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not past due	\$ 364,919	-%	-

The movements in the allowance for notes and trade receivables were as follows:

	For the year ended December 31,	
	2022	2021
Balance on December 31 (also the opening balance)	\$ -	-

(4) Inventories

	December 31, 2022	December 31, 2021
Trading inventories	\$ 4,928	9,584

In 2022 and 2021 the Company recognized cost of sales amounted to \$682,892 thousand and \$895,707 thousand, respectively.

As of December 31, 2022 and 2021, the Company did not provide any inventories as collateral for its loans.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(5) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Subsidiaries	2,356,765	2,376,719
Associates	401,134	367,768
	<u>\$ 2,757,899</u>	<u>2,744,487</u>

(i) Subsidiaries

Please refer to the 2022 consolidated financial report.

(i) Associates

Name of associates	Principal activities	Principal place of business	Ownership interest%	
			December 31, 2022	December 31, 2021
Quaser Machine Tools, Inc.	Production and sales of machinery and equipment	Taiwan ROC	22.63 %	22.63 %

From March to June 2021, the Company made several acquisitions of shares in Quaser Machine Tools, Inc., reaching a shareholding of 22.63. The Company assessed that it had significant influence on Quaser Machine Tools, Inc.; consequently, it derecognized the underlying financial asset at fair value through other comprehensive income, and transferred it to investments accounted for using equity method based on its fair value.

The following financial information about significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

Quaser Machine Tools, Inc.

	December 31, 2022	December 31, 2021
Current assets	\$ 1,625,015	1,549,461
Noncurrent assets	2,174,797	2,170,357
Current liabilities	(1,681,942)	(1,632,856)
Noncurrent liabilities	(345,054)	(461,607)
Net assets	<u>\$ 1,772,816</u>	<u>1,625,355</u>
Net assets attributable to controlling interests	<u>\$ 401,134</u>	<u>402,956</u>
	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating revenue	\$ 1,622,274	1,149,692
Profit (loss) for the year	\$ 74,410	(202,092)
Other comprehensive income for the year	73,051	(35,837)
Comprehensive loss for the year	<u>\$ 147,461</u>	<u>(237,929)</u>
Comprehensive loss attributable to controlling interests	<u>\$ 33,366</u>	<u>(35,874)</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

	For the year ended December 31,	
	2022	2021
Share of net assets of associates as of January 1	\$ 367,768	-
Acquisition of share of net assets of associates	-	403,642
Acquisition of comprehensive loss for the year	33,366	(35,874)
Carry value of associates as of December 31	\$ 401,134	367,768

(ii) Collaterals

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

(6) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Other facilities	Total
Cost or deemed cost:					
Balance on January 1, 2022	\$ 99,389	8,882	1,122	32,742	142,135
Additions	-	-	-	138	138
Disposal	-	-	-	(257)	(257)
Balance on December 31, 2022	\$ 99,389	8,882	1,122	32,623	142,016
Balance on January 1, 2021	\$ 99,389	8,362	1,122	32,487	141,360
Additions	-	520	-	255	775
Balance on December 31, 2021	\$ 99,389	8,882	1,122	32,742	142,135
Depreciation and impairments loss:					
Balance on January 1, 2022	\$ 4,672	8,427	1,122	31,750	45,971
Depreciation	-	131	-	255	386
Disposal	-	-	-	(257)	(257)
Balance on December 31, 2022	\$ 4,672	8,558	1,122	31,748	46,100
Balance on January 1, 2021	\$ 4,672	8,362	1,029	31,466	45,529
Depreciation	-	65	93	284	442
Balance on December 31, 2021	\$ 4,672	8,427	1,122	31,750	45,971
Carrying amounts:					
Balance on December 31, 2022	\$ 94,717	324	-	875	95,916
Balance on December 31, 2021	\$ 94,717	455	-	992	96,164
Balance on January 1, 2021	\$ 94,717	-	93	1,021	95,831

As of December 31, 2022 and 2021, property, plant and equipment were pledged as collateral which were described in note 8.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(7) Right-of-use assets

The Company leases buildings. Information about leases for which the Company as a lessee was presented below:

	Buildings
Cost:	
Balance at January 1, 2022	\$ 17,557
Additions	<u>13,262</u>
Balance at December 31, 2022	<u>\$ 30,819</u>
Balance at December 31, 2021(also the opening balance)	<u>\$ 17,557</u>
Accumulated depreciation:	
Balance at January 1, 2022	\$ 13,167
Depreciation	<u>4,390</u>
Balance at December 31, 2022	<u>\$ 17,557</u>
Balance at January 1, 2021	8,778
Depreciation	<u>4,389</u>
Balance at December 31, 2021	<u>\$ 13,167</u>
Carrying amount:	
Balance at December 31, 2022	<u>\$ 13,262</u>
Balance at December 31, 2021	<u>\$ 4,390</u>
Balance at January 1, 2021	<u>\$ 8,779</u>

(8) Intangible assets

The cost and amortization of the intangible assets of the Company were as follows:

	Patent and trademark
Costs:	
Balance at January 1, 2022	\$ 81,419
Disposals	<u>(1,143)</u>
Balance at December 31, 2022	<u>\$ 80,276</u>
Balance at December 31, 2021(also the opening balance)	<u>\$ 81,419</u>
Accumulated amortization:	
Balance at January 1, 2022	\$ 79,162
Amortization	271
Disposals	<u>(1,143)</u>
Balance at December 31, 2022	<u>\$ 78,290</u>
Balance at January 1, 2021	\$ 78,887
Amortization	<u>275</u>
Balance at December 31, 2021	<u>\$ 79,162</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Patent and trademark

Carrying value:

Balance at December 31, 2022	\$ <u>1,986</u>
Balance at December 31, 2021	\$ <u>2,257</u>
Balance at January 1, 2021	\$ <u>2,532</u>

(i) Recognition of amortization

The amortization of intangible assets is included in the statement of comprehensive income under the operating expenses, please refer to note 12(1).

(ii) Collaterals

As of December 31, 2022 and 2021, the Company did not provide any intangible assets as collateral for its loans.

(9) Short term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	\$ 75,000	-
Secured bank loans	<u>319,000</u>	<u>319,000</u>
Total	\$ <u>394,000</u>	<u>319,000</u>
Unused credit facilities	\$ <u>56,000</u>	<u>372,520</u>
Range of interest rates	<u>1.33%~1.97%</u>	<u>0.85%</u>

For the collateral for bank loan, please refer to note 8

(10) Other payables

	December 31, 2022	December 31, 2021
Payables on employee compensation and directors' and supervision' remuneration	\$ 103,545	102,502
Payroll and bonus payables	3,170	6,860
Other	<u>2,078</u>	<u>1,770</u>
	\$ <u>108,793</u>	<u>111,132</u>

(11) Lease liabilities

The carrying amount of lease liabilities of the Company is:

	December 31, 2022	December 31, 2021
Current	\$ <u>4,357</u>	<u>4,485</u>
Non-current	\$ <u>8,905</u>	<u>-</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

For the maturity analysis, please refer to note 6(19).

The amounts recognized in the statement of cash flows by the Company were as follows::

	For the year ended December 31,	
	2022	2021
Interest expense on lease liabilities	\$ 30	94
Expenses relating to short-term leases	\$ 4	4
	For the year ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 4,519	4,518

Real estate leases

The Company leases buildings for its office space. The leases of office space typically run for a period of 3 to 4 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.

The Company has elected not to recognize right-of-use assets and lease liabilities for these leases which are short-term and leases of low-value items.

(12) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ (8,979)	(9,362)
Fair value of plan assets	14,097	12,944
Net defined benefit liabilities	\$ 5,118	3,582

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.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

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 be no 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 \$14,097 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 movement in present value of the defined benefit obligations for the Company were as follows:

	For the year ended December 31,	
	2022	2021
Defined benefit obligations on January 1	\$ 9,362	8,810
Current interest cost	47	33
Remeasurements gain (loss)		
– Actuarial loss arising from changes demographic assumptions	-	244
– Actuarial gain arising from changes financial assumptions	(321)	(75)
– Actuarial loss arising from changes in experience adjustments	(109)	1,623
Benefits paid	-	(1,273)
Defined benefit obligations on December 31	\$ 8,979	9,362

3) Movements of defined benefit plan assets

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

	For the year ended December 31,	
	2022	2021
Fair value of plan assets on January 1	\$ 12,944	13,970
Interest income	64	53
Remeasurements gain (loss)		
– Return on plan assets excluding interest income	1,089	194
Benefits paid	-	(1,273)
Fair value of plan assets on December 31	\$ 14,097	12,944

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

4) Expenses recognized in profit or loss

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

	For the year ended December 31,	
	2022	2021
Current interest costs	\$ 47	33
Net interest of net assets for defined benefit obligations	(64)	(53)
	\$ (17)	(20)
Operating expense	\$ (17)	(20)

5) Actuarial assumptions

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

	For the year ended December 31,	
	2022	2021
Discount rate	1.125 %	0.500 %
Future salary increase rate	2.000 %	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 \$260 thousand.

The weighted average lifetime of the defined benefits plans is 5.6 years.

6) 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 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	\$ (124)	127
Future salary increasing rate	123	(121)
December 31, 2021		
Discount rate	\$ (150)	153
Future salary increasing rate	148	(146)

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the 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 in 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 \$1,106 thousand and \$1,192 thousand for the years ended December 31, 2022 and 2021, respectively.

(13) Income taxes

(i) Income taxes (benefits)

The amount of income tax for 2022 and 2021 was as follow:

	For the year ended December 31,	
	2022	2021
Current tax expense		
Current period	\$ 50,006	13,352
Adjustment for prior periods	1,336	-
Deferred tax expense		
Origination and reversal of temporary differences	(30,175)	14,582
Income tax expense	<u>\$ 21,167</u>	<u>27,934</u>

The amount of income tax expense (benefits) recognized in other comprehensive income in 2022 and 2021 was as follows:

	For the year ended December 31,	
	2022	2021
Exchange differences on currency translation of foreign operations	<u>\$ 8,574</u>	<u>(2,823)</u>

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Reconciliation of income tax expense before income tax in 2022 and 2021 is as follows:

	For the year ended December 31,	
	2022	2021
Profit before income tax	\$ 105,963	262,728
Income tax at the Company's domestic tax rate	\$ 21,192	52,545
5% surtax on unappropriated retained earnings	10,892	13,177
Change in unrecognized temporary differences and others	(12,253)	(37,954)
Prior years income tax adjustment	1,336	166
Income tax expense	\$ 21,167	27,934

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021
The carryforward of unused tax losses	\$ -	6,489

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 local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred Tax Assets	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Inventory devaluation loss	\$ 6,488	-	-	6,488	-	-	6,488
Foreign currency translation differences for foreign operations and other	24,517	(3,258)	2,823	24,082	809	(8,574)	16,317
	\$ 31,005	(3,258)	2,823	30,570	809	(8,574)	22,805
Deferred Tax Liabilities	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Equity method recognized the gain of foreign subsidiaries	\$ 55,710	11,324	-	67,034	(29,366)	-	37,668

(iii) The Company's tax returns for the years through 2021 were assessed by the Tax Authorities.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(14) Capital and other equity

(i) Ordinary Shares

As of December 31, 2022 and 2021, the number of authorized ordinary shares was \$2,600,000 thousand shares with par a value of \$10 per share (both of them reserved \$100,000 thousand for the issue of employee stock option certificates, and \$200,000 thousand for the issuance of convertible corporate bonds). The actual paid-in capital is \$1,824,799 thousand.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Additional paid-in capital	\$ 787,281	787,281
Changes of equities on associates	13,492	13,492
Changes of equities on subsidiaries	6,560	6,560
Employee share options	<u>23,887</u>	<u>23,887</u>
	<u>\$ 831,220</u>	<u>831,220</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 premium on issuance of capital stock and 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 Articles of Incorporation stipulates 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 any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's dividend policy is determined in accordance with the Company law and the Company's articles of association, and is determined by the Company's capital and financial structure, operating conditions, surplus, the nature of the industry and the cyclical factors. The cash dividend is not less than 50% of the total dividends for the year, and can be adjusted according to the flexibility of internal and external environmental changes.

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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Special reserve

By choosing to apply the exemptions granted under IFRS 1 during the Company's first-time adoption of IFRSs endorsed by the FSC, the accumulating conversion adjustments under shareholders' equity, transferred on the conversion date, resulted in an increase in retained earnings of \$109,388 thousand. However, on the conversion date, the actuarial gains and losses will be recognized immediately. The retained earnings incurred from the retained surplus of \$4,917 thousand, and the expected cost of the employee's accumulated paid leave, will be reduced by \$1,771 thousand. The conversion date was based on the first time adoption of the IFRSs endorsed by the FSC. The net increase in retained earnings amounted to \$102,700 thousand, which resulted in the loss of the original account \$(90,258) thousand and the retained surplus of \$12,442 thousand. According to the Ruling issued by the FSC a net increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is use, disposed, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. In the first half of the year 2016 and the second half of the year of 2015, the special surplus reserve amounted to \$2,681 thousand and \$4,206 thousand, respectively, due to the sales of Yeh Chiang Kunshan and the disposal of Yeh Chiang Dongguan. The carrying amount of special reserve both amounted to \$5,555 thousand as of December 31, 2022 and 2021.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of 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.

3) Earnings distribution

The Company was appropriated (reversals) as legal reserve and special reserve and did not distribute any dividends in 2022 and 2021, with the resolution approved during the shareholders' meeting held on the June 15, 2022 and August 26, 2021, respectively.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	\$ (162,387)	36,175
Exchange differences on foreign operations	49,595	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(22,124)
Balance at December 31, 2022	<u>\$ (112,792)</u>	<u>14,051</u>
Balance at January 1, 2021	\$ (144,670)	17,193
Exchange differences on foreign operations	(17,717)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	32,524
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(13,542)
Balance at December 31, 2021	<u>\$ (162,387)</u>	<u>36,175</u>

(15) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31,	
	<u>2022</u>	<u>2021</u>
Basic earnings per share:		
Profit to ordinary shareholders of the Company for the year	\$ <u>84,796</u>	<u>234,794</u>
Weighted-average number of ordinary shares (in thousands)	<u>182,480</u>	<u>182,480</u>
Basic earnings per share (TWD)	\$ <u>0.46</u>	<u>1.29</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

	For the year ended December 31,	
	2022	2021
Diluted earnings per share:		
Profit to ordinary shareholders of the Company for the year \$	<u>84,796</u>	<u>234,794</u>
Weighted-average number of ordinary shares (diluted) (in thousands)	182,480	182,480
Impact of dilution of potential common stock - employee compensation (thousand shares)	<u>116</u>	<u>1,152</u>
Weighted-average number of ordinary shares (in thousands)	<u>182,596</u>	<u>183,632</u>
Diluted earnings per share (TWD)	<u>\$ 0.46</u>	<u>1.28</u>

(16) Revenue from contracts with customers

(i) Details of revenue

For details on revenue, please refer to note 14.

	For the year ended December 31,	
	2022	2021
Primary geographical markets:		
China	\$ 474,448	797,208
Singapore	316,793	345,027
Taiwan	9,938	13,037
Other	<u>55,377</u>	<u>632</u>
	<u>\$ 856,556</u>	<u>1,155,904</u>
Major products:		
Heat pipe product	<u>\$ 856,556</u>	<u>1,155,904</u>

(ii) Contract balance

For details on trade receivables and allowance, please refer to note 6(3).

(17) Employee compensation and directors' and supervisors' remuneration

First, in accordance with the articles of incorporation the Company should contribute no less than 10% of the profit as employee compensation and less than 2% as directors' and supervisors' remuneration when there is profit for the year. Second, board of shareholders amended the Articles of incorporation the Company in August 26, 2021, which should contribute 10% to 1% of the profit as employee compensation and less than 2% 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. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration at \$2,340 thousand and \$2,782 thousand, and directors' and supervisors' remuneration both at \$0. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration of employees, directors and supervisors of each period, multiplied by the percentage of remuneration of employees, directors and supervisors as specified in the Company's Articles. These remunerations were expensed under operating expenses during 2022 and 2021. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting. The related information can be accessed from the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021.

(18) Other gain and losses, net

	For the year ended	
	December 31,	
	2022	2021
Foreign exchange gain (losses)	\$ 61,398	(19,611)
Trademark rights revenue	7,500	7,500
Dividend income	1,251	641
Gain on financial assets at fair value through profit or loss	-	66
Other	6,773	8,132
	\$ 76,922	(3,272)

(19) Financial instruments

(i) Credit risk

1) Concentration of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. The customers of the Company are mainly concentrated in the downstream heat pipe module factory of the computer industry. As of the end of December 31, 2021 and 2020, the total amount of notes and trade receivables deriving from the top five customers of the Company's operating income was \$193,436 thousand and \$346,116 thousand. They accounted for 93% and 95% of the net amount of notes and trade receivables, respectively. To reduce the concentration of credit risk, the Company continuously evaluates the credit status of its customers and collectability of notes and trade receivables, and provides an allowance for doubtful accounts.

2) Receivables securities

For credit risk exposure of notes and trade receivables, please refer to note 6(3).

Other financial assets at amortized cost includes other receivables - related parties.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6). No loss allowances were recognized under financial assets at amortized cost.

(ii) Liquidity risk

Except for the accrued expenses under other current liabilities, the contractual maturities of financial liabilities are as follows:

	<u>Carrying amount</u>	<u>Contractua l cash flows</u>	<u>1 years</u>	<u>2-5 years</u>	<u>5 years</u>
December 31, 2022					
Non derivative financial liabilities					
Short term borrowings	\$ 394,000	395,429	395,429	-	-
Notes and trade payables (including related parties)	41,847	41,847	41,847	-	-
Lease liabilities-including curent and non-current	13,262	13,542	4,514	9,028	-
Other payable	<u>108,793</u>	<u>108,793</u>	<u>108,793</u>	<u>-</u>	<u>-</u>
	<u>\$ 557,902</u>	<u>559,611</u>	<u>550,583</u>	<u>9,028</u>	<u>-</u>
December 31, 2021					
Non derivative financial liabilities					
Short term borrowings	\$ 319,000	319,339	319,339	-	-
Notes and trade payables (including related parties)	81,508	81,508	81,508	-	-
Lease liabilities-including curent and non-current	4,485	4,514	4,514	-	-
Other payable	<u>111,132</u>	<u>111,132</u>	<u>111,132</u>	<u>-</u>	<u>-</u>
	<u>\$ 516,125</u>	<u>516,493</u>	<u>516,493</u>	<u>-</u>	<u>-</u>

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

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iii) Market risk

1) Exposure to foreign currency risk

a) The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 168,139	4.408	741,159	78,770	4.344	342,179
USD	16,307	30.71	500,798	26,505	27.68	733,579
<u>Non-monetary items</u>						
USD	62,432	30.71	1,917,304	69,646	27.68	1,927,801
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,362	30.71	41,833	2,941	27.68	81,395

b) Sensitivity analysis

Exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, and notes and trade payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD and CNY as at December 31, 2022 and 2021 would have increased (decreased) the net profit before tax by \$60,006 thousand and \$49,718 thousand, respectively. The analysis is performed on the same basis for prior year.

c) Foreign exchange gain and loss on monetary items

Since the Company uses several of currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$61,398 thousand and \$(19,611) thousand, respectively.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	For the year ended			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 10% (listed stocks)	\$ 1,504	-	3,345	-
Decreasing 10% (listed stocks)	\$ (1,504)	-	(3,345)	-

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

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 assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/ decreases by 1%, the Group's net income will decrease/ increase by \$3,152 thousand and \$2,552 thousand for the year ended December 31, 2022 and 2021, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income (available for-sale financial assets) is measured 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; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, lease liabilities disclosure of fair value information is not required:

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 15,035	15,035	-	-	15,035
Stocks non-listed cabinet companies(domestic)	7,813	-	-	7,813	7,813
Financial assets measured at amortized cost					
Cash and cash equivalents	532,870	-	-	-	-
Trade receivables	207,273	-	-	-	-
Other receivable-related parties	517,857	-	-	-	-
Refundable deposits (recorded in non-current assets)	7,360	-	-	-	-
Total	<u>\$ 1,288,208</u>	<u>15,035</u>	<u>-</u>	<u>7,813</u>	<u>22,848</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 394,000	-	-	-	-
Notes and trade payables (including related parties)	41,847	-	-	-	-
Lease liabilities-current and non-current	13,262	-	-	-	-
Other payables	108,793	-	-	-	-
Total	<u>\$ 557,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets at fair value through other comprehensive income					
Emerging in listed stocks	\$ 33,449	33,449	-	-	33,449
Stocks non-listed cabinet companies (domestic)	11,523	-	-	11,523	11,523
Financial assets measured at amortized cost					
Cash and cash equivalents	229,861	-	-	-	-
Trade receivables	364,919	-	-	-	-
Other receivable-related parties	489,325	-	-	-	-
Refundable deposits (recorded in non-current assets)	7,360	-	-	-	-
Total	<u>\$ 1,136,437</u>	<u>33,449</u>	<u>-</u>	<u>11,523</u>	<u>44,972</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 319,000	-	-	-	-
Trade payables (including related parties)	81,508	-	-	-	-
Lease liabilities-current and non-current	4,485	-	-	-	-
Other payable	111,132	-	-	-	-
	<u>\$ 516,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 2) Valuation techniques for financial instruments not measured at fair value
- a) If financial instruments measured at fair value through profit or loss, and equity instruments with quoted prices in active markets are available, the market price is established as the fair value.
 - b) If quoted prices in active markets are not available, the market comparable company method are used to estimate fair value, that is assessed by the pee stock price ratio.

3) Transfer between Level 1 and Level 3

There were no transfers from one level to another for the year ended December 31, 2022 and 2021.

4) 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 are "financial assets measured at fair value through other comprehensive - equity investments".

The equity investments without an active market that use Level 3 inputs to measure fair value due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments are independent, therefore, there is no correlation.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive - equity investments without an active market	Market Method (comparable to the price and net value ratio of the listed (cabinet) company's peers)	<ul style="list-style-type: none"> • Price and net value ratio multiplier (As of December 31, 2022 and 2021 were 0.86~1.21 and 1.16~1.46) • Lack of market liquidity discount (As of December 31 2022 and 2021 were both 20%) 	<ul style="list-style-type: none"> • The higher the price and net value ratio multiplier, the higher the fair value • The higher the lack of market liquidity discount, the lower the fair value

5) Reconciliation of level 3 fair values

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets measured at fair value through other comprehensive income - Equity instruments without an active market		
Balance at January 1	\$ 11,523	5,358
Total gain or loss - recognized in other comprehensive	<u>(3,710)</u>	<u>6,165</u>
Balance at December 31	<u>\$ 7,813</u>	<u>11,523</u>

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

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			<u>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
December 31, 2022				
Financial assets at fair value through profit or loss	Price and net value ratio multiplier	10%	<u>\$ 781</u>	<u>(781)</u>
	Market liquidity discount	5%	<u>\$ 391</u>	<u>(391)</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

	<u>Input value</u>	<u>Change up or down</u>	<u>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
December 31, 2021				
Financial assets at fair value through profit or loss	Price and net value ratio multiplier	10%	\$ <u>1,152</u>	<u>(1,152)</u>
	Market liquidity discount	5%	\$ <u>576</u>	<u>(576)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated 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.

(20) Financial risk management

(i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's bank deposits, trade receivables and guarantees.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

1) Company's bank deposits

The exposure to credit risk for the bank deposits, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, corporate organizations, and 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.

2) Trade receivables

The Company continuously evaluate the financial status. Please refer to Note 6(19) of the financial report.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. For details of the guarantee provided by the Company of December 31, 2022 and 2021, please refer to Note 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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 far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk of the Company is monitored through its corporate financial department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate financial invest surplus cash in money market deposits and short term investments with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due. The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(v) Market risk

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

The Company in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors and are subject to the monitor from internal audit office.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(i) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. The currencies used in these transactions are the USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying foreign exchange option or forward exchange contracts when necessary to address short-term imbalances.

The Company is not hedges its investment in foreign subsidiaries.

(ii) Interest rate risk

Bank deposits and short-term loans of the Company are financial assets and liabilities subject to floating interest rates, so changes in market interest rates will cause the effective interest rate of bank deposits and short-term borrowings to change accordingly, and cause a wave of future cash flows move.

(iii) Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns. In accordance with this strategy, certain investments are designated as at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(21) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of share capital, capital surplus, retained earnings, and other equity interest. The board of directors managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-capital ratio at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	<u>\$ 645,063</u>	<u>597,800</u>
Total equity	<u>\$ 3,547,937</u>	<u>3,432,920</u>
Debt-to-equity ratio on December 31	<u>18.18%</u>	<u>17.41%</u>

As of December 31, 2022, the Company had not changed its capital management method.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(22) Financing activities of non-cash transactions

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021 were as follows:

	January 1, 2022	Cash flow	Non-cash change		December 31, 2022
			Changes in lease payments	Other	
Short-term borrowings	\$ 319,000	75,000	-	-	394,000
Lease liabilities	4,485	(4,485)	13,262	-	13,262
Total	<u>\$ 323,485</u>	<u>70,515</u>	<u>13,262</u>	<u>-</u>	<u>407,262</u>

	January 1, 2021	Cash flow	Non-cash change		December 31, 2021
			Changes in lease payments	Other	
Short-term borrowings	\$ 50,000	269,000	-	-	319,000
Lease liabilities	8,905	(4,420)	-	-	4,485
Total	<u>\$ 58,905</u>	<u>264,580</u>	<u>-</u>	<u>-</u>	<u>323,485</u>

(7) Related-party transactions:

(1) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Yeh Chiang Technology (Samoa) Corp. (YCTSC)	The subsidiary of the Company
Yeh Chiang Technology (BVI) Corp. (YCTBC)	The subsidiary of the Company
Excel Rainbow (Seychelles) Ltd. (Excel Rainbow)	The subsidiary of the Company
Taiwan Lighting Co., Ltd. (Taiwan Lighting)	The subsidiary of the Company
So Bright Electronics Co., Ltd. (So Bright Electronics)	The subsidiary of the Company
Yu Cheng Materials Co., Ltd.(Yu Cheng Materials)	The subsidiary of the Company
Taiwan New Thermal System Co., Ltd. (Taiwan New Thermal System)	The subsidiary of the Company
Yeh Chiang Technology (Cayman) Corp. (YCTCC)	The subsidiary of the Company
Yeh Chiang Technology Ye Xian (Cayman) Corp.(YCTYXCC)	The subsidiary of the Company
Zhongshan Weiqiang Technology Co., Ltd. (Zhongshan Weiqiang)	The subsidiary of the Company
ZhuHai and Macau Spaning Border Industrial EstateWei Qiang Technology Co.,Ltd.(ZhuHai Weiqiang)	The subsidiary of the Company
Ye Xian Weiqiang Technology Co,Ltd.(Ye XianWeiqiang)	The subsidiary of the Company
Ping Ding Shan Yeh Chiang Technology Co., Ltd. (Ping Ding Shan Yeh Chiang)	The subsidiary of the Company
Vietnam Yeh-Chiang Technology Company Limited (Vietnam Yeh-Chiang)	The subsidiary of the Company

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(2) Key management personnel Compensation

Key management personnel compensation comprised:

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	\$ 2,744	2,744

(3) Other related party transactions

A. Purchase

The amounts of significant purchases by the Company from related parties were as follows:

	For the year ended December 31,	
	2022	2021
Excel Rainbow	\$ 678,246	903,621

The receivable from related parties were as follows:

	December 31, 2022	December 31, 2021
Excel Rainbow	\$ 41,824	81,387

The above-mentioned transactions are different from these of other non-related party because the purchase of manufactured goods, and the transaction price cannot be compared; the trading conditions are 90 days after the end of the month, which are no different from the general manufacturers.

B. Endorsement guarantee

As of December 31, 2022 and 2021, the Company's guarantees for the related party are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Maximum balance	Ending Balance	Maximum balance	Ending Balance
Subsidiary	\$ 578,225	340,680	398,485	396,440

As of December 31, 2022 and 2021, the balance of the actual borrowings from the bank due for the abovementioned guarantees was \$204,615 thousand and \$5,000 thousand, respectively.

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

C. Loans to Related Parties

The loans to related parties were as follows (accounted for other receivable-related parties).

Relationship	For the year ended December 31,	
	2022	2021
Zhongsan Weiqiang	\$ 467,248	250,284
Ye Xian Weiqiang	-	173,760
Ping Ding Shan Yeh Chiang	44,080	60,896
	\$ 511,328	484,940

The interest income of the loans to related party were \$13,026 thousand and \$9,630 thousand in 2022 and 2021. As of December 31, 2022 and 2021, the interest receivable were \$5,281 thousand and \$3,197 thousand (accounted in other receivables - related parties).

D. Other

The Trademark revenue of the "Shih Kwang" trademark rights of Taiwan Fluorescent Lamps Co., Ltd. to the subsidiaries of the Company December 31, 2022 and 2021 both amounted to \$7,500 thousand for each year, which were accounted for under other gains and losses.

The Company leased its land and plant in the Yangmei District of the Taoyuan City to its subsidiaries. The rental income recognized at December 31, 2022 and 2021 were \$1,903 thousand and \$1,875 thousand respectively, which were recognized as other interests and losses were recorded.

As of December 31, 2022 and 2021, the other receivables - related parties were \$1,248 thousand and \$1,188 thousand, respectively.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Account	Pledged to secure	December 31, 2022	December 31, 2021
Time deposits	Other non-current assets	Litigation deposit guarantee	\$ 7,000	7,000
Property and plant	Property, plant and equipment	Bank loan	95,042	95,173
			\$ 102,042	102,173

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(9) Significant Commitments and Contingencies:

For the financial loan credits, export bills and financial commodity trading credits, the details of the opening guarantee notes were as follows:

	December 31,	December 31,
	2022	2021
The opening guarantee notes	\$ 742,130	749,040

(10) Losses due to major disasters: none

(11) Subsequent events: none

(12) Other:

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

		For the year ended December 31					
		2022			2021		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
By item	By function						
Employee benefits							
Salary		-	21,652	21,652	-	27,539	
Labor and health insurance		-	2,190	2,190	-	2,383	
Pension		-	1,089	1,089	-	1,172	
Remuneration of directors		-	320	320	-	285	
Others		-	1,453	1,453	-	1,831	
Depreciation		-	4,776	4,776	-	4,831	
Amortization (Note)		-	271	271	-	333	

(Note) Amortization expenses included intangible assets amounting to \$275 thousand and other non-current assets amounting to \$58 thousand in 2021.

	For the year ended December 31,	
	2022	2021
Employee number	33	34
Director not concurrently employee number	5	5
Average employee benefit	\$ 942	1,135
Average employee salaries	\$ 773	950
Adjustment average employee salaries	(19)%	
Supervisors' remuneration	\$ -	-

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company's compensation policies, is as follows:

- A. Directors' remuneration: In accordance with the article 18 of the Company's articles of incorporation stipulates, the Company should contribute less than 2% of the net profit before tax as directors' remuneration.
 - B. Employee compensation: In accordance with the article 18 of the Company's articles of incorporation stipulates, no less than 10% of the net profit before tax as employee compensation.
 - C. Salaries of employees and managers: According to the "employee treatment standard" of the Company, also with reference to seniority, contribution and other conditions to negotiate.
 - D. Bonuses: Bonuses is calculated and distributed based on the annual operating results and "employee assessment standards" of the Company.
- (2) In 2010, the Company entered into an agreement with Unimax Investment Services Ltd. (Unimax) for the purchase of spotlights, wherein Davinci Industrial Inc. (Davinci) was responsible for the manufacturing and sales of the said product. However, there were defects found in the products, resulting in the Company to return them to Unimax for repair. Unimax, on the other hand, refused to comply with the Company's request, which prompted the Company to terminate their agreement and proceeded in filing a lawsuit against Unimax to the Taipei District Court. Furthermore, since Davinci was also involved the case, the Company filed another lawsuit against Davinci to the Taipei District Court on December 12, 2012, demanding for a compensation claim of \$41,055 thousand. The Taiwan Taipei District Court ruled that the Group shall provide \$7,344 thousand as payments for security in litigation, court costs, and execution fee. In accordance with Ruling No. 1716 of 2019 received on January 10, 2020, the Supreme Court revoked the original decision and reversed the case to the Taiwan High Court for rehearing. The first rehearing at Taiwan High Court has been ruled again in February 8, 2023 in ruling No. 109- Geng-13 that Davinci should pay US\$506 thousand to the Group with interest at 5% of the annual interest rate from December 21, 2012 until the settlement date, other appeals and the additional appeals were dismissed. Since the Group have only won partially of the lawsuits, the Group decided to re-appoint the lawyer to lodge an appeal against Taiwan High Court's ruling No. 109- Geng-13 to Supreme Court.

(Continued)

(13) Other disclosures:

(1) Information on significant transactions

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Zhongshan Weiqiang	Other receivable - related parties	Yes	760,437	716,300	467,248	0~2%	2	-	Business operation	-	None	-	1,419,175 (Note 1)	1,419,175 (Note 2)
0	The Company	Ye Xian Weiqiang	Other receivable - related parties	Yes	329,078	110,200	-	0~2%	2	-	Business operation	-	None	-	1,419,175 (Note 1)	1,419,175 (Note 2)
0	The Company	Ping Ding Shan Yeh Chiang	Other receivable - related parties	Yes	244,380	52,896	44,080	0~2%	2	-	Business operation	-	None	-	1,419,175 (Note 1)	1,419,175 (Note 2)
0	The Company	Vietnam Yeh Chiang	Other receivable - related parties	Yes	96,645	-	-	0~2%	2	-	Business operation	-	None	-	1,419,175 (Note 1)	1,419,175 (Note 2)
1	Taiwan Lighting	So Bright Electronics	Other receivable - related parties	Yes	9,000	-	-	0~2%	2	-	Business operation	-	None	-	79,414 (Note 1)	794,414 (Note 2)

Note 1: Limit of financing amount for individual counter-party shall not exceed 40% of latest financial statements of the Company's and Taiwan Lighting's net assets audited.

Note 2: Limit of total financing amount shall not exceed 40% of latest financial statements of the Company's and Taiwan Lighting's net assets audited.

Note 3: The entry method for the loading of fund is as follows:

1. For business transaction, please fill in 1.
2. Necessary for short-term financing, please fill in 2.

(ii) Guarantees and endorsements for other parties:

(In Thousands of USD)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Taiwan Lighting	Subsidiary	709,587	90,000	90,000	-	-	2.54 %	1,419,175	Y	N	N
0	The Company	Excel Rainbow	Subsidiary	709,587	32,215 USD	30,710 USD	-	-	0.87 %	1,419,175	Y	N	N
0	The Company	So Bright Electronics	Subsidiary	709,587	5,000	5,000	5,000	-	0.14 %	1,419,175	Y	N	N
0	The Company	Ye Xian Weiqiang	Subsidiary	709,587	225,505 USD	214,970 USD	199,615 USD	-	6.06 %	1,419,175	Y	N	Y
0	The Company	Vietnam Yeh Chiang	Subsidiary	709,587	225,505 USD	-	-	-	- %	1,419,175	Y	N	N

Note 1: The amount of endorsements/ guarantees for any single entity shall not exceed 20% of latest financial statements of the Company's net assets audited.

Note 2: Limit of total endorsed/ guaranteed amount shall not exceed 40% of latest financial statements of the Company's net assets audited.

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Taiwan Lighting	Mutual Fund: Union Money Market Fund	None	Current financial assets at fair value through profit or loss	3,059	41,044	- %	41,044	- %	
The Company	Common stock of ASUSTeK Computer Inc.	None	Non-current financial assets at fair value through other comprehensive income	1	194	- %	194	- %	
The Company	Common stock of Powerchip Semiconductor Manufacturing Corporation	None	"	466	14,841	- %	14,841	- %	
The Company	Common stock of Powerchip Technology Corporation	None	"	330	7,813	- %	7,813	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of USD and CNY)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Excel Rainbow	The Company	Parent Company	Sales	679,525 (USD 22,811)	100 %	Open account 90 days account	-	No significant different	41,824 (USD 1,362)	100 %	Note 1
Zhongshan Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	325,433 (USD 10,924)	25 %	Open account 90 days account	-	No significant different	15,686 (USD 511)	7 %	Note 1
Ye Xian Weiqiang	Zhongshan Weiqiang	Subsidiary of The Company	Sales	459,831 (CNY 103,968)	85 %	Open account 90 days account	-	No significant different	39,618 (CNY 8,988)	80 %	Note 1
Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	Subsidiary of The Company	Sales	187,422 (CNY 42,376)	30 %	Open account 90 days account	-	No significant different	99,259 (CNY 22,518)	50 %	Note 1
Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	Subsidiary of The Company	Sales	153,081 (CNY 34,612)	25 %	Open account 90 days account	-	No significant different	82,302 (CNY 18,671)	41 %	Note 1
Ping Ding Shan Yeh Chiang	Excel Rainbow	Subsidiary of The Company	Sales	279,329 (USD 9,377)	45 %	Open account 90 days account	-	No significant different	18,805 (USD 612)	9 %	Note 1

Note : Assets and revenue were recognized by company in one-way.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of CNY)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Zhongshan Weiqiang	Parent Subsidiary	467,248 (CNY106,000)	Note	-	-	-	-

Note : Loan to other parties, so it uncalculated turnover rates.

(ix) Trading in derivative instruments: None.

(Continued)

(2) Information on investees (excluding information on investees in Mainland China):

(In Thousands of USD / Thousand shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of wnership	Carrying value			
The Company	YCTSC	Samoa	Overseas investment activities	1,313,703 USD42,322	1,313,703 USD42,322	2,219	100.00 %	1,636,300 USD53,282	(144,076) (USD(4,836))	(144,076) (USD(4,836))	
The Company	YCTBC	B.V.I.	International trade	73,333 USD2,557	73,333 USD2,557	2,406	100.00 %	10,756 USD350	(30) (USD(1))	(30) (USD(1))	
The Company	Excel Rainbow	Seychelles	International trade	70,520 USD2,155	70,520 USD2,155	2,155	100.00 %	3,922 USD128	(287) (USD(10))	(287) (USD(10))	
The Company	Taiwan Lighting	Taipei City	Lighting facilities	176,110	176,110	17,611	100.00 %	198,536	10,795	10,795	
The Company	So Bright Electronics	Taoyuan City	Lighting facilities	63,904	63,904	2,773	60.29 %	26,669	819	492	
The Company	Yu Cheng Materials	Taipei City	Sales and manufacturing of electronic parts and components	136,784	136,784	13,678	81.80 %	180,533	2,407	1,969	
The Company	Taiwan New Thermal System	Taipei City	Sales and manufacturing of heat pipes	68,000	68,000	5,448	99.06 %	33,723	386	382	
The Company	Quaser Machine	Taichung City	Production and sales of Machinery and equipment	398,770	398,770	12,434	22.63 %	401,134	108,881	16,837	
The Company	Vietnam Yeh Chiang	Vietnam	Sales and manufacturing of heat pipes	267,265 USD9,000	173,830 USD6,000	-	100.00 %	266,326 USD8,672	(2,435) (USD(82))	(2,435) (USD(82))	
YCTSC	YCTCC	Cayman	Overseas investment activities	USD 23,828	USD 23,828	1,244	100.00 %	1,144,070 USD37,254	(78,080) (USD(2,621))	(78,080) (USD(2,621))	
YCTSC	YCTYXCC	Cayman	Overseas investment activities	USD 18,000	USD 18,000	900	100.00 %	477,233 USD15,540	(66,015) (USD(2,216))	(66,015) (USD(2,216))	

(3) Information on investment in Mainland China:

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

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net incom (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Zhongshan Weiqiang	Sales and manufacturing of heat pipes and BGA	598,845 USD19,500	Note 1	598,845 USD19,500	-	-	598,845 USD19,500	(90,621) (USD3,042)	100 %	(85,738) (USD2,866)	717,263 USD23,356	-
ZhuHai Weiqiang	Sales and manufacturing of heat pipes and bumping	15,355 USD500	Note 1	15,355 USD500	-	-	15,355 USD500	(238) (USD8)	100 %	(238) (USD8)	15,478 USD504	-
Ping Ding Shan Yeh Chiang	Sales and manufacturing of heat pipes	153,550 USD5,000	Note 1	153,550 USD5,000	-	-	153,550 USD5,000	8,848 USD297	100 %	8,848 USD297	352,674 USD11,484	-
Ye Xian Weiqiang	Sales and manufacturing of heat pipes	552,780 USD18,000	Note 1	552,780 USD18,000	-	-	552,780 USD18,000	(65,895) (USD2,212)	100 %	(65,895) (USD2,212)	478,001 USD15,565	-

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION
Notes to the Financial Statements

(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
1,320,530 (USD43,000 thousand)	1,320,530 (USD43,000 thousand)	2,128,762

Note 1: Investment in companies in Mainland China through YCTSC in the third regions.

Note 2: The investment income (loss) recognition denominated in foreign currencies are translated into New Taiwan Dollars using the average rates at 29.79 from January 1 to December 31, 2022; Other investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rate at 30.71

Note 3: The financial statements of the Company were audited by the Taiwan parent company audit team.

Note 4: The limitation on investment in Mainland China is calculated with 60% of the combined net equity.

(iii) Significant transactions

The significant Company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "information on significant transactions".

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.48 %
Feng Lei Investing Co. Ltd.		18,904,000	10.35 %
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)		18,321,000	10.04 %
Advance Program Ltd.		17,945,181	9.83 %
Supercap Industrial Co., Ltd.		17,056,602	9.34 %
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.86 %
Bellevuecity Construction Co., Ltd.		15,677,236	8.59 %
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37 %
Taipei Fubon Commercial Bank entrusted investing account (Vuitton Ltd. Samoa)		12,142,000	6.65 %

(14) Segment information:

Please refer to the 2022 Consolidated Financial Statements.

(Continued)

Yeh Chiang Technology Corporation
Statement of cash and cash equivalents
December 31, 2022
(In Thousands of New Taiwan Dollars)
(In Thousand of Foreign Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 13
Bank deposits	Check and demand deposits	9,003
	Foreign currency demand deposits USD: 9,574	294,026
	RMB: 52,139	<u>229,828</u>
	Total	<u>\$ 532,870</u>

Note: Foreign exchange rates at the balance sheet date are as follows:

USD exchange rates: 30.71

RMB exchange rates: 4.4080

Statement of trade receivables, net

<u>Client name</u>	<u>Description</u>	<u>Amount</u>
DELTA ELECTRONICS INT'L (SINGAPORE) PTE.LTD.	Operanting	\$ 100,208
Chak Huang Technology (Chongqing) Co., Ltd.	"	48,274
Auras Electronic Science and Technology Industrial (Kunshan) Co., Ltd.	"	39,495
Others (The amount of each item in others does not exceed 5% of the account balance.)	"	<u>19,296</u>
Trade receivables, net		<u>\$ 207,273</u>

Yeh Chiang Technology Corporation
Statement of other receivables - related parties
December 31, 2022
(In Thousands of New Taiwan Dollars)

Please refer to note 7 for relevant information of other receivables - related parties in the parent-company-only financial statements.

Statement of inventories

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Raw Materials	\$ 16,926	-	Note: Basis of inventories net realizable value refer to note 4(7) for further explanation in the parent-company-only financial statements.
Finished goods	15,515	-	
Commodity inventories	<u>4,928</u>	<u>4,928</u>	
	37,369	<u>4,928</u>	
Less: allowance for reduction of inventory to market	<u>(32,441)</u>		
Total	<u>\$ 4,928</u>		

Statement of non-current financial assets at fair value through other comprehensive income

Please refer to note 6(2) for relevant information of non-current financial assets at fair value through other comprehensive income in the parent-company-only financial statements.

Yeh Chiang Technology Corporation
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars / Shares)

Name of investee	Beginning Balance		Addition (Decrease)		Investment Income /Loss	Cumulative Translation adjustment	Other adjustments	Ending balance			Market value or net assets value		Collateral
	Shares	Amount	Shares	Amount				Shares	Percentage of ownership	Amount	Unit price	Total amount	
YCTSC	2,219	\$ 1,748,665	-	-	(144,076)	31,711	-	2,219	100 %	1,636,300	-	1,636,300	None
YCTBC	2,406	9,722	-	-	(30)	1,064	-	2,406	100 %	10,756	-	10,756	"
Excel Rainbow	2,155	3,802	-	-	(287)	407	-	2,155	100 %	3,922	-	3,922	"
Vietnam Yeh Chiang	-	165,637	-	93,435	(2,435)	9,689	-	-	100 %	266,326	-	266,325	"
Taiwan Lighting	17,611	210,811	-	(23,070)	10,795	-	-	17,611	100 %	198,536	-	198,536	"
So Bright Electronics	2,773	26,177	-	-	492	-	-	2,773	60.29 %	26,669	-	26,669	"
Yu Cheng Materials	13,678	178,564	-	-	1,969	-	-	13,678	81.80 %	180,533	-	180,533	"
Taiwan New Thermal System	5,448	33,341	-	-	382	-	-	5,448	99.06 %	33,723	-	33,723	"
Quaser Machine	12,434	<u>367,768</u>	-	<u>-</u>	<u>16,837</u>	<u>15,298</u>	<u>1,231(Notel)</u>	12,434	22.63 %	<u>401,134</u>	39.45	<u>490,502</u>	"
Total		<u>\$ 2,143,017</u>		<u>70,365</u>	<u>(116,353)</u>	<u>58,169</u>	<u>1,231</u>			<u>2,757,899</u>		<u>2,847,266</u>	

Note 1: We have already considered the gains (losses) on remeasurements of defined benefit plans \$1,231 thousand.

Yeh Chiang Technology Corporation
Statement of change in property, plant and
equipment

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Please refer to note 6(6) for relevant information of property, plant and equipment in the parent-company-only financial statements.

Statement of other non-current assets

December 31, 2022

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Refundable deposit	\$ 7,360
Prepaid pension cost	<u>5,118</u>
	<u>\$ 12,478</u>

Yeh Chiang Technology Corporation
Statement of bank loan
December 31, 2022
(In Thousands of New Taiwan Dollars)

<u>Kind of bank loan</u>	<u>Financial institution</u>	<u>December 31, 2021</u>	<u>Duration and repayment terms</u>	<u>Interest rate</u>	<u>Unused limit of credit facility</u>	<u>Collateral</u>
Secured bank loans	Taipei Fubon Bank	\$ 239,000	2022.09.23~2023.03.23	1.33%	31,000	Land and buildings
"	"	80,000	2022.09.23~2023.03.16	1.33%	-	"
Unsecured bank loans	CTBC Bank	75,000	2022.12.30~2023.03.30	1.97%	25,000	None
		\$ 394,000				

Statement of notes and trade payable - related parties

Please refer to note 7 for relevant information of notes and trade payables - related parties in the parent-company-only financial statements.

Statement of other current liabilities

<u>Item</u>	<u>Amount</u>
Temporary receipts	\$ 787
Sales tax payable	146
Receipts under custody	111
	\$ 1,044

Yeh Chiang Technology Corporation
Statement of operating revenue
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Please refer to note 6(16) for relevant information of operating revenue in the parent-company-only financial statements.

Statement of operating costs

Item	Amount
Raw material used	
Raw material inventory, January 1	\$ 16,926
Raw material inventory, December 31	<u>(16,926)</u>
Direct raw materials used	-
Commodity finished goods and inventories, January 1	25,099
Add: Purchases of commodity inventories	678,246
Deduct: Commodity finished goods and inventories, December 31	(20,443)
Department picking	<u>(10)</u>
Cost of goods sold	<u>682,892</u>
Operating costs	<u><u>\$ 682,892</u></u>

Yeh Chiang Technology Corporation
Statement of selling expenses
For the year ended December 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Bank fee	\$ 114
Sample fee	10
Others (The amount of each item in others does not exceed 5% of the account balance.)	6
Total	\$ 130

Statement of administrative expenses

Item	Amount
Salaries	\$ 17,693
Insurance expense	1,942
Depreciation	4,776
Labor expense	2,579
Others (The amount of each item in others does not exceed 5% of the account balance.)	5,452
Total	\$ 32,442

Yeh Chiang Technology Corporation
Summary statement of research and development
expense

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Salaries	\$ 3,959
Insurance expense	341
Amortization	269
Others (The amount of each item in others does not exceed 5% of the account balance.)	<u>464</u>
Total	<u>\$ 5,033</u>

Statement of other gains and losses, net

Please refer to note 6(18) for relevant information of the net other gains and losses in the parent-company-only financial statements.

Statement of employee benefits, depreciation and
amortization expense by function

Please refer to note 12 for relevant information of the current-period employee benefits, depreciation, and amortization expense in the parent-company-only financial statement.