



YEH-CHIANG TECHNOLOGY CORP.

ANNUAL REPORT 2022

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Taiwan Stock Exchange Market Observation Post System
<http://newmops.twse.com.tw>

Company website [https : //cht.yctc.com.tw](https://cht.yctc.com.tw)

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Table of Contents

	Page
I. Letter to Shareholders	1
II. Company Profile	
1. Date of Incorporation	3
2. Company History	3
III. Corporate Governance Report	
1. Organizational System	7
2. Information on the Company's Directors, General manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's Divisions and Branch Units.....	9
3. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers	19
4. The State of the Company's Implementation of Corporate Governance	24
5. Information on the professional fees of the attesting CPAs	52
6. Information on Replacement of Certified Public Accountant.....	52
7. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates	52
8. Any Transfer of Equity Interest and/or Pledge of or Change in Equity Interest (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a of More Than 10 Percent During the Most Recent Fiscal Year or During the Current Fiscal Stake Year up to the Date of Publication of the Annual Report.....	52
9. Relationship Information, If Among the Company's 10 Largest Shareholders Any One Is a Related Party or a Relative Within the Second Degree of Kinship of Another.....	54
10. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and any Companies Controlled Either Directly or Indirectly by the Company.....	55
IV. Capital Raising Activities	
1. Capital and Shares, Corporate Bonds, Preferred Shares, Global Depository Receipts (GDR), Employee Stock Warrants, and Mergers (Mergers, Acquisitions, and Split).....	56
2. The Status of implementation of Capital Allocation Plans	63
V. Operational Highlights	
1. Business Activities.....	64
2. Market and Sales Overview.....	69
3. Information on Employees	76
4. Disbursements for Environmental Protection.....	76
5. Labor Relations	76
6. Cyber security management	77
7. Important Contracts	78
VI. Overview of the Company's Financial Status	
1. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years	79
2. Financial Analyses for the Past 5 Fiscal Years	84
3. Audit Committee's Report for the Most Recent Year's Financial Statement.....	87
4. Financial Statements for the Most Recent Fiscal Year Prepared by a Certified Public Accountant.....	88
5. Consolidated Financial Statements for the Most Recent Fiscal Year Prepared by a	

	Certified Public Accountant.....	88
	6. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation.....	88
VII.	A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks	
	1. Financial Position	89
	2. Financial Performance	90
	3. Cash Flow	91
	4. Major Capital Expenditures During the Most Recent Fiscal Year	91
	5. Investment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year	91
	6. Risk Management for the Most Recent Fiscal Year and During the Current Fiscal Year up to the Date of Publication of the Annual Report	93
	7. Other Important Matters	96
VIII.	Special Disclosure	
	1. Information Related to the Company's Affiliates.....	97
	2. Transaction about the Company's Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report	101
	3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Current Fiscal Year up to the Date of Publication of the Annual Report	102
	4. Other Matters that Require Additional Description.....	102
IX.	Matters Occur that Have Significant Effect on the Shareholder's Equity or Securities' Price According to the Article 36.3.(2) in the Securities and Exchange Act During the Current Fiscal Year up to the Date of Publication of the Annual Report.....	102

I. Letter to Shareholders

Dear Shareholders:

Yeh-Chiang Technology Corp. (the “Company”) has created annual consolidated revenue of NT\$ 2,092,487 thousand in 2022, which was decreased by 18% from the consolidated operating revenue amounting to NT\$2,559,567 thousand in 2021. The consolidated operating margin was NT\$254,559 in 2022, which was 56% lower than that of NT\$ 578,511 thousand in 2021. The net income after tax was in 2022 was NT\$85,562 thousand, a decreased of 63% over the net loss after tax of NT\$ 230,746 thousand in 2021.

Looking back at the market situation in 2022, the market demand for both gaming consoles and gaming notebooks, application of new energy vehicles is better than expected. The application of mobile phone hot plates is enlarged at the same time. Following the arrival of cloud computing, high-speed computing (HPC) era, and ChatGPT the cooling market expects to enjoy hectic growth in the not so far future.

According to the performance of the company on the heat conduction and dispersion components, the company will continue to strengthen its management. The business directions and future development strategies are as follows:

I. Operating policy of 2023:

1. To develop heat dispersion pipes for the emerging applications like automotive market, commercial and home appliances, drone, server and VR equipment and HPC.
2. To continuously promote ultra-thin heat pipes and heat spreader and promote orders and production capabilities to gain higher profit.
3. Improve the performance and new production process of heat pipes, so that to maintain the Company’s leading edge in the industry continuously.
4. To develop non-heat pipe products that are new to the company.
5. To develop automated manufacturing process for heat pipe and heat spreader production to overcome the weaknesses and shortcomings from the production stage, improve the process yield, and thus to significantly reduce manufacturing costs and to enhance product quality.
6. To continuously focus on the core business, cultivate quality customers and actively develop new customers, and strengthen customer loyalty.
7. To continuously invest in research and development activities, develop top-notch innovative services and products to strengthen core competitiveness.
8. Strengthen corporate governance and implement the corporate culture spirit to achieve the goal of sustainable management.

II. Future developing strategy:

1. To expand and develop global markets by supplying diverse products and services.
2. To improve the efficiency of supply chain management and maximize the benefits of production management.
3. To develop innovative heat conduction and dissipation related technologies and

products to meet the latest market trends and demands.

4. To expand the business scope and enhance operational performance through strategic multi-integration programs.
5. To continuously improve production processes, simplify product design procedures, improve packaging design, increase the proportion of automated production capacity to achieve cost reduction. To continuously emphasize on new product innovation along with research and development plans, increase technical cooperation with research institutions, and make the use of reliable sources for the mid- and long-term development of advanced technology for the company.
6. To expand the production capacity of the heat pipe continuously to meet the growing demands from the customers.
7. To establish a rapid response mechanism to shorten the heat pipe L/T so that maintaining the leading edge continuously.
8. To actively respond to global climate change and continue to promote energy conservation and carbon reduction plans.
9. To continuously invest in research and development of leading technologies to further strengthen the company's core competence and competitive advantages.

Wish you all

Good health and prosperous with everything.

Chairman Tai-Kuang Wang

II. Company Profile

1. Date of Incorporation

December 23, 1994

2. Company History

1994	Yeh-Chiang Technology Corp. was officially founded on December 1994. It manufactures and sells multi-layer ceramic capacitor and electronic critical material with capital of NT200 million dollars.
1995	Officially manufacture multi-layer ceramic capacitor (MLCC)
1996	B.G.A assembly solder ball research and develop trial run. Jun 1996 – capital increased to NT260 million dollars and registered as public traded company. Dec 1996 – plant expansion phase one was completed with 6,470 square meter of land and 3,180.93 square meter of plant.
1997	Successfully developed new products of electronic critical material, such as heat pipe for laptop heat dissipation, conducting paste for round and thick film ceramic capacitor, and solder paste for SMT automatic plug-in, and planned for massive production. Jun 1997 – capital increased to NT300 million dollars and began the sales of heat pipe, solder paste, and conducting paste. Nov 1997 – purchased the land of 1,856 square meter and plant of 812.75 square meter on No. 11, Shih-Er Road.
1998	Purchased the land of 1,721 square meter and plant of 1,010.96 square meter on No. 13, Shih-Er Road. Purchased the land of 6,505 square meter and plant of 1,602.21 square meter on No. 9, Shih-Yi Road.
1999	Capital increased to NT450 million dollars. B.G.A assembly solder ball was approved and adopted by domestic and international companies such as Advanced Semiconductor Engineering, Inc., Siliconware Precision Industries Co., Ltd., Advanced Micro Devices, Inc. USA, and AT&T. The annual revenue reached NT600 million dollars. All products have reached a certain amount of sales and actively promote professional sales team to accelerate business growth.
2000	Apr 2000 - capital increased to NT530 million dollars. Continue to research and develop new material, manufacturing process, and equipment while taking the lead in the super-capacitor technology transfer in Taiwan. May 2000 - B.G.A. Ball was approved by the S.T.Micron in Europe and began to promote business sales in assembly plants in the South East Asia. Aug 2000 – introduced unleaded assembly solder ball that is eco-friendly and began to promote business sales. Sept 2000 – applied for capital increased by cash of NT200 million dollars, making the actual capital reached NT730 million dollars. Introduced domestically renounced corporate shareholders such as VIA Technologies, Right Technology, Da-Jun, Kuang-Hua, Chi-Lu, Kai-Fa, Chung-Shih, Chun-Mao, and Yi-Ho, to create a strong shareholder team. Sept 2000 – successfully developed all types of multilayer ceramic chip inductor (MLCI) and beads and actively planning for massive production. In addition, the latest automatic packing machine and testing machine for MLCC production were also successfully developed.
2001	Jan 2001 - B.G.A. Ball was approved by internationally renounced IC plants such as Intel and Motorola. Heat pipe was also approved by renounced PC plants such as Dell and HP, opened up a new chapter for the Company's IT critical material. Feb 2001 - successfully developed and manufactured the critical electrode glue for base metal element of MLCC. Mar 2001 – officially stepped in the BME manufacturing industry with successfully developed the Y5V series of MLCC products.
2002	Mar 2002 – stock officially listed in the market. Nov 2002 – Discontinued the old MLCC manufacturing process in Yangmei due to the tough market competition and capital expenditure benefit.

2003	<p>Mar 2003 – subsidiary “Yuan Cherng Technology Pump Co., Ltd.” was founded with NT100 million dollars for manufacturing passive component of MLCC and business sales.</p> <p>Oct 2003 – subsidiary “Yuan Cherng Technology Pump Co., Ltd.” applied for capital increased by cash of NT40 million dollars, making the actual capital reached NT140 million dollars.</p> <p>Nov 2003 – Investment of US2 million dollars from China was approved by MOEAIC. Founded Yeh-Chiang Technology Corp. (Dongguan) with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p>
2004	<p>Feb 2004 - subsidiary “Mao Chiang Technology Corp.” was founded with NT5 million dollars for manufacturing electronic critical material and BGA assembly solder ball and business sales.</p> <p>Feb 2004 - Investment of US3 million dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Mar 2004 – officially became the largest heat pipe manufacturer in the world.</p> <p>May 2004 – the effect and risk due to the changes in the management right: there was one-third of changes in the directors and supervisors in May 2004 causing the changes in the management right. Since the major decisions of the company were resolved by the board of directors, the newly onboard directors respected the decision of the original management team and kept the existing sales strategy and company policy. The revenue of 2004 and the first quarter of 2005 grew dramatically, which showed the current management could stay on top of the industry trend very well and have a clear view on the company’s future development. This would bring the company to the leading role in the industry.</p> <p>Jun 2004 - Investment of US4 million dollars from China was approved by MOEAIC. Founded Yeh-Chiang Technology Corp. (Kunshan) with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p> <p>Oct 2004 - Investment of US4 million dollars from China was approved by MOEAIC. Founded Zhongshan Weiqiang Technology Co., Ltd. with indirect investment through oversea holding company for manufacturing and selling heat pipe.</p> <p>Nov 2004 - Investment of US4 million dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Nov 2004 - subsidiary “Yuan Cherng Technology Pump Co., Ltd.” applied for capital decreased by cash of NT100 million dollars and increased by cash of NT90 million dollars, making the actual capital reached NT130 million dollars.</p>
2005	<p>Mar 2005 - Investment of US2.5 million dollars to decrease capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Mar 2005 - Investment of US2.5 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jun 2005 - Investment of US700 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jul 2005 - Investment of US2.3 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Aug 2005 – For the company to focus on its core business and the fact that Yuan Cherng Technology Pump Co., Ltd. was unable to finish product development and was at long-term loss, the company decided to dispose Yuan Cherng Technology Pump Co., Ltd. with an open bidding.</p> <p>Sept 2005 - Investments of US800 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. and US353 thousand dollars to increase capital in Zhongshan Weishih Electronic Parts Co., Ltd. were approved by MOEAIC.</p> <p>2005 – Officially obtained authorization from US and Japan for the unleaded electronic materials, and the heat pipe was certified by ATI globally.</p>
2006	<p>Jan 2006 - Investments of US1 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd., US1.7 million dollars in Yeh-Chiang Technology Corp. (Kunshan), and US300 thousand dollars in Zhuhai Weiqiang Technology Co., Ltd., were approved by MOEAIC.</p> <p>Apr 2006 - Investments of US75 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd., was approved by MOEAIC.</p> <p>May 2006 - Investment of US450 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jun 2006 - Investment of US2.5 million dollars to increase capital in Zhongshan Weiqiang</p>

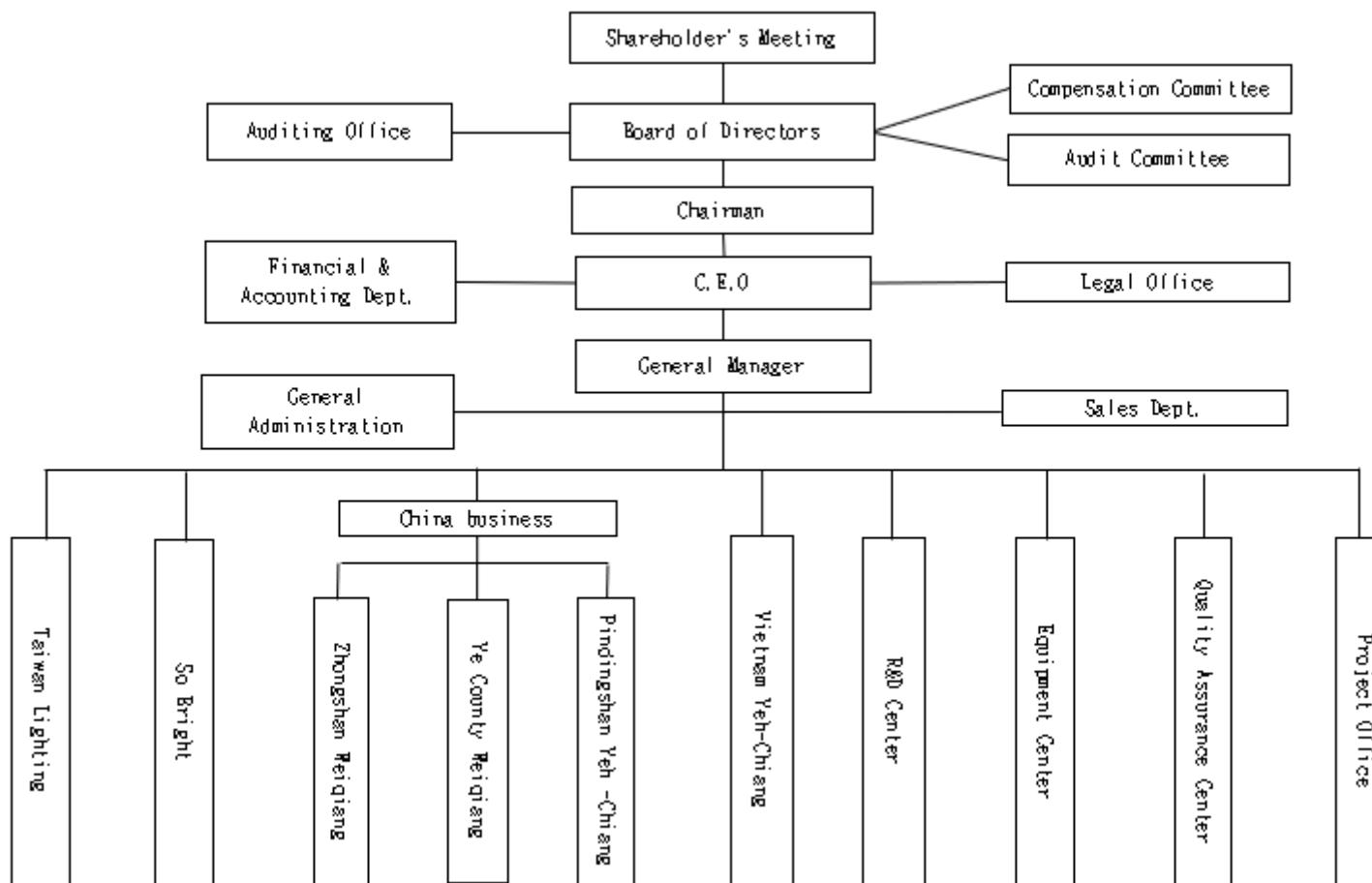
	<p>Technology Co., Ltd. was approved by MOEAIC.</p> <p>Jul 2006 - Investment of US2.4 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2006 - Investments of US125 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd., US147 thousand dollars in Zhongshan Weishih Electronic Parts Co., Ltd., and US900 thousand dollars in Yeh-Chiang Technology Corp. (Kunshan) were approved by MOEAIC.</p>
2007	<p>May 2007 - Investment of US2.1 million dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>May 2007 - Investment of US100 thousand dollars to increase capital in Yeh-Chiang Technology Corp. (Dongguan) was approved by MOEAIC.</p> <p>Jul 2007 - Investment of US5 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2007 - Investment of US1.7 million dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Dec 2007 - Investment of US80 thousand dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p>
2008	<p>May 2008 - Investment of US80 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Oct 2008 - Investment of US2 million dollars to increase capital in Zhuhai Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p>
2009	<p>Jun 2009 – Closed two oversea companies Nation Apex Ltd. and Nicestart Int'l Inc. in Belize due to the future operating plan of the company.</p> <p>Jun 2009 – Moved the company's registration address from No. 11, Shih-Er Road. Yangmei, Taoyuan to Room A, 17F, No. 216, Dun-Hua S. Rd. Sec 2., Da-An District, Taipei.</p> <p>Sept 2009 – Signed exclusive authorized contract with Taiwan Co-Su-Mu Corp. Ltd</p> <p>Oct 2009 - subsidiary "Tsai-Shih Biotechnology Co., Ltd." was founded with NT55 million dollars for manufacturing bioethanol and business sales due to the future operating plan of the company.</p> <p>Dec 2009 - Investment of US1,619,035 dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Dec 2009 subsidiary "Helo Illumination Co., Ltd. (95%)" was founded with NT47.5 million dollars for manufacturing LED lighting business sales due to the future operating plan of the company.</p>
2010	<p>Feb 2010 – Sold the land of 16,124.19 square meter and plant of 5,303.18 square meter on No.9 and 11, Shih-Yi Rd.</p> <p>Apr 2010 – Obtained trademark right of "Taiwan Lighting".</p> <p>Sept 2010 - Investment of US2,602,159 dollars to increase capital in Yeh-Chiang Technology Corp. (Kunshan) was approved by MOEAIC.</p> <p>Sept 2010 - Subsidiary "Taiwan Lighting Co., Ltd." was founded with NT20 million dollars due to the future operating plan of the company.</p>
2011	<p>Feb 2011 –Wrote-down 10 million shares of treasury stock first repurchase. Capital decreased to NT\$1,824,799,450.</p> <p>Apr 2011 - Investment of NT 30 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary.</p> <p>Aug 2011 - Moved the company's registration address from Room A, 17F, No. 216, Dun-Hua S. Rd. Sec 2., Da-An District, Taipei to 7F, Building E, No. 19-13, San-Chung Rd., Nan-gan District, Taipei.</p> <p>Aug 2011 - Investment of US20 thousand dollars to increase capital in Zhongshan Weiqiang Technology Co., Ltd. was approved by MOEAIC.</p> <p>Dec 2011 - Investment of NT100 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary.</p> <p>Dec 2011 - Dissolute Mao Chiang Technology Corp. to simplify the investment structure.</p> <p>Dec 2011 - Closed the oversea company Mastertek (H.K.) Ltd. due to future operating plan.</p>

2012	<p>Jan 2012 - Investment of NT160 million dollars to increase capital in Taiwan Lighting Co., Ltd. for future operating plan of the subsidiary.</p> <p>Feb 2012 - Dissolute Guang Pin Technology Corp. to simplify the investment structure.</p> <p>May 2012 - Dissolute Cheng Guang Lighting Corp. to simplify the investment structure.</p> <p>May 2012 - Decreased capital in Taiwan Lighting Co., Ltd. to NT276 million dollars to make up loss of 3.4 million shares.</p> <p>May 2012 – Invested NT\$63,903,780 in So Bright Electronics Co., Ltd. for future operating plan.</p>
2013	<p>Apr 2013 - Investment of US3.8 million dollars in founding Yeh-Chiang Technology Corp. (Ye County) from China was approved by MOEAIC.</p> <p>Sept 2013 - Decreased capital in Taiwan Lighting Co., Ltd. to NT\$207.64 million dollars to make up loss of 6.836 million shares.</p> <p>Nov 2013 - Investment of US5 million dollars in founding Yeh-Chiang Technology Corp. (Pingdingshan) from China was approved by MOEAIC.</p>
2014	<p>Nov 2014 - Decreased capital in Taiwan Lighting Co., Ltd. to NT\$182.01 million dollars to make up loss of 2.563 million shares.</p>
2015	<p>Jun 2015 - Investment of US1.2 million dollars in Yeh Chiang Technology (BVI) Crop. was approved by MOEAIC</p> <p>Jun 2015 - Decreased capital in Taiwan Lighting Co., Ltd. to NT\$176.11 million dollars to make up loss of 590 thousand shares.</p> <p>Nov 2015 - Closed the oversea company Yeh-Chiang Technology Corp. (Dongguan) due to future operating plan.</p>
2016	<p>Jan 2016 - Investment of US755 thousand dollars in Excel Rainbow LTD. was approved by MOEAIC</p> <p>Mar 2016 - Dispose 100% equity of Yeh-Chiang Technology Corp. (Kunshan) to integrate domestic and oversea manufacturing and operation.</p> <p>Sept 2016 - Investment of US7 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC</p> <p>Nov 2016 - Invested NT70 million dollars in subsidiary Yuh Cheng Materials Corp. for future operating plan.</p> <p>Dec 2016 - Invested NT28 million dollars in subsidiary Shin San Re Corp. for future operating plan.</p>
2017	<p>Apr 2017 - Investment of US1.2 million dollars in Yeh Chiang Technology (BVI) Crop. was approved by MOEAIC</p> <p>Aug 2017 - Investment of US6.24 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC</p>
2018	<p>Dec 2018 - Investment of US4 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC</p>
2019	<p>Feb 2019 - Decreased capital in Shin San Re Corp. to NT15 million dollars to make up loss of NT14 million dollars, and increased capital of NT40 million dollars.</p> <p>Dec 2019 - Simplified investment structure and dismissed Tsai Sheng Eco-tech Ltd.</p>
2020	<p>Jun 2020 - Simplified investment structure and dismissed Tsai-Xing Biotech LTD.</p> <p>Jun 2020 - Decreased capital in So Bright Electronics Co., Ltd. to NT\$46 million dollars to make up loss of 60 million shares.</p> <p>Dec 2020 - MOEAIC approved the establishment of the Vietnam Company (named VIETNAM YEH-CHIANG TECHNOLOGY CO., LTD), capital investment was 3.5 million US dollars.</p> <p>Production capacity of heat tubes/vapor chambers increased again in 2020, annual sales exceeded 112 million pieces.</p>
2021	<p>Apr 2021 - Investment of US2.24 million dollars in Yeh-Chiang Technology Corp. (Ye County). was approved by MOEAIC.</p> <p>Feb 2021 - Investment of US0.5million dollars in Vietnam Yeh-Chiang Technology CO., LTD was approved by MOEAIC.</p>
2022	<p>Feb 2022 - Investment of US2million dollars in Vietnam Yeh-Chiang Technology CO., LTD was approved by MOEAIC.</p>
2023	<p>Feb 2023 - Investment of US6million dollars in Vietnam Yeh-Chiang Technology CO., LTD was approved by MOEAIC.</p>

III. Corporate Governance Report

1. Organizational System

(i) Organizational structure of the Company



(ii) Business operations of major departments

Major Departments	Business Operations
Compensation Committee	Set up and regularly review the performance evaluation, compensation policy, system, standard, and structure of directors and managers.
Audit Committee	Assess the effectiveness of the internal control system, review and formulate or amend the procedures for handling major financial and business behaviors such as acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, and endorsing or providing guarantees for others, review the appointment (dismissal) or remuneration of CPAs, review the appointment and removal of financial, accounting or internal audit supervisors, review the quarterly annual financial reports, etc.
Auditing Office	Audit and evaluate functional operation in all departments, implementation of internal control system, and follow up on audited items.
Legal Office	Draft contracts; review and provide legal advice of business operations; coordinate the patent copyright trademarks of the domestic and oversea companies; technical authorization related to intellectual property, and overall legal affairs.
General Manager	Make annual policy plan and assist departments for making performance management index; labor safety and health; business coordination and goal setting.
Finance Section	Manage all financial fund scheduling, risk management, shareholders' and board of directors' meetings, stock operation, long and short term investment plan; establish accounting system, accounting record, financial statements, financial budget and difference analysis, capital expense budget and execution; set customer credit; review and manage accounts receivable.
Management Department	In charge of human resources and information managements.
Sales Section	Market development and investigation, sales strategy planning; quoted price for customer; receive and place order; collect accounts receivable; customer complaint and return.
Research and Develop Center	Evaluation on new materials; development on new products; promotion, application, and maintenance on patents.
Equipment Center	Self-manufacturing, repairing and improving the molds, production equipment and tools of various factories of the group.
Quality Assurance Center	Set quality goal; quality check for material imported, manufacturing process, and final products. Determine, follow-up, and prevent of customer complaint for poor quality.
Project Office	Enhance heat pipe production efficiency, product quality and new process introduction.
Subsidiary Business Group	In charge of oversea investment on plant setup, assessment, management, research and development, manufacture, sales, and finance affairs.

2. Information on the Company's Directors, General manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's Divisions and Branch Units

(1) Information on Directors

Apr 16, 2023

Title	Name	Gender Age	Nationality or Place of Registration	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			NOTE
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Corporate Director	Rayman Inc. Samoa (3 reps.)	-	Samoa	2021. 8. 26	3 years	2005. 7. 15	19,141,784	10.49%	19,141,784	10.49%	0	0%	0	0%	-	-	-	-	-	
Chairman	Representative of Rayman Inc. Samoa: Tai-Kuang Wang	M 71-80	R.O.C	2021. 8. 26	3 years	2005. 7. 15	0	0%	0	0%	0	0%	0	0%	Taipei Municipal Chenggong High School	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Supercap Industrial Co., Ltd. Corporate Director representative Advance Program Ltd. Corporate Supervisor representative How Ji Investing Corp. Chairman Tong Wei Investing Corp. Chairman Supercap Industrial Co., Ltd. Corporate Supervisor representative Taiwan Lighting Co., Ltd. Corporate Director representative So Bright Electronics Co., Ltd. Corporate Director representative	Director	Chung-Hua Chen	Spouse	Future increase of the number of independent directors

Title	Name	Gender Age	Nationality or Place of Registration	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			NOTE
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Representative of Rayman Inc. Samoa: Chung-Hua Chen	F 61-70	R.O.C	2021. 8. 26	3 years	2005. 7. 15	0	0%	0	0%	0	0%	0	0%	Providence University Dept. of Business Administration	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Taiwan Lighting Co., Ltd. Corporate Director representative	Chairman	Tai-Kuang Wang	Spouse	
Director	Representative of Rayman Inc. Samoa: Shu-Lung Chung	M 61-70	R.O.C	2021. 8. 26	3 years	2005. 7. 15	0	0%	15,631	0.01%	0	0%	0	0%	National Chin-Yi University of Technology Mechanical Engineering	Yeh-Chiang Technology Corp. Vice General Manager	None	None	None	
Corporate Director	Weichiang Ltd. Samoa (1 rep.)	-	Samoa	2021. 8. 26	3 years	2006. 6. 14	15,281,493	8.37%	15,281,493	8.37%	0	0%	0	0%	-	-	-	-	-	
Director	Representative of Weichiang Ltd. Samoa: Chen-Ting Wu (Note 1)	F 31-40	R.O.C	2021. 8. 30	3 years	2006. 6. 14	0	0%	0	0%	0	0%	0	0%	Tamkang University Dept. of Banking and Finance	Yuh Cheng Materials Corp. Supervisor	None	None	None	
Director	Representative of Weichiang Ltd. Samoa: Chun-Ya Chen (Note 1)	M 61-70	R.O.C	2022. 6. 22	3 years	2006. 6. 14	0	0%	0	0%	0	0%	0	0%	National Taipei University of Technologies, Department of Chemical Engineering	Honorary Chairman of Global Monte Jade Science & Technology Association.	Director	Chung-Hua Chen	within Two Degrees of Kinship	
Independent Director	Chi-Ju Chen	M 41-50	R.O.C	2021. 8. 26	3 years	2019. 6. 19	0	0%	0	0%	0	0%	0	0%	Department of Accounting, Tamkang University	CFO at Elf International Co., LTD CEO at More Great Public Relations Agency CEO at Zero Control Investment Co., Ltd. CEO at Chuanshen Consulting Inc.	None	None	None	

Title	Name	Gender Age	Nationality or Place of Registration	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			NOTE
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Chi-Pin Hung	M 41-50	R.O.C	2021. 8. 26	3 years	2021. 8. 26	0	0%	0	0%	0	0%	0	0%	Master of Accounting, National Chung Hsing University Accounting manager, Gigastone Electrical Co., Ltd Section chief of accounting department, Chi Mei Optoelectronics Corporation Manger of auditing department, KPMG	CAP of Yuan Sheng certified public accountants' firm	None	None	None	
Independent Director	Wei-Kuo Su	M 51-60	R.O.C	2021. 8. 26	3 years	2021. 8. 26	0	0%	0	0%	0	0%	0	0%	Master of EMBA program, National Chengchi University Department head, legal department, China Life Insurance Co., Ltd Senior attorney, Deloitte & Touche CP Firm	Leading attorney at Anluo Law Firm	None	None	None	

Note 1: The representative of Weichiang Ltd. Samoa has changed from Ms. Chen-Ting Wu to Mr. Chun-Ya Chen on Jun 22, 2022.

Major shareholder of the juridical person

Apr 16, 2023

Name of the juridical person	Major shareholder of the juridical person
Rayman Inc. Samoa	Bestrime Inc. (100%)
Weichiang Ltd. Samoa	Bestrime Inc. (100%)

Major shareholder of the major juridical person

Apr 16, 2023

Name of the juridical person	Major shareholder of the juridical person
Bestrime Inc.	Shih-Jang Ma (50%); Yu Hua Chen (50%)

Information disclosure of the professional qualifications of directors and independence of independent directors:

Qualification Name	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
Representative of Rayman Inc. Samoa: Tai-Kuang Wang	Led the company and its development with decades of business experience and incisive management strategies. Also served as the general manager of the company, and communicated with all directors to discuss the Company's various business status and future layout prospects. Not under any circumstances as stipulated in Article 30 of the Company Act.	—	0
Representative of Rayman Inc. Samoa: Chung-Hua Chen	With decades of experience in corporate management and business, he served as the chairman of the company from 2011 to 2015, and then continued to serve as a director. She understood the company's business and financial situation over the years, and assisted the board of directors in effectively managing the company. Not under any circumstances as stipulated in Article 30 of the Company Act.	—	0

Qualification Name	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
Representative of Rayman Inc. Samoa: Shu-Lung Chung	He served concurrently as the top director of the company's R&D unit, specializing in important functions such as heat pipe process development, equipment innovation, energy saving and waste reduction, and at the same time familiar with the current situation of the industry, providing a clear direction for the company's future development. Not under any circumstances as stipulated in Article 30 of the Company Act.	—	0
Representative of Weichiang Ltd. Samoa: Chun-Ya Chen	With business management experience and abilities, and a considerable degree of familiarity with various laws and regulations, helping the company and the board of directors to with performance management and operational oversight. Not under any circumstances as stipulated in Article 30 of the Company Act.	—	0
Chi-Ju Chen	He has served as the CEO of various private enterprises for many years, and has professional capabilities in business, finance and marketing, and provides good and effective advice to the board of directors and functional committees. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or seconddegree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0

Qualification Name	Professional qualifications and experience (Note 1)	State of independence (Note 2)	Number of the other public companies where the person holds the title as independent director concurrently
Chi-Pin Hung	A certified public accountant in a domestic accounting firm, passed the college entrance examination for accountants, has rich experience in the field of industry and securities management regulations, and is the convener of the company's audit committee, coordinating the review of various proposals. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0
Wei-Kuo Su	A practicing lawyer in a domestic law firm, with many years of experience in the field of legal practice, and the convener of the company's compensation committee. Not under any circumstances as stipulated in Article 30 of the Company Act.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified; while stating whether it meets the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

Diversity and Independence of the Board:

Board diversification: At Strong H, we advocate and respect the director diversity policy to strengthen corporate governance while promoting the robust development of the composition and structure of the Board of Directors. We firmly believe that the diversity policy helps enhance the performance of the Company as a whole. Election of Board Members. The appointment of board members are based on the principle of using talent; the criteria have been divided into the following:

1. Basic conditions and values: Gender, age, nationality, culture, etc.
2. Professional knowledge and skills: Professional background (such as legal, accounting, industry, finance, marketing or technology), professional skills and industry, experience, etc.

In a bid to strengthen the functions of the Board to achieve the corporate governance objectives, as stipulated in Article 20 of the Company's "Corporate Governance", the Board of Directors as a whole shall have the following functions:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The Company's diversity policy for current Board members and its implementation are as follows:

Name	Gender	Nationality	Working part-time at the Company	Age		Working part-time at the Company			Management	Leadership	Industry knowledge	Financial accounting	Legal	International market view	Risk management
				31-60	61-90	Below 3 years	3-9 years	Over 9 years							
Representative of Rayman Inc. Samoa: Tai-Kuang Wang	M	R.O.C	V		V				V	V	V	V	V	V	V
Representative of Rayman Inc. Samoa: Chung-Hua Chen	F	R.O.C			V				V	V		V	V	V	V
Representative of Rayman Inc. Samoa: Shu-Lung Chung	M	R.O.C	V		V				V	V	V			V	V
Representative of Weichiang Ltd. Samoa: Chun-Ya Chen	M	R.O.C			V				V	V	V		V	V	V
Chi-Ju Chen	M	R.O.C		V			V		V		V	V		V	V
Chi-Pin Hung	M	R.O.C		V		V			V	V		V	V	V	V
Wei-Kuo Su	M	R.O.C		V		V			V	V			V	V	V

To sum up, the Company's current Board is made up by 7 directors, including 4 directors and 3 independent directors. Directors who also serve as employees of the Company account for 29% while independent directors account for 43%; 14% are female directors, and 3 independent directors have a term of office of 0-9 years.

The expertise of our Board members lies in accounting, management and the Company's industry. Each director and independent director has their respective professionalism in different areas. The 4 directors specialize in business management, leadership in decision-making, accounting with extensive industry knowledge and international market perspective; while other 3 independent directors are experts in accounting, taxation and laws. These directors are able to bring many benefits to the Company's operations.

Independence of the Board of Directors:

The Company 11th Board of Directors is composed of 7 members and 3 of which are independent directors. The goal is to have no less than 3 independent directors and no less than 1/5 (inclusive) of the total number of directors. In 2021, there were 3 independent directors, accounting 3/7 of the total number of directors. The goal for directors working as the Company's part-time employees may not exceed 1/2 (inclusive) of the total number of directors. At present, only 2 directors are also part-time employees of the Company. Directors in the Board must be more than half and they must not be spouses or within second-degree relatives. At presents, only 3 directors are second-degree relatives. In summary, the goals for independence have been achieved.

(2) Information on General manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's Divisions and Branch Units

Apr 16, 2023

Title	Gender	Name	Nationality	Date Elected	Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholdering in the Name of Others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship			Status of Managers Obtaining Employee Stock Option Certificates	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
CEO & General Manager	M	Tai-Kuang Wang	R.O.C	2012.4.11	0	0.00%	0	0.00%	0	0.00%	Taipei Municipal Chenggong High School	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director representative Ye County Weiqiang Technology Co., Ltd. Corporate Director representative Yeh-Chiang Technology Corp. (Pingdingshan) Corporate Director representative Supercap Industrial Co., Ltd. Corporate Director representative Advance Program Ltd. Corporate Supervisor representative How Ji Investing Corp. Chairman Tong Wei Investing Corp. Chairman Supercap Industrial Co., Ltd. Corporate Supervisor representative Taiwan Lighting Co., Ltd. Corporate Director representative So Bright Electronics Co., Ltd. Corporate Director representative	None	None	None	None	
Vice General Manager	M	Min-Ho Lee	R.O.C	2011.5.1	161	0.00%	0	0.00%	0	0.00%	Lunghwa University of Science and Technology	Zhongshan Weiqiang Technology Co., Ltd. Corporate Director Representative Zhuhai Weiqiang Technology Co., Ltd. Corporate Director Representative	None	None	None	None	
Vice General Manager	M	Shu-Lung Chung	R.O.C	2005.4.1	15,631	0.01%	0	0.00%	0	0.00%	National Chin-Yi University of Technology, Dept of Mechanic	None	None	None	None	None	

Assisting General Manager	F	Yi-Hua Lin	R.O.C	2018.7.4	0	0.00%	0	0.00%	0	0.00%	Soochow University, Bachelor of Laws Peking University, Bachelor of Arts in Laws Passed the exam of Professional agent of land registration Passed the Attorney of higher examination	None	None	None	None	
Assisting General Manager	M	Yu-Nan Lin	R.O.C	2020.7.13	0	0.00%	0	0.00%	0	0.00%	National Chung Kung University, Department of Naval Architecture Lanner Electronics, Senior Manager Hon Hai Precision Industry Co., Ltd., Manager Primax Electronics Ltd., Director	None	None	None	None	
Assisting General Manager	M	Hong-Jie Chen	R.O.C	2020.6.1	0	0.00%	0	0.00%	0	0.00%	National Tsing Hua University Zhongshan Weiqiang Technologies, Manager of Engineering Department Zhongshan Weiqiang Technologies, Manager of Development Department Zhongshan Weiqiang Technologies, Assistant General Manager of Research and Development Office	None	None	None	None	
Financial Accounting Supervisor	F	Ya-Chiu Chu	R.O.C	2020.4.15	0	0.00%	0	0.00%	0	0.00%	Providence University, Department of Accounting Yeh-Chiang Technology Corp., Assistant Manager of Accounting	None	None	None	None	

3. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers

(1) Remuneration of Directors (including independent directors)

Unit: NT thousand dollars

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) and proportion Net Income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) and proportion net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary		
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)								
		The Com pany	All companie s in the financial statement	The Com pany	All companie s in the financial statement	The Com pany	All compani es in the financial statement	The Com pany	All companie s in the financial statement	The Com pany	All companie s in the financial statement	The Com pany	All companie s in the financial statement	The Com pany	All companie s in the financial statement	The Com pany	All companie s in the financial statement	The Company		All companies in the financial statement			The Comp any	All companie s in the financial statement
																		Cash	Stock	Cash	Stock			
Corporate Director	Rayman Inc. Samoa	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Tai-Kuang Wang	0	0	0	0	0	0	30	30	30 0.04	30 0.04	0	0	0	0	0	0	0	0	30 0.04	30 0.04	None		
Director	Chung-Hua Chen	0	0	0	0	0	0	30	30	30 0.04	30 0.04	0	0	0	0	0	0	0	0	30 0.04	30 0.02	None		
Director	Shu-Lung Chung	0	0	0	0	0	0	20	20	20 0.02	20 0.02	2,032	2,578	0	0	0	0	0	0	2,052 2.42	2,598 3.06	None		
Corporate Director	Wei Chiang Ltd. Samoa	0	0	0	0	0	0	0	0	0 0	0 0	0	0	0	0	0	0	0	0	0 0	0 0	None		
Director	Chen-Ting Wu(Note1)	0	0	0	0	0	0	20	20	20 0.02	20 0.02	0	0	0	0	0	0	0	0	20 0.02	20 0.02	None		
Director	Chun-Ya Chen(Note1)	0	0	0	0	0	0	10	10	10 0.01	10 0.01	0	0	0	0	0	0	0	0	10 0.01	10 0.01	None		
Independent Director	Chi-Ju Chen	0	0	0	0	0	0	70	70	70 0.08	70 0.08	0	0	0	0	0	0	0	0	70 0.08	70 0.08	None		
Independent Director	Chi-Pin Hung	0	0	0	0	0	0	70	70	70 0.08	70 0.08	0	0	0	0	0	0	0	0	70 0.08	70 0.08	None		
Independent Director	Wei-Kuo Su	0	0	0	0	0	0	70	70	70 0.08	70 0.08	0	0	0	0	0	0	0	0	70 0.08	70 0.08	None		

*Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: According to the Company's Articles of Association.

* Compensation received by director for providing service to any company included in the financial statements (For example, serving as a consultant for a non-employee of the parent company/companies included in the financial statements/investment businesses in the last year, except those disclosed) in the above table: None

Note 1: The representative of Weichiang Ltd. Samoa has changed from Ms. Chen-Ting Wu to Mr. Chun-Ya Chen on Jun 30,2022.

Note 2: The directors provide fixed remuneration such as transportation expenses only and do not issue variable compensation.

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statement	The Company	All companies in the financial statement
Under NT\$ 1,000,000	Rayman Inc. (representative: Tai-Kuang Wang, Chung-Hua Chen, Shu-Lung Chung) Weichiang Ltd. (representative: Chen-Ting Wu (Note 1), Chun-Ya Chen) Chi-Ju Chen Chi-Pin Hung Wei-Kuo Su	Same as the left column	Rayman Inc. (representative: Tai-Kuang Wang, Chung-Hua Chen) Weichiang Ltd. (representative: Chen-Ting Wu (Note 1), Chun-Ya Chen) Chi-Ju Chen Chi-Pin Hung Wei-Kuo Su	Same as the left column
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	-	-	-	-
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	-	-	Shu-Lung Chung	Same as the left column
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	-	-	-
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	8 people	Same as left column	8 people	Same as left column

Note 1: The representative of Weichiang Ltd. Samoa has changed from Ms. Chen-Ting Wu to Mr. Chun-Ya Chen on Jun 22,2022.

(2) Remuneration of Supervisors

On August 26th, 2021, the company set up an audit committee to replace the functions of the supervisor

(3) Remuneration of General Manager and Vice General Manager

Unit: NT thousand dollars

Title	Name	Base Compensation (A)		Severance Pay (B)		Salary, Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
General Manager	Tai-Kuang Wang	0	0	0	0	0	0	0	0	0	0	0 0.00	0 0.00	None
Vice General Manager	Min-Ho Lee	869	869	0	0	74	74	0	0	0	0	943 1.11	943 1.11	None
Vice General Manager	Shu-Lung Chung	1,874	2,378	0	0	158	200	0	0	0	0	2,032 2.40	2,578 3.04	None

Range of remuneration	Names of General Manager and Vice General Managers	
	The Company	All companies in the financial statement
Under NT\$ 1,000,000	Tai-Kuang Wang , Min-Ho Lee	Same as left column
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	-	-
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	Shu-Lung Chung	Same as left column
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	-	-
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	-	-
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	-	-
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	-	-
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)	-	-
Over NT\$100,000,000	-	-
Total	3 people	Same as left column

(4) Remuneration of the top five remuneration supervisors

Title	Name	Base Compensation (A)		Severance Pay (B)		Salary, Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (5)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
Vice General Manager	Shu-Lung Chung	1,874	2,378	0	0	158	200	0	0	0	0	2,032 2.40	2,578 3.04	None
Assisting General Manager	Yu-Nan Lin	1,166	1,417	0	0	1,039	1,060	0	0	0	0	2,205 2.60	2,477 2.92	None
Assisting General Manager	Hong-Jie Chen	1,116	1,418	0	0	95	120	0	0	0	0	1,211 1.43	1,538 1.81	None
Assisting General Manager	Yi-Hua Lin	1,104	1,104	0	0	200	200	0	0	0	0	1,304 1.54	1,304 1.54	None
Manager	Hong-Ren Jiang	686	938	0	0	59	80	0	0	0	0	745 0.88	1,018 1.20	None

(5) Employees profit sharing granted to the management team: None in 2022.

(6) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and vice general managers of the Company paid by the Company and all companies to net profit after tax of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Unit: NT thousand dollars

Item	The Company				All companies in the financial statement			
	2021		2022		2021		2022	
	Amount	Ratio to net income	Amount	Ratio to net income	Amount	Ratio to net income	Amount	Ratio to net income
Directors	2,252	0.96%	2,352	2.77%	3,056	1.30%	2,898	3.42%
Supervisor	70	0.03%	0	0.00%	70	0.03%	0	0.00%
General Manager and Vice General Manager	2,975	1.27%	2,975	3.51%	3,521	1.50%	3,521	4.15%
Total	5,297	2.26%	5,327	6.28%	6,647	2.83%	6,419	7.57%

Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance:

1. Remuneration to directors is stated in the company policy.
2. The salary structure of general managers and vice general managers are base salary, confidential allowance, and job grade. The salary is depended on the differences in education, experience, performance, and seniority.
3. The annual bonus of the managements is depended on the operating performance.
4. Linkage to the future risk. The significant decisions are the most suitable decisions made by the managements after considering all possible risk factors that the company might face. The performance of the managements will eventually reflect on the profit of the company. Hence, there is a positive correlation between the remuneration to the directors, CEO, and general manager and the Company's performance and future risk.

4. The state of the company's implementation of corporate governance

(1) The state of operations of the board of directors

Six meetings were held by the Board of Directors in the recent fiscal year of 2022, the attendance of directors is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Chairman	Rayman Inc. Samoa (3 reps) Representative: Tai-Kuang Wang	6	0	100%	Continue in office on Aug 26, 2021.
Director	Rayman Inc. Samoa (3 reps) Representative: Chung-Hua Chen	0	6	0%	Continue in office on Aug 26, 2021.
Director	Rayman Inc. Samoa (3 reps) Representative: Shu-Lung Chung	4	0	66.67%	Continue in office on Aug 26, 2021.
Director	Weichiang Ltd. Samoa (1 rep) Representative: Chun-Ya Chen	2	0	100%	1. The original representative Chen-Ting Wu dismissal on Jun 22, 2022 with 4 out of 4 actual attendances. 2. The new representative Chun-Ya Chen new appointment on Jun 22, 2022 with 2 out of 2 actual attendances.
Independent Director	Chi-Ju Chen	6	0	100%	Continue in office on Aug 26, 2021.
Independent Director	Chi-Pin Hung	6	0	100%	Elected on Aug 26, 2021.
Independent Director	Wei-Kuo Su	5	1	83.33%	Elected on Aug 26, 2021.

1. Other matters to be recorded:

2. According to matters specified in Article 14.3 of the Taiwan Securities and Exchange Act, when other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing, the meeting date, period, content, qualified opinion and resolution made by any independent directors should be specified:

Board of Directors	Content and follow-up	Matters specified in Article 14.3 of TSEA.	Independent Directors who expressed opposition or qualified opinions
The 3 rd meeting of the 11th session Feb 24, 2022	The company plans for lending capital of RMB 45 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		

The 4 th meeting of the 11th session Mar 28, 2022	1. To amend the Article of Incorporation. 2. To amend the Regulations Governing the Acquisition and Disposal of Assets. 3. The Company plans for lending capital of RMB 32 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan).	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		
The 5 th meeting of the 11th session May 12, 2022	1. In response to the subsidiary's application for a financial institution's financing quota, it is proposed to provide the subsidiary's endorsement guarantee case. 2. Case B of the proposed capital increase of the Vietnam subsidiary VIETNAM YEH-CHIANG TECHNOLOGY CO., LTD (hereinafter referred to as VIETNAM YEH-CHIANG).	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		
The 6 th meeting of the 11th session May 23, 2022	1. The company plans for lending capital of USD 3 million dollars to VIETNAM YEH-CHIANG TECHNOLOGY CO., LTD 2. The company plans for lending capital of RMB 60 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		
The 7 th meeting of the 11th session Aug 11, 2022	1. The Company plans to reduce lending capital of RMB 20 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan). 2. The company plans for lending capital of RMB 25 million dollars to Ye County Weiqiang Technology Co., Ltd. 3. The company plans for lending capital of RMB 27.5 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		
The 8 th meeting of the 11th session Nov 9, 2022	1. The company plans for lending capital of RMB 30 million dollars to Zhongshan Weiqiang Technology Co., Ltd. 2. Establish 「 internal major information processing procedure 」	V	
	Qualified Opinion from any Independent Director: None		
	Resolutions: None		
	Result: Approved by all independent directors		

3. To avoid conflict of interest among directors, the Director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded : None.

4. TWSE/TPEx listed companies shall disclose information on the evaluation cycle, period, scope, method, and content of the self (peer) evaluation.

	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	
	Once a year	2022/1/1-2022/12/31	Evaluate last year's performance before the most recent Board of Director meeting after the end of a fiscal year.	The corporate governance unit will evaluate based on the evaluation indicators of the year.	The compliance of the related laws and regulations. The participation in the company operation.	
5. Strengthening the functions of the board in the current and recent fiscal years (e.g. establishing the Audit Committee, promoting information transparency, etc.) and conducting performance assessment: The Company has set up "Rules and Procedures of Board of Directors Meetings" to enhance the function of the Board and report all information in the MOPS as required to promote information transparency.						

(2) The state of operations of the audit committee

1. The Company established an Audit Committee that is composed of the entire number of independent directors pursuant to the acts. The Audit Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary. The annual tasks for the Audit Committee is responsible for supervising the fair presentation of the Company's financial statements, the selection and termination of the independent auditor and its independence and performance, the effectiveness of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's existing or potential risks. The independent directors review the results of internal audit department on a monthly basis, and the chief internal auditor reports to the Audit Committee and directors on major findings in meetings of Audit Committee and meetings of Board of Directors. Furthermore, the Audit Committee individually communicates with chief internal auditor at least once a quarter about major audit findings, and individually communicates with CPA about their auditing and reviewing the Company's consolidated financial statements (including parent company only financial statement annually).

Six meetings were held by the Audit Committee in the recent fiscal year of 2022, the attendance of independent directors is shown below:

Title	Name	Attendance in Person	By proxy	Attendance Rate (%)	Remarks
Independent Director	Chi-Ju Chen	6	0	100%	Elected on Aug 26, 2021.
Independent Director	Chi-Pin Hung	6	0	100%	Elected on Aug 26, 2021.
Independent Director	Wei-Kuo Su	5	1	83.33%	Elected on Aug 26, 2021.

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

- (1) Matters referred to Article 14-5 of the Securities and Exchange Act.
- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Matters in each board resolutions related to the circumstances mentioned in (1) and (2) are listed below:

Meetings of Board of Directors	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
The 3 rd meeting of the 11th session Feb 24, 2022	The company plans for lending capital of RMB 45 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	None
	Resolution of the Audit Committee (2022.02.24): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
The 4 th meeting of the 11th session Mar 28, 2022	1. Propose the "Statement on Internal Control" of 2021 in accordance with the law.	V	None
	2. Propose the business report and financial report of 2021 in accordance with the law.	V	None
	3. To amend the Article of Incorporation.	V	None
	4. To amend the Regulations Governing the Acquisition and Disposal of Assets.	V	None
	5. The Company plans for lending capital of RMB 32 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan).	V	None
	Resolution of the Audit Committee (2022.03.28): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
The 5 th meeting of the 11th session May 12, 2022	1. In response to the subsidiary's application for a financial institution's financing quota, it is proposed to provide the subsidiary's endorsement guarantee case.	V	None
	2. Case B of the proposed capital increase of the Vietnam subsidiary VIETNAM YEH-CHIANG TECHNOLOGY CO.,LTD (hereinafter referred to as VIETNAM YEH-CHIANG).	V	None
	Resolution of the Audit Committee (2022.05.12): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
The 6 th meeting of the 11th session May 23, 2022	1. The company plans for lending capital of USD 3 million dollars to VIETNAM YEH-CHIANG TECHNOLOGY CO.,LTD	V	None
	2. The company plans for lending capital of RMB 60 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	None
	Resolution of the Audit Committee (2022.05.23): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
The 7 th meeting of the 11th session Aug 11, 2022	1. The Company plans to reduce lending capital of RMB 20 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan).	V	None
	2. The company plans for lending capital of RMB 25 million dollars to Ye County Weiqiang Technology Co., Ltd.	V	None
	3. The company plans for lending capital of RMB 27.5 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	None
	Resolution of the Audit Committee (2022.08.11): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
The 8 th meeting	1. Annual internal audit plan of 2023.	V	None

of the 11th session Nov 9, 2022	2. The company plans for lending capital of RMB 30 million dollars to Zhongshan Weiqiang Technology Co., Ltd.	V	None
	3. Establish 「 internal major information processing procedure 」	V	None
	Resolution of the Audit Committee (2022.11.09): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		

2.If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3.Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material items, methods and results of the Company's finance or operations)

(1) The independent directors review the results of internal audit department on a monthly basis, and the chief internal auditor reports to Audit Committee and directors on major findings in meetings of Audit Committee and meetings of Board of Directors. The chief internal auditor individually holds discussions with the Audit Committee about recent findings on a quarterly basis and communicates issues addressed by the Audit Committee after monthly audit report is released. If necessary, relevant supervisors are invited to attend meetings to get their statements regarding important issues and conclusions as well as their suggestions that would be consolidated and reported by the chief internal auditor in the meetings of Audit Committee and Board of Directors. The instructions of the Audit Committee and Board of Directors would be the guideline for implementation.

(2) According to Auditing Standards, No. 62, a CPA should audit or quarterly review the Company's consolidated financial statements (including parent company only financial statement annually) during the planning and completion stages as well as collect and organize all information to be given individually to the Audit Committee orally.

2. The state of participation in board meetings by the supervisors.

On August 26th, 2021, the company set up an audit committee to replace the functions of the supervisor

3. The state of the company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such departure:

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has set a “Corporate Governance Guideline” according to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclose on the Company’s website.	No Difference
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has designated a specific personnel and email account to handle proposals from shareholders as well as matters in dispute.	No Difference
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company has set up a shareholder unit and stock transfer agency to monitor the list of controlling shareholders of the Company.	No Difference
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company follows the “Standard Rules Governing Financial and Business Matters Between the Company and Its Affiliated Enterprises” for financial and business interactions.	No Difference
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the “Management of the prevention of insider trading” and “Codes of Ethical Conduct” to promote and prevent insider trading.	No Difference
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board formulated a diversity policy and	V		(1) the Company’s directors shall be responsible to	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
specific management objectives, and have they been implemented?			the Board of the Directors for the operation and arrangement of the Company’s governance system to ensure the directors will perform their duties according to the law, the Company’s regulation, and the resolution from the shareholders’ meeting. There are four directors and three independent directors currently. To truly implement the policy of diversity of board members, board members should possess the knowledge, skills and literacy required to perform their duties. Ability to: 1. Operation judgement. 2. Accounting and finance analysis ability. 3. Management ability. 4. Risk management ability 5. Knowledge of the industry. 6. Global aspect. 7. Leadership ability. 8. Decision making ability. The specific goal is to maximize the interests of shareholders and the company's long-term and stable development, and has been actually implemented.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has set up the Remuneration Committee and Audit Committee according to the law, but does not have any other functional committees.	No Difference
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) The Company has established assessment rules for the Board of Directors’ performance and reviewed annually based on the speech performance.	No Difference
(4) Does the Company regularly evaluation the	V		(4) The Company has hired CPAs Jun-Yuan Wu and	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
independence of CPAs?			Yen-Hui Chen from KPMG who are not related parties of the Company and strictly independent. The Company has received independent statements from the CPA and the assessment of the independence was reviewed annually. Details as note1.	
4. As a TWSE/TPEX listed company, does the Company have set corporate governance (concurrent) unit or personnel in responsible for the concerned affairs (including but not limited to offering necessary materials for the directors and supervisors, executing matters pursuant to board of directors' resolutions, executing the corporate registration and change of registration, proceedings for the board of directors and shareholder meetings and so on)	V		<p>The Company assigned the director of accounting officer to act concurrently as the director of corporate governance through a meeting of board of directors on March 16, 2021.</p> <p>The corporate governance and the investor services unit are responsible for dealing with the following matters:</p> <ol style="list-style-type: none"> 1.Handling matters relating to board meetings and shareholders meeting; 2.Producing minutes of board meetings and shareholders meetings; 3.Assisting in onboarding and continuous development of directors; 4.Furnishing information required for business execution by directors; 5.Assisting directors with legal compliance; and 6.Other matters described or established in the articles of incorporation or contract. <p>The Company Secretary performed the assigned tasks in 2022 and participated 12 hours training sessions and the detail of training sessions are shown in note2.</p>	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
5. Does the Company establish communication channels and build a designated section on its web for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), as well as handle all issues they care for in terms of corporate social responsibilities?	V		The Company has a designated spokesperson to handle all forms of communication with the stakeholder.	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company authorized “KGI Securities” as shareholder services agent.	No Difference
7. Disclosure of information				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has set up a website for information disclosure: https://cht.yctc.com.tw	No Difference
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has designated a specific person for data collection and disclosure. It has appointed a spokesperson in accordance with the regulation.	No Difference
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month’s operating performance ahead of the required deadline?		V	(3) At present, it is still complying with the announcement in accordance with the law.	No Difference
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders,	V		(1) Employees are the best assets of the Company and their equity and benefits are especially important. In addition to labor and health insurance and travel arranged by the employee benefit committee which are required by the	No Difference

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>law, all types of training are provided as well.</p> <p>(2) Care for employees: The Company’s management policies are based on the interests of employees, their quality of life, welfare and competitive compensation.</p> <p>(3) Investor relations: The Company has designated a spokesperson responsible for all forms of communication, as well as collection and disclosure of information. The Stock Department is also in charge of dealing with advice from stockholders.</p> <p>(4) Supplier Relationship: The Company maintains good relations with suppliers at all times and optimizes production cost.</p> <p>(5) Relationship with stakeholders: Stakeholders communicate with the Company and give proposals to protect their legal rights and interests. At present, the Company has designated a spokesperson and deputy spokesperson to handle issues and proposals submitted by shareholders.</p> <p>(6) Continuing education opportunities for directors: The Company will arrange these training courses for directors in the future.</p> <p>(7) Implementation of risk management policy and risk measurement standards: Various internal regulations are created for risk management and</p>	

Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
			<p>evaluation. The internal audit department periodically examines the implementation of the internal control system.</p> <p>(8) Implementation of customer policies: The Company maintains good relations with customers in accordance with internal management measures, and aims for customer satisfaction as part of its quality assurance policy.</p> <p>(9) Liability insurance for the Company’s directors: The Company has completed renewal in the specified period.</p>	
<p>9. According to the latest result of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explains the amendments or propose the priority measurements to the not improved items:</p> <p>Items need to be improved in the future: None.</p> <p>The company will face the impact of corporate governance on corporate operations, attach importance to shareholder rights and equal treatment of shareholders, implement corporate social responsibilities, and shape the corporate governance culture through effective board operations and credible and transparent information disclosure, thereby enhancing competitiveness. In the future, the company will continue to implement corporate governance to create maximum value for the company and shareholders.</p> <p>Note1: Items for assessment of the CPA’s independence for the last 2 years are shown below.</p>				

Items		Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons		
		Yes	No	Description			
	Evaluation Items				Evaluation Result	Compliant with Independence?	
	1.Does the CPA have a direct or significant/ indirect relation with the Company in financial interests?				No	Yes	
	2.Does the CPA have any financing or guarantee with the Company or its directors?				No	Yes	
	3.Does the CPA have a close business relations or potential employment relationship with the Company?				No	Yes	
	4.Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?				No	Yes	
	5.Does the CPA offer non-audit service which could impact the auditing process for the Company?				No	Yes	
	6.Does the CPA act as a broker for the shares or other securities issued by the Company?				No	Yes	
	7.Does the CPA act as the company’ s defense attorney or represent the Company to negotiate with any third party over any dispute?				No	Yes	
	8.Does the CPA have kinship with the Company’ s directors, supervisors, or officers or any post with significantly influences on the auditing work?				No	Yes	

Note2: 2023 Corporate Governance Supervisor Training Status

Institution of training	Name of the training session	Period of training		Hours of training
		Start	End	
Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Independent) and Corporate Governance Supervisors-Discussion of independent directors and audit committees using existing court cases.	2022/08/23	2022/08/23	3
Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Independent) and Corporate Governance Supervisors-Code of Integrity Operation.	2022/08/23	2022/08/23	3
Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Independent) and Corporate Governance Supervisors-How Directors and supervisors should supervise the enterprise’ s risk management and Crisis Management.	2022/10/04	2022/10/04	3
Securities and Futures Institute	Advanced Seminar on Directors and Supervisors (Independent) and Corporate Governance Supervisors-The Challenges and Opportunities on the Path to Sustainable Development and Introduction to Greenhouse Gas inventory.	2022/10/04	2022/10/04	3

(4) If the company has a compensation committee in place, the composition, duties, and operation of the remuneration committee shall be disclosed

1. Information on members of the Remuneration Committee

Identity	Name	Qualification	Professional qualifications and experience	Compliance of independence (Note)	Number of public companies where the person holds the title as a member of Remuneration Committee
Independent Director	Wei-Kuo Su (Convener)		He is a practicing lawyer in a domestic law firm with many years of experience in the field of legal practice, and is the convener of the company's compensation committee. For information on directors, please refer to p.11 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1
Independent Director	Chi-Ju Chen		He has served as the CEO of various private enterprises for many years, and has professional capabilities in business, finance and marketing, and provides good and effective advice to the board of directors and functional committees. For information on directors, please refer to p.10 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0

Independent Director	Chi-Pin Hung	He is a certified public accountant in a domestic accounting firm, and has passed the college entrance examination for accountants. He has extensive experience in the fields of industry and securities management regulations. He is the convener of the audit committee of the company and coordinates the review of various proposals. For information on directors, please refer to p.11 of this Annual Report.	An independent director who is in compliance with the criteria for independence, not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the person himself/herself, spouses or second-degree relatives; not holding shares of the Company ; not holding shares of the Company; not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship; not having received any remuneration for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	0
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Note: Compliance of the criteria for independence: Including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

2. Responsibilities of the Remuneration Committee

The Remuneration Committee shall exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors:

- (1) Regular review of Remuneration Committee foundation principles and recommendation of changes.
- (2) Establish and review regularly the annual and long-term performance targets outlined for the Company's directors and managers, and the policies, systems, standards, and structures of their remuneration.
- (3) Evaluate on a regular basis the accomplishment of performance targets by the Company's directors and managers, and determine the details and amounts of individual compensation.

3. Operation status of the Remuneration Committee

- (1) There are 3 members in the Company's Remuneration Committee.
- (2) Current Term: From Sep 6, 2021 to Aug 25, 2024. The Remuneration Committee held 2 meetings in the recent year up to the date of printing of the annual report, the qualifications and attendance of the Committee are shown as follows:

Title	Name	In-person Attendance	By Proxy	In-person Attendance Rate (%)	Remarks
Convener	Wei-Kuo Su	1	1	50%	Elected on Aug 26, 2021.
Member	Chi-Pin Hung	2	0	100%	Elected on Aug 26, 2021.
Member	Chi-Ju Chen	2	0	100%	Continue in office on Aug 26, 2021.
Other mentionable items:					
1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.					
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					
3. Discussed items and resolutions result:					
Session		Items			Resolutions
The 2 nd meeting of the 5 th session Mar 28, 2022		1.Compensation of the directors and employees in 2021. 2.Evaluate the rationality of the compensation and bonus of the manager or above in 2021.			Approved by all members.
The 3 rd meeting of the 5 th session Nov 9, 2022		1.Evaluate the rationality of the compensation of the directors, independent directors, finance and accounting supervisor, and manager or above in 2022.			Approved by all members.

(5) Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the Board of Directors and is supervised by the Board of Directors?		V	The company's management team cooperates with the promotion of sustainable development, and conducts research and development of relevant effective governance structures, including the establishment of executive units, separation of powers and responsibilities, work plan content, reporting procedures, and supervision and optimization procedures, the promotion time point will be completed steadily within the time schedule set by the competent authority.	Under development
2. Did the company assess the risk of environmental, social, and governance (ESG) issues in relation to company operations based on the materiality principles and establish policies or strategies in relation to risk management?		V	The main contents of the company's assessment are intended to be sustainable environmental issues such as water, air and carbon emissions, social responsibility and public welfare issues such as labor rights and human rights, and management and information disclosure issues.	Under development
3. Environmental issues (1) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		(1)The main contents of the company's assessment are intended to be sustainable environmental issues such as water, air and carbon emissions, social responsibility and public welfare issues such as labor rights and human rights, and management and information disclosure issues.	No Difference
(2) Is the company committed to enhancing the utilization efficiency of energy and use	V		(2) The company's documents have been paperless and electronically signed for many years,	No Difference

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
<p>renewable materials that are with low impact on the environmental?</p> <p>(3) Did the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues?</p> <p>(4) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for energy conservation, carbon reduction, GHG reduction, water conservation, and waste management?</p>	V	V	<p>effectively reducing paper waste.</p> <p>(3) In response to the high temperature office environment caused by the rise in global temperature, in addition to strengthening indoor ventilation, we also formulate internal regulations for turning on the air conditioner after reaching a certain temperature.</p> <p>(4) Up to now, the company has not calculated the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and has formulated and completed policies for greenhouse gas reduction, water consumption reduction or other waste management.</p>	<p>No Difference</p> <p>Under development</p>
<p>4. Social issues</p> <p>(1) Has the company developed related management policies and procedures in accordance with related laws and the International Bill of Human Rights?</p>	V		<p>(1) The company abides by relevant labor laws and regulations to protect the legitimate rights and interests of employees, and adopts the form of two-way communication in company policy promotion and employee management, so that employees can fully understand the company's business philosophy, and make the opinions between employees and management to be fully and effectively communicated. In protecting the rights of employees, care superior to the standards of the country's labor laws.</p>	No Difference

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(2) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	√		(2) The employee leave system is clear and complies with the provisions of the Labor Standards Law. In addition, the company encourages the arrangement of leave and promotes legitimate leisure activities; the company has established a welfare committee, which communicates through regular meetings of labor and capital committees, providing the most appropriate travel and gift voucher points. The remuneration system is negotiated by both employers and employees according to the functions and abilities of the employees, and is formulated in the company's articles of incorporation to allocate employee remuneration systems based on business performance (pre-tax net profit 1%~10%)	No Difference
(3) Does the company provide employees with a safe and healthy work environment and regular safety and health education?	√		(3) The company employs internal dedicated cleaning personnel to provide a comfortable office environment for all employees. The fire-fighting facilities pass the inspection every year and completely smoke-free to ensure group safety; until the closing date of the 2023 annual report, the company has no record of occupational accident reporting.	No Difference
(4) Has the Company established effective career development and training plans for employees?	√		(4) On the day of the new employee's registration, the human resources department will introduce the environment and conduct general education and training on the company's internal regulations, and then hand it over to the	No Difference

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(5) Did the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers or clients and procedures for grievances?	V		supervisor of the incumbent department for functional education and training. The development of employees is mainly based on the suitability of talents, and does not need to be allocated by supervisors due to gender, nationality, or sexual orientation.	No Difference
(6) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	V		(5) The company is in the electronic component industry, and its customers are mainly module and brand owners in the electronic industry. For this reason, the company has a customer service department and a business department to provide a transfer channel for exchanges and interactions. (6) If the company finds that its suppliers are involved in violations of corporate social responsibility, such as major environmental violations, legal violations, commercial credit concerns, environmental health and safety concerns, or labor environments and regulations that violate the spirit of humanity, it will consider temporarily or terminating business dealings with them.	No Difference

Promotion	Implementation			Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
5. Did the company, following internationally recognized guidelines, prepare and publish reports such as its corporate sustainability responsibility report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a thirdparty certification body?		V	The company has not yet prepared a sustainability report.	Work if needed in the future
6.If the company has established own corporate social responsibility guidelines in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please state the current Sustainable Development practice and any deviations from the “Best Practice Principles” The company has not yet prepared a sustainability report.				
7. Other important information that helps understand the implementation of sustainable development: No relevant important information this year.				

(6) Ethical Corporate Management:

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company formulate ethical corporate management policy that approved by the board of directors, and declare its policies and procedures in its guidelines and external documents, as well as the commitment from its board and top executives to implement the policies?	V		(1) The Company has established the “Integrity Operations Code” and is operated based on the honest policy.	No Difference
(2) Has the company established an evaluation mechanism to assess the unethical conducts risk, and regularly analyzes and evaluates business activities with high potential unethical conducts, and formulates a precaution plan which at least covered listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(2) The Company has outlined the rules for preventing dishonest behavior which clearly stated the operating procedure, behavior guideline, discipline for violation and appealing system. It is actively implemented.	No Difference
(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, the commitment to implement the policies, and the policy regularly?	V		(3) The Company has requested all employees to No Difference decline gifts that could cause conflict of interest. All employees are required to keep the Company’s trade secrets and others confidential.	No Difference
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(1) The Company utilizes an assessment system for its customers and suppliers. The rights and obligations of both parties are detailed in the contract, including a confidentiality clause.	No Difference

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the Board about the implementation of ethical corporate management policy and the plan against unethical conducts?		V	(2) The Company has not set up a unit for promoting corporate integrity. HR department is responsible for it and all departments also implement corporate integrity while performing their duties.	The Company will evaluate if it's necessary to set up a unit for promoting corporate integrity.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company's Human Resources and Auditing units provide the proper communication channel for individuals who intend to report incidents while keeping their identity confidential.	No Difference
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and audit the implementation of preventing unethical conduct, either by internal auditors or CPAs on a regular basis?	V		(4) The Company has set up internal audit plan. The internal auditing unit performs the audit plan accordingly.	No Difference
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company makes sure the employees have followed the honest policy in daily operation, and promote related information irregularly via emails.	No Difference
3. Operation of the integrity channel				
(1) Does the company establish both a reward punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has set up standard procedure for handling employee complaint and guidelines for ethical behavior. Employees may report any violation of honest operation via phone or email.	No Difference
(2) Does the company establish standard operating	V		(2) The Company handles the violation report	No Difference

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Description	
procedures for confidential reporting on investigating accusation cases? (3) Does the company provide proper whistleblower protection?	V		seriously with caution and confidentiality. We would review and verify with care. (3) The Company will keep the confidentiality of the prosecutor to prevent any inappropriate situation such as dismissal or retaliation.	No Difference
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has disclosed relevant information on corporate social responsibility in its annual report and on its website.	No Difference
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No Difference.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (such as review and revision of regulations): The Company has set up internal audit system and regulation to keep the honest operation. There are guidelines reference for vendor and customer communication.				

(7) If the company has adopted corporate governance best-practice principles or related by laws, disclose how these are to be searched: Please refer to the Company’s website (<https://cht.yctc.com.tw>).

(8) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

1. To manage the important internal information, the Company has set up the “Insider Trading Policy” and is known to all directors, supervisors, managers, and employees. It is also available on the Company’s internal website for reference to prevent any insider trading.
2. When a new director, manager is onboard, the latest version of the relevant laws and regulations of the insider at the general stock board listed company and emerging stock board listed company prepared by the TPEX are given. The Company will keep and related information up to date.

(9) Internal Control System Execution Status

i. Statement of Internal Control System

Yeh-Chiang Technology Corp.
Statement of Internal Control System

Date: Mar 22, 2023

Based on the findings of a self-assessment, Yeh-Chiang Technology Corp. states the following with regard to its internal control system during the year 2022:

1. The Company's board of directors and management team understand their responsibilities of developing, implementing, and maintaining the Company's internal control system is to reasonably assure the following objectives: i. The effectiveness and efficiency of business operation (including earnings, operation performance and the safeguard of company assets); ii. Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2022 has effectively assured that the following objectives have been reasonably achieved during the assessing period: i. The degree that effectiveness and efficiency of business operation; ii. The reliability of the financial and related reports; iii. The compliance of the relevant laws/regulations and company policies.
6. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 22, 2023, with none of the six attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Yeh-Chiang Technology Corp.

Chairman : Tai-Kuang Wang

signature

General Manager : Tai-Kuang Wang

signature

ii. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.: None.

(11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

i. Important resolutions made by the Shareholders' Meeting during the fiscal year of 2022.

Meeting Date	Proposal	Resolutions
Jun 15, 2022	Adoption of 2021 Business Report and Financial Statements	Approved
	Adoption of the Proposal for Distribution of 2021 Profits	Approved
	To amend the Article of Incorporation	Approved
	To amend the Regulations Governing the Acquisition and Disposal of Assets	Approved

Resolutions in 2022 Annual General Shareholder's Meeting:

1. Adoption of 2022 Business Report and Financial Statements

Resolution: Approved and acknowledgement of the 2021 business report and financial statement, of it a consolidated annual revenue of approximately 2.595 billion NTD and a consolidated net profit of approximately 230.75 million NTD after tax, with a basic earning per share of 1.29NTD.

2. Adoption of the Proposal for Distribution of 2022 Profits

Resolution: Approved and acknowledgement of the profit distribution plan for the fiscal year of 2021. 2021's undistributed earnings at the beginning of the period are approximately 234.79 million NTD. A statutory surplus of approximately 24.68 million NTD and a special surplus of approximately 4.29 million NTD were allocated. There was no dividend distribution for the fiscal year of 2021.

3. To amend the Article of Incorporation

Resolution: Approved and received registration and public approval from Ministry of Economic Affairs on Jul 11, 2022. Implemented per the shareholders' amended procedures.

4. To amend the Regulations Governing the Acquisition and Disposal of Assets

Resolution: Approved and implemented per the shareholders' amended procedures and announced on the Taiwan Stock Exchange's Market Observation Post System.

ii. Important resolutions made by the board of directors' Meeting during the fiscal year of 2022 and up to the date of printing of the annual report:

Meeting Date	Important Resolutions
2022/02/24	<ol style="list-style-type: none"> 1. The company plans for lending capital of RMB 45 million dollars to Zhongshan Weiqiang Technology Co., Ltd. 2. Change of the Company's certified accountants.
2022/03/28	<ol style="list-style-type: none"> 1. Propose the "Statement on Internal Control" of 2021 in accordance with the law. 2. The budget plan of 2022. 3. The compensation of the directors and employees in 2021. 4. Propose the business report and financial report of 2021 in accordance with the law. 5. The disposition of earnings of 2021. 6. Amendment on some provisions of the Rules and Regulations of the Company. 7. To amend the Regulations Governing the Acquisition and Disposal of Assets. 8. The Company plans for lending capital of RMB 32 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan). 9. Proposal to apply to Taipei Fubon Commercial Bank to increase credit facilities. 10. Drafting the date, place, convening means and reasons for convening the company's 2022 general meeting of shareholders, etc.
2022/05/12	<ol style="list-style-type: none"> 1. Insurance coverage on directors and supervisors for the listed company in accordance with the regulation and requested by the authority. 2. Plan to contract of credit rating with the Bank SinoPac. 3. The subsidiary VIETNAM YEH-CHIANG TECHNOLOGY CO.,LTD plans to apply to Taipei Fubon Commercial Bank for credit facilities. 4. In response to the subsidiary's application for a financial institution's financing quota, it is proposed to provide the subsidiary's endorsement guarantee case. 5. Case B of the proposed capital increase of the Vietnam subsidiary VIETNAM YEH-CHIANG TECHNOLOGY CO.,LTD (hereinafter referred to as VIETNAM YEH-CHIANG). 6. In response to the requirements of the Financial Supervisory Commission's "Sustainable Development Roadmap for Listed Companies", it is proposed to arrange a timetable for greenhouse gas inventory and verification for our company and group subsidiaries. Plan will be submitted to the board of directors for approval in accordance with the regulations and its progress report on a quarterly basis.
2022/05/23	<ol style="list-style-type: none"> 1. The company plans for lending capital of USD 3 million dollars to VIETNAM YEH-CHIANG TECHNOLOGY CO.,LTD 2. The company plans for lending capital of RMB 60 million dollars to Zhongshan Weiqiang Technology Co., Ltd.
2022/08/11	<ol style="list-style-type: none"> 1. The Company plans to reduce lending capital of RMB 20 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan). 2. The company plans for lending capital of RMB 25 million dollars to Ye County Weiqiang Technology Co., Ltd. 3. The company plans for lending capital of RMB 27.5 million dollars to Zhongshan Weiqiang Technology Co., Ltd.
2022/11/09	<ol style="list-style-type: none"> 1. Annual internal audit plan of 2023. 2. Evaluation of the independence of the Accounts of the Company. 3. Plan to renew the contract of short-term comprehensive credit rating with the China Trust Commercial Bank. 4. Plan to renew the contract of credit rating with the Taipei Fu Bon Commercial Bank. 5. Plan to renew the contract of credit rating with the Bank SinoPac. 6. The company plans for lending capital of RMB 30 million dollars to Zhongshan Weiqiang Technology Co., Ltd. 7. Establish 「internal major information processing procedure」
2023/03/22	<ol style="list-style-type: none"> 1. Propose the "Statement on Internal Control" of 2022 in accordance with the law. 2. The budget plan of 2023.

	<p>3. The compensation of the directors, supervisors, and employees in 2022.</p> <p>4. Propose the business report and financial report of 2022 in accordance with the law.</p> <p>5. The disposition of earnings of 2022.</p> <p>6. Proposal to amend part of the company's management measures.</p> <p>7. The Company plans for lending capital of RMB 10 million dollars to Yeh-Chiang Technology Corp. (Pingdingshan).</p> <p>8. The company plans for lending capital of RMB 60 million dollars to Zhongshan Weiqiang Technology Co., Ltd.</p> <p>9. By-election and nomination of directors (including independent directors) candidates.</p> <p>10. The company plans to establish general principles for pre-approval of non-assurance service policy.</p> <p>11. Drafting the date, place, convening means and reasons for convening the company's 2023 general meeting of shareholders, etc.</p>
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(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None.

5. Information on the professional fees of the attesting CPAs (external auditors):

- (1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A
- (2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: N/A

Currency: Thousand

Name of CPA Firm	Name of the Accountant	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
KMPG	Jun-Yuan Wu	2022.1.1~2022.12.31	2,155	890	3,045	
	Yen-Hui Chen					

Note 1 : Non-Audit Fee 890 thousand dollars is for tax certification report, transfer pricing report and English financial report.

6. Information on replacement of certified public accountant: None.

7. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates: None.

8. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Changes of directors, managers or shareholders holding greater than a 10 percent stake in the company:

Title	Name	2022		Current year up to Apr 16, 2023	
		Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease
Chairman	Rayman Inc. Samoa	-	-	-	-
	Representative: Tai-Kuang Wang	-	-	-	-
Directors	Rayman Inc. Samoa	-	-	-	-
	Representative: Chung-Hua Chen	-	-	-	-
Directors	Rayman Inc. Samoa	-	-	-	-
	Representative: Shu-Lung Chung	-	-	-	-
Directors	Weichiang Ltd. Samoa	-	-	-	-
	Representative: Chen-Ting Wu(Note 1)	-	-	-	-
Directors	Weichiang Ltd. Samoa	-	-	-	-
	Representative: Chun-Ya Chen(Note 1)	-	-	-	-
Independent directors	Chi-Ju Chen	-	-	-	-
Independent directors	Chi-Pin Hung	-	-	-	-
Independent directors	Wei-Kuo Su	-	-	-	-
CEO	Tai-Kuang Wang	-	-	-	-
General Manager	Tai-Kuang Wang	-	-	-	-
Vice General Manager	Min-Ho Lee	-	-	-	-
Vice General Manager	Shu-Lung Chung	-	-	-	-
Assisting General Manager	Yi-Hua Lin	-	-	-	-
Assisting General Manager	Hong-Jie Chen	-	-	-	-
Assisting General Manager	Yu-Nan Lin	-	-	-	-
Finance Accounting Supervisor	Ya-Chu Chiu	-	-	-	-
10% Major Shareholder	Rayman Inc. Samoa	-	-	-	-
	Feng Li Investing Corp.	-	-	-	-
	Hitech Holdings Ltd.	-	-	-	-

Note 1: The representative of Weichiang Ltd. Samoa has changed from Ms. Chen-Ting Wu to Mr. Chun-Ya Chen on Jun 22,2022.

(2) Information on equity transfer of directors, managers or shareholders holding greater than a 10 percent stake in the company: The counterparties of equity transfer are not related parties: N/A

(3) Information on equity pledge of directors, managers or shareholders holding greater than a 10 percent stake in the company: The counterparties of equity transfer are not related parties: N/A

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

NAME	SHAREHOLDING		SPOUSE & MINOR CURRENT SHAREHOLDING		CURRENT SHAREHOLDING IN THE NAME OF OTHERS		RELATIONSHIPS AMONG THE TOP TEN SHAREHOLDERS, ANYONE WHO IS A RELATED PARTY, SPOUSE, OR SECOND-DEGREE KINSHIP OF ANOTHER: NAME AND RELATION		REMARKS
	Shares	%	Shares	%	Shares	%	Name	Relation	
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)	19,141,784	10.49%	0	0.00%	0	0.00%	None	None	
Feng Lei Investing Co. Ltd.	18,904,000	10.36%	0	0.00%	0	0.00%	None	None	
Feng Lei Investing Co. Ltd. Representative: Yu-Hua Chen	0	0.00%	0	0.00%	0	0.00%	None	None	
Taipei Fubon Commercial Bank entrusted investing account (Hai-De Share Control Inc.)	18,321,000	10.04%	0	0.00%	0	0.00%	None	None	
Advance Program Ltd.	17,945,181	9.83%	0	0.00%	0	0.00%	None	None	
Advance Program Ltd. Representative: Hui Tseng	1,060,000	0.58%	0	0.00%	0	0.00%	Wan-Chung Tseng	The representative is a second-degree relative	
Supercap Industrial Co., Ltd.	17,056,602	9.35%	0	0.00%	0	0.00%	None	None	
Supercap Industrial Co., Ltd. Representative: Wan-Chung Tseng	0	0.00%	0	0.00%	0	0.00%	Hui Tseng	The representative is a second-degree relative	
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)	16,181,000	8.87%	0	0.00%	0	0.00%	None	None	
Bellevuecity Construction Co., Ltd.	15,677,236	8.59%	0	0.00%	0	0.00%	None	None	
Bellevuecity Construction Co., Ltd. Representative: Tai-Kuang Wang	0	0.00%	0	0.00%	0	0.00%	None	None	
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd.)	15,281,493	8.37%	0	0.00%	0	0.00%	None	None	
Investment Account of Wei Dan Co. Ltd.	12,142,000	6.65%	0	0.00%	0	0.00%	None	None	
Investment Account of Wei Dan Co. Ltd. Representative: Wan-Chung Tseng	0	0.00%	0	0.00%	0	0.00%	Hui Tseng	The representative is a second-degree relative	
Investment Account of Summer Horizon Co. Ltd.	9,751,000	5.34%	0	0.00%	0	0.00%	None	None	
Investment Account of Summer Horizon Co. Ltd. Representative: Wan-Chung Tseng	0	0.00%	0	0.00%	0	0.00%	Hui Tseng	The representative is a second-degree relative	

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managers, and any companies controlled either directly or indirectly by the company:

Dec 31, 2022; Unit: thousand shares; %

Name of the re-investment company	Name of the investing company	Shareholding		Investment of directors, managers and directly or indirectly controlled companies		Comprehensive Investment		Remarks
		Shares	%	Shares	%	Shares	%	
YCTSC	The Company	2,219	100.00%	-	-	2,219	100.00%	
YCTBC	The Company	2,406	100.00%	-	-	2,406	100.00%	
Yuh Cheng Materials Co., Ltd.	The Company	13,678	81.80%	-	-	13,678	81.80%	
Excel Rainbow Ltd.	The Company	2,155	100.00%	-	-	2,155	100.00%	
Tai-chou	The Company	17,611	100.00%	-	-	17,611	100.00%	
Jin-lien	The Company	2,773	60.29%	-	-	2,773	60.29%	
Taiwan New Thermal System Co., Ltd.	The Company	5,448	99.06%	-	-	5,448	99.06%	
Quaser Machine	The Company	12,434	22.66%	-	-	12,434	22.66%	
Vietnam Yeh Chiang	The Company	-	100.00%	-	-	-	100.00%	
YCTCC	YCTSC	1,244	100.00%	-	-	1,244	100.00%	
YCTYXCC	YCTSC	900	100.00%	-	-	900	100.00%	
Zhongshan Weiqiang Technology Co., Ltd.	YCTCC	-	100.00%	-	-	-	100.00%	
Zhuhai Weiqiang Technology Co., Ltd.	YCTCC	-	100.00%	-	-	-	100.00%	
Yeh-Chiang Technology Corp. (Pingdingshan)	YCTCC	-	100.00%	-	-	-	100.00%	
Ye County Weiqiang	YCTYXCC	-	100.00%	-	-	-	100.00%	

IV. CAPITAL RAISING ACTIVITIES

1. CAPITAL AND SHARES

(1) Source of capital stock

1. The formation of capital

Month/ Year	Par Value (dollars)	Authorized capital stock		Paid-in capital		Remarks			
		Shares (thousand)	Amount (thousand dollars)	Shares (thousand)	Amount (thousand dollars)	Source of capital (thousand dollars)	Capital Others Increased by Assets Other Than Cash	Other rs	Effective (approval) date and document number
Dec 1994	10.00	20,000	200,000	20,000	200,000	—	—		Dec 23, 1994/Approval Letter No. MOEA118122
Jul 1996	16.67	40,000	400,000	26,000	260,000	Capital increase 60,000 by cash	—		Jun 25, 1996/Approval Letter No. TSE36976
Jul 1997	35.00	40,000	400,000	30,000	300,000	Capital increase 40,000 by cash	—		Jun 17, 1997/Approval Letter No. TSE48376
Sep 1999	10.00	60,000	600,000	45,000	450,000	Capital increase 150,000 by cash	—		Jun 22, 1999/Approval Letter No. TSE57139
Apr 2000	15.00	60,000	600,000	53,000	530,000	Capital increase 80,000 by cash	—		Mar 30, 2000/Approval Letter No. TSE28061
Oct 2000	55.00	100,000	1,000,000	73,000	730,000	Capital increase 200,000 by cash	—		Aug 29, 2000/Approval Letter No. TSE72858
Jun 2001	10.00	100,000	1,000,000	83,401	834,014	Capital increase 104,014 by earnings, additional paid in, and employee bonus	—		Jun 22, 2001/Approval Letter No. TSE140290
Aug 2004	10.00	150,000	1,500,000	92,558	925,583	Capital increase 9,1569 by earnings, additional paid in, and employee bonus	—		Aug 19, 2004/Approval Letter No. FSC0930136827
Jul 2005	10.00	150,000	1,500,000	102,848	1,028,475	Capital increase 102,892 by earnings, additional paid in, and employee bonus	—		Jul 6, 2005/Approval Letter No. FSC0940127237
Sep 2005	45.00	150,000	1,500,000	112,848	1,128,475	Capital increase 100,000 by cash	—		Sept 14, 2005/Approval Letter No. FSC0940137204
Feb 2006	20.84	150,000	1,500,000	114,183	1,141,825	Transfer at the 4 th quarter of 2005 by employee stock warrants for 13,350	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Feb 6, 2006/Approval Letter No. MOEA09501020470
Jun 2006	20.84	150,000	1,500,000	114,595	1,145,945	Transfer at the 1 st quarter of 2006 by employee stock warrants for 4,120	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Jun 27, 2006/MOEA09501125730
Oct 2006	20.84	200,000	2,000,000	141,364	1,413,641	Capital increase 267,586 by earnings and employee bonus and transfer at the 2 nd quarter of 2006 by employee stock warrants for 100	—		Jul 27, 2006/Approval Letter No. FSC0950133036 and Sept 29, 2003/Approval Letter No. TSE0920146099. Oct 4, 2006/ Approval Letter No. MOEA09501225900 approved to change registration.
Jan 2007	16.90	200,000	2,000,000	141,731	1,417,311	Transfer at the 3 th -4 th quarter of 2006 by employee stock warrants for 3,670	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Jan 18, 2007/Approval Letter No. MOEA09601014760

Month/ Year	Par Value (dollars)	Authorized capital stock		Paid-in capital		Remarks			
		Shares (thousand)	Amount (thousand dollars)	Shares (thousand)	Amount (thousand dollars)	Source of capital (thousand dollars)	Capital Others Increased by Assets Other Than Cash	Other rs	Effective (approval) date and document number
Mar 2007	16.9	200,000	2,000,000	141,736	1,417,361	Transfer at the 1 st quarter of 2007 by employee stock warrants for 50	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Apr 14, 2007/Approval Letter No. 09601076470
Jul 2007	10	260,000	2,600,000	172,693	1,726,927	Capital increase 309,566 by earnings, additional paid in, and employee bonus	—		Jul 5, 2007/Approval Letter No. FSC0960034345 and Aug 16, 2007/Approval Letter No. MOEA09601197420
Jul 2007	16.9	260,000	2,600,000	172,800	1,727,998	Transfer at the 2 nd quarter of 2007 by employee stock warrants for 1,070	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Aug 16, 2007/Approval Letter No. MOEA09601197420
Oct 2007	16.9	260,000	2,600,000	172,819	1,728,188	Transfer at the 3 rd quarter of 2007 by employee stock warrants for 1,900	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Nov 16, 2007/Approval Letter No. 09601283490
Mar 2007	16.9	260,000	2,600,000	173,124	1,731,238	Transfer at the 4 th quarter of 2007 by employee stock warrants for 3,050	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Apr 7, 2008/Approval Letter No. MOEA09701079630
Apr 2008	16.9	260,000	2,600,000	173,187	1,731,868	Transfer at the 1 st quarter of 2008 by employee stock warrants for 630	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and May 12, 2008/Approval Letter No. MOEA09701109930
Sep 2008	10	260,000	2,600,000	192,473	1,924,729	Capital increase 192,862 by earnings and employee bonus	—		Jul 7, 2008/Approval Letter No. FSC0970033807 and Sept 2, 2008/Approval Letter No. MOEA09701223180
Sep 2008	13.87	260,000	2,600,000	192,480	1,924,800	Transfer at the 2 nd quarter of 2008 by employee stock warrants for 70	—		Sept 29, 2003/Approval Letter No. TSE0920146099 and Sept 2, 2008/Approval Letter No. MOEA09701223180
Jan 2011	10	260,000	2,600,000	182,480	1,824,800	Write-off treasury shares 100,000	—		Jan 19, 2011/Approval Letter No. MOEA10001013850

Unit: share

Type of Stock	Authorized Capital			Remarks
	Issued Shares (listed)	Un-issued Shares	Total	
Common Stock	182,479,945	77,520,055	260,000,000	

2. General information about the reporting system: None

(2) Shareholder structure

Date: Apr 16, 2023

Shareholder Structure Quantity	Government Institutions	Financial Institutions	Other Juridical Persons	Foreign Institutions and Foreign Persons	Domestic Natural Persons	Total
Number of Shareholders	1	1	20	13	6,520	6,555
Shareholding	127	5,000	80,133,673	90,964,280	11,376,865	182,479,945
Holding Percentage (%)	0	0	43.91	49.85	6.24	100

(3) Diffusion of ownership

1. Common Stock

Apr 16, 2023

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%)
1 ~ 999	4,606	664,319	0.36%
1,000 ~ 5,000	1,608	2,750,822	1.51%
5,001 ~ 10,000	186	1,389,118	0.76%
10,001 ~ 15,000	48	595,426	0.33%
15,001 ~ 20,000	26	459,672	0.25%
20,001 ~ 30,000	24	584,495	0.32%
30,001 ~ 40,000	13	471,503	0.26%
40,001 ~ 50,000	8	375,401	0.21%
50,001 ~ 100,000	16	1,136,507	0.62%
100,001 ~ 200,000	4	530,669	0.29%
200,001 ~ 400,000	0	0	0%
400,001 ~ 600,000	0	0	0%
600,001 ~ 800,000	0	0	0%
800,001 ~ 1,000,000	0	0	0%
Over 1,000,001	16	173,522,013	95.09%
Total	6,555	182,479,945	100.00%

2. Preferred Share: None.

(4) Major Shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

Apr 16, 2023

Name of Major Shareholders	Shares	Shareholding	Percentage (%)
Taipei Fubon Commercial Bank entrusted investing account (Rayman Inc. Samoa)		19,141,784	10.49%
Feng Lei Investing Co. Ltd.		18,904,000	10.36%
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	9.35%
Taipei Fubon Commercial Bank entrusted investing account (Kao-Wei Investing Inc.)		16,181,000	8.87%
Bellevuecity Construction Co., Ltd.		15,677,236	8.59%
Taipei Fubon Commercial Bank entrusted investing account (Weichiang Ltd. Samoa)		15,281,493	8.37%
Investment Account of Wei Dan Co. Ltd.		12,142,000	6.65%
Investment Account of Summer Horizon Co. Ltd.		9,751,000	5.34%

(5) Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Item \ Year		2021	2022	Current Year to Mar 31, 2023
Market Price Per Share (Note1)	Highest	31.30	34.80	30.95
	Lowest	23.40	21.95	25.15
	Average	27.52	25.87	26.60
Net Worth Per Share (Note2)	Before distribution	18.81	19.44	19.52
	After distribution	18.81	19.44	19.52
Earnings Per Share	Weighted average shares (thousand shares)		182,480	182,480
	Earnings Per Share	Before Adjustment	1.29	0.46
		After Adjustment (Note 3)	1.28	0.46
Dividend Per Share	Cash Dividend		-	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-
		Stock Dividends Appropriated from capital surplus	-	-
	Accumulated Undistributed Dividends (Note4)		-	-
Return on Investment	P/E ratio (Note5)		21	56
	Price-dividend ratio (Note6)		-	-
	Cash dividend yield (Note7)		-	-

* If there is a surplus or capital reserve to increase the share, it shall disclose the market price and cash dividend adjusted based on the number of shares.

Note 1 : List the highest and the lowest market prices of the general stock in every year. Calculate the average market price for each year by the annual turnover and volume.

Note 2 : Please use the number of share issued at the end of the year and fill in by the resolution of the board of directors or shareholders' meeting next year.

Note 3 : If an adjustment is made due to stock grants, the earnings per share before and after the adjustment shall be listed.

Note 4 : In the condition term of the equity securities, if the undistributed dividend of the year may be accumulated until the year with earnings, the unpaid dividend accumulated as of the end of each year shall be disclosed.

Note 5 : P/E ratio = current year average closing price per share / earnings per share.

Note 6 : Price-dividend ratio= current year average closing price per share / cash dividend per share.

Note 7 : Cash dividend yield= cash dividend per share/ current year average closing price per share.

(6) Company's dividend policy and implementation thereof

1. Dividend Policy:

The current policy of the Company regarding to the dividends is as follow:

- (1) If there is a surplus in the final accounts of the Company, 10 percent to 1 percent shall be reserved as employee compensation and no more than 2 percent for directors' compensation. A reserve is allotted to be used for making up for the accumulated losses. As for the employee compensation mentioned previously, the issuance of the object contains a certain condition for the subsidiary employees.
- (2) If there is a surplus in the final accounts of the Company, the tax shall be paid to make up for the losses first, and second, 10 percent shall be reserved as statutory surplus reserve, but this is no longer necessary when the statutory surplus reserve has reached the total amount of capital of the Company, and in accordance with the law and the competent authorities, the special surplus reserve shall be increased or rotated. A special surplus is reserved for operation need or regulation requirement. If there is still a surplus, the Board of Directors will combine with the undistributed surplus and propose a distribution plan for shareholders' resolution.
- (3) The dividend policy is in accordance with the Company's regulation. It will be adjusted based on the changes in the Company's capital, financial structure, operation status, surplus, industry nature and cycle. The cash dividend will be under 50% of the total dividend of the year.

2. Distribution of stock dividends at the Shareholders' Meeting: None.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None (No planning to distribute stock in this Shareholders' meeting.)

(8) Employee Bonus and Compensation of directors

1. Ratio or scope of compensation for employees, and directors, as set forth in the Company's Articles of Incorporation:

If there is surplus in the final accounts of the Company, a reserve is allotted to be used for making up for the accumulated losses. After paying taxes, 10 percent will be allotted as legal reserve. If there is a balance, 2 percent or less will be distributed as directors compensation and 10 percent to 1 percent as employee bonus. For the rest of the surplus, the board of directors will reserve a proper amount after reviewing the operation needs. Together with the retained earnings in the previous years, the board will propose an amount for shareholder bonus for a resolution in the Shareholders' meeting.

2. The estimated amount of employee bonus and compensation for directors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy between the actual distributed amount of employee stock dividend and estimated figure:

The calculation basis of the 2021 employee bonus and compensation for directors is allocating 10% of the legal reserved surplus on net profit, then allocate 2% or less for compensation for directors and 10% to 1% for employee bonus. The calculation basis of the stock dividend is closing price on the day before the shareholders' meeting and considerate the effects of ex-Right and Ex-Dividends. If the actual allocating amount is different from the estimated amount, it will be treated as accounting estimated change and recognized in the profit or loss next year.

3. Information on the amount of employee bonus

- (1) The employee bonus (in cash or stock) and compensation of directors is distributed in the form of cash dividend or stock dividend. If there is any discrepancy between the actual distributed amount and figure, the difference, reason and response should be disclosed:

Unit: NT\$

State \ Item	Employee bonus in cash	Employee bonus in stock	Compensation of directors
Distribution amount proposed by the Board of directors	2,340,004	-	-
Annual estimated amount	2,340,004	-	-
The difference	-	-	-
Reason and handling state	Not applicable	Not applicable	Not applicable

- (2) The amount of employee stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: Not applicable because no employee stock dividend will be distributed in this shareholders' meeting.

- (3) The earnings per share after allocating the employee bonus and compensation for directors: Not applicable because allocating the employee bonus and compensation for directors are paid in expenses.

4. The actual distribution of employee bonus and compensation for directors and supervisors in 2021:

State \ Item	Employee bonus in cash	Employee bonus in stock	Compensation of directors and supervisors
Actual distribution	0	-	0
Annual estimated amount	2,782,494	-	0
The difference	2,782,494	-	0
Reason and handling state	Undistributed employee cash bonus listed in other current liabilities	Not applicable	Not applicable

- (9) Share repurchases: None
- (10) Corporate bonds, preferred shares, global depository receipts: None
- (11) Employee stock warrants: None
- (12) New restricted employee shares: None
- (13) Status of new shares issuance in connection with mergers and acquisitions : None

2. The Status of Implementation of Capital Allocation Plans:

- (1) Content of the plan
 - Previously issued or privately issued securities that are not completed or completed in 3 years but does not have an evidence in efficiency.: None.
- (2) Execution state: None

V. Operational Highlights

1. Business Activities

1. Scopes of the business

i. The main operational categories of the Company:

The Company is a manufacturer of professional information electronics parts. The main business scopes are as follow:

- (1)CC01080 Electronic Parts and Components Manufacturing
- (2)CB01010 Machinery and Equipment Manufacturing
- (3)F401010 International Trade
- (4)CC01990 Electrical Machinery, Supplies Manufacturing
- (5)CC01040 Lighting Facilities Manufacturing
- (6)E603090 Illumination Equipment Construction
- (7)F113020 Wholesale of Household Appliance
- (8)F213010 Retail Sale of Household Appliance
- (9)IG03010 Energy Technical Services
- (10)F119010 Wholesale of Electronic Materials
- (11)F219010 Retail Sale of Electronic Materials
- (12)E603080 Traffic Signals Construction
- (13)EZ05010 Apparatus Installation Construction
- (14)F113030 Wholesale of Precision Instruments
- (15)F113090 Wholesale of Traffic Signal Equipment and Materials
- (16)F113110 Wholesale of Batteries
- (17)F114030 Wholesale of Motor Vehicle Parts and Supplies
- (18)F213090 Retail Sale of Traffic Signal Equipment and Materials
- (19)F214030 Retail Sale of Motor Vehicle Parts and Supplies
- (20)F213040 Retail Sale of Precision Instruments
- (21)ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

ii. Sales proportion

Unit: NT\$ thousand

Product \ Year	2022		2021	
	Sales	%	Sales	%
Heat pipe (Note)	1,826,828	87.30	2,273,562	88.83
Lighting (LED)	265,659	12.70	286,005	11.17
Total	2,092,487	100.00	2,559,567	100.00

Note : Heat pipe product includes vapor chamber.

iii. Current product

Main product	Function
Heat Pipe	Heat dissipation for 3C technology products, LED lamps, car light and batteries.
Vapor Chamber	Heat dissipation for high power products such as server and display card.
Ultrathin Heat Pipe	Heat dissipation for smartphone, tablets and notebooks.
PWS Vapor Chamber	Heat dissipation for smartphone, tablets and notebooks.
Heat Dissipation Module	Heat dissipation module for non-notebook products such as industrial computer and projector.
Two-Phase Thermal Syphon	Special working temperature needs such as frozen medical and large LCD.
Four Seasons Vapor Chamber	Industrial computer, new energy vehicle battery packs.
High Power Cryo Pump (3D VC)	Industrial computer, IGBT chips.

iv. New product development projects

- (1) Apply heat pipe on cellphone heat dissipation and break the thickness limit to 0.35mm.
- (2) Develop traditional and ultrathin vapor chambers to break the thickness limit to 0.2mm. It is mainly applied on the demand of display card, cellphone heat dissipation markets and other consumer electronics needs.
- (3) Plans for heat pipe performance improvement and refined automation process for massive production equipment by specific re-developing new process to meet the demand of smaller and lighter products in the future. It will improve the precision on every process equipment and therefore enhance the product quality and lower the cost effectively.
- (4) Two-phase product is conducted by using two different mediums (Freon kind) and applied on LCD, frozen medical and new energy vehicles.
- (5) Complete heat pipe application demand in new industry including power generation ,car, home appliance, drone, and VR equipment.
- (6) Complete market promotion of the products in new areas, which are applicable for the new energy vehicle battery packs and IGBT chips.

2. Industry Overview:

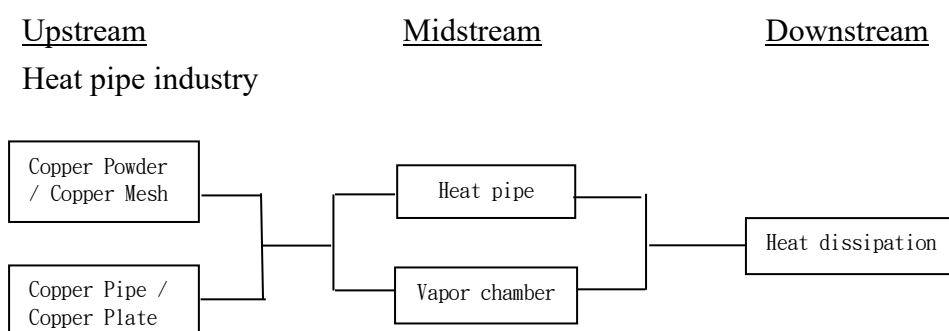
1. Current status and development of the industry

Looking back at the market of 2022, the pandemic has caused an overall decline in demand for the heat dissipation market. Brand owners, system factories and module manufacturers are all affected. The decrease in demand from companies downstream will affect the actual order quantity and output of companies upstream. Although the industry is certainly impacted, however, it is necessary to continue to develop market demand for 5G application, PC, NB, smartphones, gaming devices and consumer Electronics. Currently, most brand owners require lighter, thinner and higher power consumption products such as tablets, laptop or foldable phones. These products are

more portable than desktop computers and are small, easy-to-carry personal computers. Additionally, the market for notebook and laptop has entered its matured stage so it is important for Yeh-Chiang Technology Corporation to establish further communications with brand owners, understanding their ideas and needs, even participate in design with them. The module manufacturers are now gradually shifting their production scale from notebook to other products with higher gross profit such as server, display card, console, Netcom, smartphone, and other energy industry. Yeh-Chiang Technology Corporation needs to focus on advancing its research on copper powder on the basis of its heat pipe development, increasing its heat dissipation capability and improve its efficiency in order to meet customer demands. In addition, the company needs to further extent its product line to include other new product such as vapor chamber and ultra-thin vapor chamber to increase product diversification and competitiveness. Expansion of research and development, alongside cooperation with emerging markets such as e-sports, VR,AR, cloud computing, metaverse and server markets to grow further business.

The application market for new energy battery cooling requires continuous attention. New energy vehicles refer to vehicles that use unconventional vehicle fuels as power sources, combining the vehicle's advanced technology in power control and driving to form a technically advanced automobile with new technology and new structures. In recent years, thanks to continuous policy support, automobile companies have gradually increased their investment in new energy. Its technological level and product performance on new energy vehicles have been significantly improved. China's production and sales scale has ranked first in the world for six consecutive years. As Data of 2021 shown, China's production of new energy vehicles was 3.545 million units, and sales were 3.521 million units. In 2022, China's production of new energy vehicles exceeded 7 million units, with sales of 6.88 million units, ranking first in the world. In this context, it is necessary for Yeh-Chiang to prepare for the market of new energy battery cooling.

2. Industry relevance of upstream, midstream and downstream companies



3. Various product development trends

According to the report "Analysis of Current Development Status and Investment Prospect of China's Heat Sink Industry (2022-2029)", heat sinks are an indispensable and important component of electronic components, and their market demand has always been relatively stable. In recent years, with the continuous technological innovation and faster product upgrades of power electronic components, the heat sink industry has continuously innovated and upgraded its heat dissipation materials, medium, structure, and process in order to meet market demand. Currently, the heat sink industry has started to focus on brand building, entering the stage of brand

competition. With the trend of market demand for quality development of heat sink components, the heat sink industry is gradually transitioning towards the direction of energy-saving, environmentally friendly, efficient, aesthetically pleasing, and lightweight development.

(1) Domestic Procurement will become a trend.

Currently, on high-end thermal conductive and heat dissipation field, developed countries and Taiwanese Manufacturers still occupy a relatively advantageous position. With the rise of global trade protectionism, trade measures such as the embargo and tariff barriers on related core materials have increased the supply chain risks for domestic electronic brands. Therefore, due to considerations of supply chain security, domestic procurement will become a trend for domestic electronic industry brand. Against the backdrop of the continuous increase in the global market share of domestic terminal brands, upstream supply chain companies are expected to continue to benefit.

(2) The penetration rate of heat pipe and vapor chamber continue to increase.

With the continuous advancement of 5G construction, 5G cell sites and servers will bear significant data processing and data transfer demands. The increase in power consumption has made the heat dissipation problem particularly prominent. At the same time, with the trend of electronic end products becoming lighter, thinner, and more multifunctional, the heat generation and heat dissipation requirements of various electronic products have also significantly increased. Currently, the penetration rate of heat pipes and vapor chambers with excellent thermal conductivity is continuously increasing in various electronic end products such as 5G communication devices, servers, smartphones, laptops, projectors, etc. In the future, the expansion of relevant market space is expected to continue.

(3) Product performance and process accuracy continue to improve

As electronic products become increasingly lightweight, the internal space of products gets smaller and the integration of internal components gets higher. Thermal and heat-dissipating materials or components need to achieve even better efficient thermal and heat-dissipating functions in a narrow physical space. This requires continuous advancement on the existing manufacture technology, which in turn develop higher-performance and higher-precision heat-dissipating products.

4. Product competition

The competition status on the heat pipe product: The Company and the module manufacturers are competitive-cooperative to make up the production capacity and technical deficiencies of the manufacturers.

Heat plate products and module manufacturers are in a competitive relationship. It requires communication and approval with brands, designated by brand to use Yeh-Chiang's products, and deliver to large assembly factories.

3. Technology and R & D Overview

The R&D expense of the Company in 2022 was NT 31,967 thousand dollars. The R&D result is as follow:

1. Analyzed raw materials like copper pipe, copper powder and metal braids to makes up the best composition of raw materials to improve product performance and competitiveness.
2. Development 7.5*0.25mm, 7.5*0.5mm, 7.8*0.5mm and 3*0.3mm pipes, which can reduce outsourcing requests and reduce costs.

3. Development of ultra-thin hot plate with a thickness of under 0.35mm vein VC, using PWS copper powder printing as a capillary structure. Some specifications have been put into mass production. It was mainly applied in cell phones and tablet.
4. Development of loop-typed thin VC, using PWS copper powder printing as a capillary structure(one print and welding). The development of samples has been completed. It was mainly applied in cell phones and tablet.
5. 14 patents have been applied for this year, among which 12 new patents have been authorized, the details are as follows:
 - 5.1 Heat pipe structure (Patent No:202220304174.7)
 - 5.2 Vapor chamber (Patent No:202220304175.1)
 - 5.3 Vapor chamber (Patent No:202220304326.3)
 - 5.4 Mold and molding equipment for automatic bending and flattening integrated molding equipment (Patent No:202221199234.X)
 - 5.5 Identify heat pipe positioning (Patent No:202221195758.1)
 - 5.6 Loop vapor chamber (Patent No:202221198532.7)
 - 5.7 Veined thin vapor chamber (Patent No:202221199304.1)
 - 5.8 Welding device for shrinking end of heat pipe (Patent No:20222308981.9)
 - 5.9 Automatic pipe threading welding equipment (Patent No:202223247776)
 - 5.10 A heat pipe degassing and length fixing device (Patent No:20222282065.2)
 - 5.11 Cut-off device for shrinking end of the heat pipe (Patent No:20222266949.9)
 - 5.12 Heat pipe pressing mold (Patent No:20222270980.X)
6. Developed heat pipe automatic shrink cutting welding three-in-one (hose shrinking, cutting head, spot welding), which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
7. Develop the production equipment of pre-process diffusion welding machine (press water inlet, pre-spot welding, welding, tailpipe, injection tube welding, vacuum leak detection) for thin hot plates to improve the production yield and efficiency of thin hot plate, and effectively reduce manpower and costs.
8. Develop automatic flatness detection equipment for thin hot plates to improve the production yield and efficiency of thin hot plate, and effectively reduce manpower and costs.
9. Developed of thin hot plate automatic feeding mechanism (PWS degumming and sintering process)to improve both the production yield and efficiency of thin hot plates, and effectively reduce manpower and costs.
10. Developed heat pipes and spreader applied in the emerging applications like automotive, home appliances, drones, VR equipment as well as applications operating in the high- or low-temperature environment.

The Company has continually enhanced its research and development capabilities and recruited R&D professionals. The future research and development focus is still on the improvement and enhancement of existing heat pipe products and production process and equipment of thin heat spreader as well as the development of dispersion products lighter and thinner in respond to the market demands.

4. Long and short-term business development plans

1. Short-term business development plan

- (1) Expand the sales team, customer, actively expand the customer base, contact and learn from brand customers, and strengthen product applicability. We will focus on cellphone, server, eSports, communication product, new energy and chips this year.
- (2) Actively develop new niche product type and automation process technology to strengthen the competitive niche.
- (3) Expand the supply in global heat conductivity and take 50% of the global market share.

2. Long-term business development plan

- (1) Create the best marketing team and make global sales of element and module to meet the ultimate goal of being the leader in global market.
- (2) Improve the performance of existing material, enhance heat pipe efficiency, develop new manufacture processes, actively participate in industry exhibitions, introduce new technologies and expand new product's development and equipment scale. Bring the production of heat pipe to the level of international large factories standard.
- (3) Plan for oversea production location and expand work division globally. It would reach the goal of source supply, increase operation efficiency, lower production cost, and refine product quality.
- (4) Combine technology and humanity to protect global environment, while developing product of energy saving and zero pollution is the duty of a global citizen.
- (5) Gather the best corporate culture and talent to get hold on the future and create the goal for sustainability.

2. Market and Sales Overview

(1) Market analysis

1. Market share

The main sales product of Yeh-Chiang is heat pipe and Vapor Chamber for PC, communication related product and for consumer electronics use. The total shipment of heat pipe in 2022 was 67 million. The total shipment of Vapor Chamber in 2022 was 51 ten thousand.

2. Market supply and demand situation and future growth

A. Ultrathin heat pipe for cellphone

Heat dissipation in cellphone, eSports console, server, and display card are the main focus in the market this year. Order in these types of products will increase dramatically.

The new fields of heat dissipation are battery for automobile, drone, VR, equipment, digital TV box and Metaverse. They all need heat pipe or vapor chamber to solve the problem of heat. We are the experts in heat dissipation in electronic products and will provide the best solution in new application.

B. Ultrathin vapor chamber for cellphone

Production equipment and professional are set since the ultrathin vapor chamber career division was established. Establishing sales department in order to expand heat plate businesses. Collaborated directly with brand terminal and developed a new ultra-thin PWS manufacture process VC, completing brand production orders. Conduct pre-research for multiple brand projects simultaneously and continue to invest in research and development and expand production capacity according to actual market demand.

C. Car heat radiation application

With the quickening development of electric cars, the market for car heat radiation related products has a lot of development potential. The IATF16949 car electric safety certification has been completed and is expected to begin operations in 2023, Mass production starts from 2024. With the broad prospect for heat dissipation industry, a long-term business performance is expected.

D. IGBT chip and integrated system cooling

The R&D department is actively developing a new heat dissipation product (3D VC). Our plan is to use it in chip packaging heat dissipation, we'll also make contact with chip manufacturers. We look forward to its future development.

3. Competitive niche, favorable development prospects, unfavorable factors and countermeasures

(1) Favorable factors

A. Advantage of technology integration that is industry-leading

We are equipped with overall technology integration ability. We develop our own production from basis material, process, production line design, to assembly equipment. This would not only help to control the production capacity on our own, but also reduce the production cost.

B. Strong R&D capability and abundant R&D result

With strong R&D capability, practical experience, and overall technology integration ability, we are able to develop leading product with high added value.

C. Heat dissipation market scale continues to grow

In recent year, with the rapid development of cellphone industry, communication technology industry as well as automotive industry, the market demand for heat dissipation equipment increases by the day. Currently the main application is in the computer (including laptop) and automotive fields. The two of them together account for about 70% of the market share in the heat sink market overall. While Power supplies, LED, ICT and other fields cover the rest of 30%. With the government's strong support for downstream power transmission and distribution, new energy generation, rail transportation and new energy vehicle industries. The demand for heat sink for corresponding

power component will continue to grow. Being on top of the upstream material supplier, we will benefit from the expansion of the electronics market.

(2) Unfavorable factors and countermeasures

A. Risk of price fluctuation in metal

When producing heat pipe, there is a certain demand in rare precious metal. Thus, the price fluctuation of precious metal would affect our material cost.

Countermeasures:

We need to strengthen the risk avoidance concept and the understanding of derivative financial products of the financial personnel, while strengthening the bond with the financial agency to keep up of the latest information on metal price. It would help us determine the future material cost on precious metal.

B. More production from domestic manufacturers

Because of the endless business opportunities in heat pipe, many competitors have prepared for massive production. With the rapid growth in the information and communication market in the country, the demand in heat pipe increases as well. This attracts more manufacturer for production.

Countermeasures:

- ① Fully develop the research and developing capability in various products for customers' need. It would increase the added value of the product and maintain its competitiveness.
- ② Increase the yield rate with the existing good production basis while lowering the production cost for better gross profit.
- ③ Continue to provide full service to existing customer in product design, massive production, admin support, distribution, and after sales service. It would help to strengthen the long-term cooperation relation.

C. More demand in product capability and production cost

Since the shape of heat pipe is getting more complex, making it more difficult for its mold and process. As a result, the production cost increases as well.

Countermeasures:

- ① Continue to develop automation equipment with new manufacturing procedure to increase the effectiveness and reduce the production time. It would help to increase the quality and reduce the cost as well.
- ② Increase the production ability in mold design to reduce the process step and production cost.

D. Barrier of Customer Certification

The reliability and stability of the thermal conductivity and heat dissipation products have a significant impact on the electronics 'service lifespan. Downstream customers, especially large electronic industry brand customers have established strict supplier certification system based on considerations such

as product quality and cost control, creating a higher requirement for the suppliers' research and development capabilities, process level, supply price, financial strength, cooperation, etc. At the same time, product certification cycle is generally longer. Due to the high cost of supplier change, once a supplier enters the system normally the replacement of supplier is unlikely unless there are significant changes in the supplier's cooperation situation. This sets a high barrier of entry for industry newcomers.

Countermeasures:

- ① Frequent communication and interaction with brands, learn about the brands' high standard and specification capability, ensuring high-quality requirement and high-quantity delivery. Ensure product quality, increase product diversity and attract brands. Internally, efforts will be made to reduce costs and increase efficiency while maintaining quality.

E. New technology, new product, and new challenge.

It needs more marketing promotion and market expansion in new fields such as cellphone module, server module, and two-phases products.

Countermeasures:

- ① Analyze the industry environment to differentiate ourselves. Start from the competitors in the market, clarify the product position in the mind of consumers and the strengths and weaknesses of the product.
- ② Support with excellent quality. Quality is a comprehensive concept, including engineering quality, culture quality, and management quality. It is essential to establish an image with quality.
- ③ Integrate, propagate, and apply the heat dissipation technology in the market while actively developing new route and distributor. Increase the product and the Company's exposure via electronic media, press, internet, and trade show while promoting the advantage of the Company's high efficiency on heat dissipation.

(2) Main products' important functions and production process

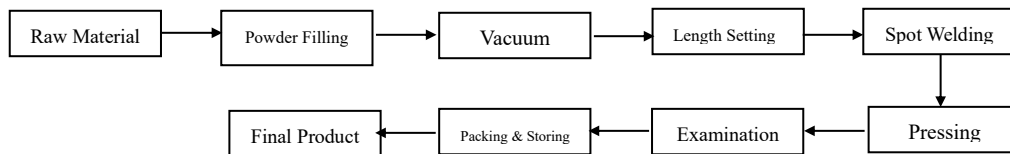
1. Main products' important functions

Main product	Function
Heat Pipe	Heat dissipation for 3C technology products, LED lamps, car light and batteries.
Vapor Chamber	Heat dissipation for high power products such as server and display card.
Ultrathin Heat Pipe	Heat dissipation for smartphone, tablets and notebooks.
Ultrathin PWS Vapor Chamber	Heat dissipation for smartphone, tablets and notebooks.

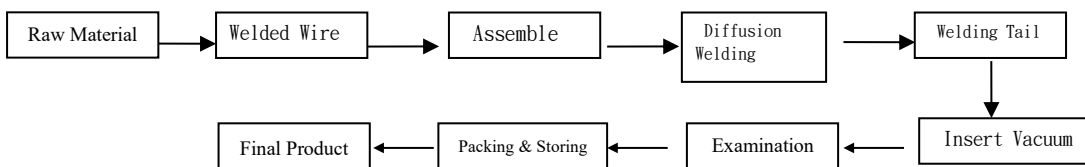
Heat Dissipation Module	Heat dissipation module for non-notebook products such as industrial computer and projector.
Two-Phase Thermal Syphon	Special working temperature needs such as frozen medical and large LCD.
Four Seasons Vapor Chamber	Industrial computer, new energy vehicle battery packs.
High Power Cryo Pump (3D VC)	Industrial computer, IGBT chips.

2. Production process

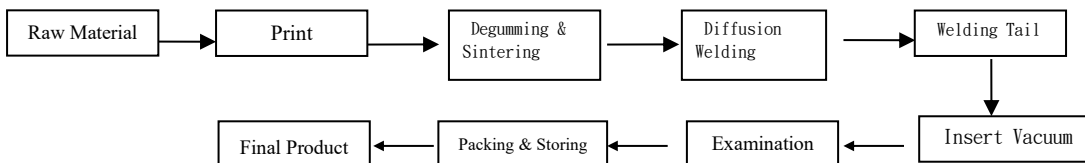
(1) Heat pipe process



(2) Vapor chamber process



(3) New version PWS Vapor chamber process



(3) Primary raw materials

Product type	Main material	Main supplier	Supply status
Heat pipe	Copper pipes , coil, copper plate	Hailiang, Naile	Good
vapor chamber	Copper Plate Etching	SinoEtch Electronics	Currently there's only one supplier available. As the heat plate market continues to grow it is necessary to develop new suppliers to meet the growing demand.

(4) Customers accounted for more than 10% of the total purchases (sales) in the past two years:

1. Data of major supplier for the last two years

Unit: NT\$ thousand

	2021				2022				Until the previous quarter of 2023			
Item	Name	Amount	Net purchase of the year (%)	Relationship with issuer	Name	Amount	Net purchase of the year (%)	Relationship with issuer	Name	Amount	Net purchase as of the previous season of the year (%)	Relationship with issuer
1	Niele	402,814	46.31	Vendor	Niele	237,605	37.62	Vendor	Niele	78,002	53.06	Vendor
2	Hailien	159,403	18.33	Vendor	Hailien	140,055	22.17	Vendor	Hailien	31,270	21.27	Vendor
3	Rayjin Debon	64,305	7.39	Vendor	Rayjin Debon	78,195	12.38	Vendor	-	-	-	-
	Other	243,270	27.97	Vendor	Other	175,818	27.83	Vendor	Other	37,745	25.67	Vendor
	Total	869,792	100.00		Total	631,673	100.00		Total	147,017	100.00	

Analysis of the changes in supplier: No change in major supplier for the last two years.

2. Data of major sales customer for the last two years

Unit: NT\$ thousand

	2021				2022				Until the previous quarter of 2023			
Item	Name	Amount	Annual net purchase of the year (%)	Relationship with issuer	Name	Amount	Annual net purchase of the year (%)	Relationship with issuer	Name	Amount	Annual net purchase as of the previous season of the year (%)	Relationship with issuer
1	Auras (and its associates)	652,663	25.50	Customer	Auras (and its associates)	480,902	22.98	Customer	Auras (and its associates)	101,818	19.58	Customer
2	Delta (and its associates)	479,945	18.75	Customer	Delta (and its associates)	404,174	19.32	Customer	Delta (and its associates)	81,145	15.60	Customer
3	Chaojong (and its associates)	259,880	10.15	Customer	Chaojong (and its associates)	226,463	10.82	Customer	Coolright	68,160	13.11	Customer
	Other	1,167,079	45.60	Customer	Other	980,948	46.88	Customer	Other	268,971	51.71	Customer
	Net Sales	2,559,567	100.00		Net Sales	2,092,487	100.00		Net Sales	520,094	100.00	

Analysis of the changes in sales customer: No change in major sales customer for the last two years.

5. Production value in the last two years

Unit: NT\$ thousand

Major Production Volume and Value \ Year	Unit	2021			2022		
		Production Capacity	Yield	Output Value	Production Capacity	Yield	Output Value
Heat pipe	Thousand	165,000	98,328	2,026,547	129,600	96,714	1,646,136
Total	-			2,026,547			1,646,136

6. Sales value for the last two years

Unit: NT\$ thousand

Major Production Volume and Value \ Year	Unit	2021				2022			
		Domestic Sale		Export Sales		Domestic Sale		Export Sales	
		Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Heat pipe	Thousand	47,309	1,119,695	51,110	1,153,867	34,132	971,455	34,449	855,373
LED	Thousand	5,385	277,621	9	8,384	4,784	255,622	10,095	10,037
Total	-		1,397,316		1,162,251		1,227,077		865,410

3. Information on Employees

Unit: Person

Year		2021	2022	Up to Apr 16, 2023
Number of employees	Direct employees	845	913	909
	Indirect employees	1,808	1,464	1,873
	Total	2,653	2,377	2,782
Average Age		34.34	34.83	34.56
Average Service Years		8.43	8.79	8.41
Education level distribution ratio (%)	Ph. D.	-	-	-
	Master	1.25	1.22	0.93
	University	9.75	12.58	13.30
	High school	7.34	4.71	5.00
	Below high school	81.66	81.49	80.77

4. Disbursements for environmental protection

Losses (including remedial measures), total amount of penalties (including remedies) and total expenditures (including the estimated amount of compensation, fines or penalties) due to failure in taking responsive action in the recent years or ending the publication date of this report. If it is not feasible to make a reasonable estimate, it should be clearly indicated as such: None.

5. Labor relations

(1) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures:

1. Employee benefits :

The Company always pay attention to employee salary and benefit while cultivating talents and implementing labor law to ensure employee's right. In addition to cover with national health insurance and labor insurance, employee welfare committee is set up for handling employee benefit matters. With a well-established welfare system, it allocates welfare every month to secure employee's life. Good employee training is also provided for employees to establish trusty and reliable relationship. The main benefits of the Company is as follow:

- A. Consolation money for sickness or injury.
- B. Cash gift on five holidays (Spring holiday, Moon Festival, Dragon Boat Festival, employee's birthday, and Labor Day)
- C. Allowance for wedding and.
- D. Allowance for travel.

2. Employee advance study:

The Company provides complete employee training system. With the training management regulation, employees may receive up to date professional training to increase their knowledge in professional field.

3. Employee training:

The Company has budget and plan to hold in-service training, professional training, and annual training every year regularly.

4. Retirement system and its implement:

The company has set up a staff retirement scheme. In accordance with Article 2 in the Labor Pension Regulations, 2% of the monthly salary of employees is allocated in a special account in the Bank of Taiwan. It is also under the rule of No. 18 retirement pension treatment in IFRSs since 2001.

When adopting a defined contribution plan, the Company will allocate 6% of the monthly salary of employees to the Labor Insurance Bureau in compliance with the regulation.

5. Employee rights and interests:

The Company has regulations and systems on employee rights, obligations, and benefits and regularly review and amend them to maintain all employee rights.

6. Labor agreements, maintenance of employee rights and interests:

All rules and regulations of the Company are in accordance with the Labor Act. In order to maintain good interaction between the Company and employees, employees can communicate with the Company about any systems or job environment via Welfare Committee, Labor-management Conference.

- (2) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: no loss incurred in the recent year and up to the date of publication of this report.

6. Cyber security management:

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

The information management department comprehensively manages the information security matters of the whole company, provides employees with information and information on information security to enhance employees' information security awareness and strengthen the improvement of the company's information security management system in the most efficient and correct way, prevent information data from being stolen and destroyed, and maintain the security of information systems and data.

2. Cyber security policy and specific management projects

According to the electronic computer circulation and information security management measures formulated by the company, to achieve the information security policy objectives, the main items are as follows:

- A. Password Protection Policy: Ensure the complexity and confidentiality of password settings, and change passwords regularly.
- B. Password Protection Policy: Ensure the complexity and confidentiality of password settings, and change passwords regularly.
- C. Email Security Policy: Build an email gateway filtering system and teach employees not to open emails from unknown sources.
- D. Incident Response Policy: Information equipment and data are backed up, backed up and drilled regularly.

3. Resources invested for cyber security management

Strengthen the professional training of information security, enhance the security awareness of information communication, update the anti-virus and anti-hack system equipment, and replace the old and new backup and backup equipment with new ones.

- (2) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In the most recent year and up to the date of publication of the annual report, there was no loss due to major information security incidents.

7. Important contracts: None

VI. An Overview of the Company's Financial Status

1. Condensed balance sheets and statements of comprehensive income

(1) Condensed balance sheet and consolidated income statement-
International Financial Reporting Standards
1. Condensed balance sheet (consolidated)

Unit: NT\$ thousand

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		2,057,587	2,101,422	2,278,615	2,072,033	2,267,162	2,225,979
Property, plant, and equipment		684,551	1,307,631	1,739,139	2,034,430	2,109,915	2,121,086
Intangible assets		13,979	5,953	3,104	2,738	2,377	2,287
Other assets		287,205	442,941	496,726	773,495	789,270	785,547
Total assets		3,043,322	3,857,947	4,517,584	4,882,696	5,168,724	5,134,899
Current liabilities	Before distribution	295,297	803,161	1,122,956	1,257,852	1,278,973	1,255,040
	After distribution	295,297	803,161	1,122,956	1,257,852	1,278,973	1,255,040
Non-current liabilities		1,224	102,872	148,452	134,634	283,758	260,957
Total liabilities	Before distribution	296,521	906,033	1,271,408	1,392,486	1,562,731	1,515,997
	After distribution	296,521	906,033	1,271,408	1,392,486	1,562,731	1,515,997
Equity Attributed to Stockholders of the Company		2,691,474	2,893,821	3,184,838	3,432,920	3,547,937	3,561,444
Share capital		1,824,799	1,824,799	1,824,799	1,824,799	1,824,799	1,824,799
Capital surplus		831,350	831,220	831,220	831,220	831,220	831,220
Retained earnings	Before distribution	158,327	381,427	656,296	903,113	990,659	998,659
	After distribution	158,327	381,427	656,296	903,113	990,659	998,659
Other equity interest		(123,002)	(143,625)	(127,477)	(126,212)	(98,741)	(93,234)
Treasury stock		-	-	-	-	-	-
Non-controlling equity		55,327	58,093	61,338	57,290	58,056	57,458
Total equity	Before distribution	2,746,801	2,951,914	3,246,176	3,490,210	3,605,993	3,618,902
	After distribution	2,746,801	2,951,914	3,246,176	3,490,210	3,605,993	3,618,902

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2 : The financial information up to Mar 31, 2022 is reviewed by the accountants.

2. Condensed balance sheet (Individual)

Unit: NT\$ thousand

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2 0 2 3
		2018	2019	2020	2021	2022	
Current Assets		765,711	948,096	1,094,651	1,096,910	1,265,806	Not applicable
Property, plant, and equipment		96,167	95,959	95,831	96,164	95,916	
Intangible assets		13,066	5,291	2,532	2,257	1,986	
Other assets		1,879,244	1,970,112	2,289,950	2,835,389	2,829,292	
Total		2,754,188	3,019,458	3,482,964	4,030,720	4,193,000	
Current liabilities	Before distribution	62,447	109,547	237,931	530,766	598,490	
	After distribution	62,447	109,547	237,931	530,766	598,490	
Non-current liabilities		267	16,090	60,195	67,034	46,573	
Total liabilities	Before distribution	62,714	125,637	298,126	597,800	645,063	
	After distribution	62,714	125,637	298,126	597,800	645,063	
Equity Attributed to Stockholders of the Company		-	-	-	-	-	
Share capital		1,824,799	1,824,799	1,824,799	1,824,799	1,824,799	
Capital surplus		831,350	831,220	831,220	831,220	831,220	
Retained earnings	Before distribution	158,327	381,427	656,296	903,113	990,659	
	After distribution	158,327	381,427	656,296	903,113	990,659	
Other equity interest		(123,002)	(143,625)	(127,477)	(126,212)	(98,741)	
Treasury stock		-	-	-	-	-	
Non-controlling equity		-	-	-	-	-	
Total equity	Before distribution	2,691,474	2,893,821	3,184,838	3,432,920	3,547,937	
	After distribution	2,691,474	2,893,821	3,184,838	3,432,920	3,547,937	

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

3. Condensed Income Statement (Consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenues	1,905,226	2,245,683	2,678,480	2,559,567	2,092,487	520,094
Gross profit	362,052	557,549	693,003	578,511	254,559	66,125
Net operating income	87,927	254,978	391,117	305,161	2,277	2,799
Profit before income tax, net	34,589	10,693	(15,233)	(5,300)	95,913	6,607
Profit	122,516	265,671	375,884	299,861	98,190	9,406
Profit of the operating departments	111,950	225,322	277,797	230,746	85,562	7,402
Loss of the closed departments	-	-	-	-	-	-
Profit(Loss)	111,950	225,322	277,797	230,746	85,562	7,402
Other comprehensive income, net	(55,936)	(20,296)	16,807	13,288	30,221	5,507
Total comprehensive income	56,014	205,026	294,604	244,034	115,783	12,909
Profit attributable to the equity holders of the company	111,399	222,773	274,210	234,794	84,796	8,000
Net profit attributable to non-controlling interests	551	2,549	3,587	(4,048)	766	(598)
Comprehensive income attributable to the equity holders of the Company	55,463	202,477	291,017	248,082	115,017	13,507
Comprehensive income attributable to non-controlling interests	551	2,549	3,587	(4,048)	766	(598)
Earnings per share	0.61	1.22	1.50	1.29	0.46	0.04

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2 : The financial information up to Mar 31, 2022 is reviewed by the accountants.

4. Condensed Income Statement (Individual)

Unit: NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31,
	2018	2019	2020	2021	2022	2 0 2 3
Operating revenues	793,987	889,950	978,891	1,155,904	856,556	Not applicable
Gross profit	27,116	129,149	176,754	260,197	173,664	
Net operating income	(41,617)	30,064	81,463	214,559	136,059	
Profit before income tax, net	152,738	196,318	250,413	48,169	(30,096)	
Profit	111,121	226,382	331,876	262,728	105,963	
Profit of the operating departments	111,399	222,773	274,210	234,794	84,796	
Loss of the closed departments	-	-	-	-	-	
Profit (Loss)	111,399	222,773	274,210	234,794	84,796	
Other comprehensive income, net	(55,936)	(20,296)	16,807	13,288	30,221	
Total comprehensive income	55,463	202,477	291,017	248,082	115,017	
Profit attributable to the equity holders of the company	111,399	222,773	274,210	234,794	84,796	
Net profit attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to the equity holders of the Company	55,463	202,477	291,017	248,082	115,017	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share	0.61	1.22	1.50	1.29	0.46	

Note 1 : Financial Reports in the recent 5 years are signed and checked by certified accountants.

(2) The names of appointed certified accountants and their audit opinions in the last 5 years

Year	Name of the CPA	Audit opinion
2018	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2019	KPMG Hai-Ning Huang, Chien-Hui Lu	Unqualified opinion
2020	KPMG Chien-Hui Lu, Jun-Yuan Wu	Unqualified opinion
2021	KPMG Jun-Yuan Wu, Yen-Hui Chen	Unqualified opinion
2022	KPMG Jun-Yuan Wu, Yen-Hui Chen	Unqualified opinion

2. Financial analyses for the past 5 fiscal years

(1) Adoption of International Financial Reporting Standards (Consolidated)

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debts Ratio	10	23	28	29	30	30
	Long-term Funds to Property, Plant and Equipment Ratio	393	229	192	175	182	180
Solvency%	Current Ratio	697	262	203	165	177	177
	Quick Ratio	614	213	171	126	142	141
	Times Interest Earned	99	50	28	17	5	2
Operating Performance	Average Collection Turnover (Times)	3.25	3.25	3.07	2.99	3.15	3.56
	Average number of days	112	112	119	122	116	103
	Inventory Turnover (Times)	6.36	6.03	6.32	5.54	4.42	4.44
	Average Payment Turnover (Times)	16	19	13	12	12	13
	Average Sales Days	57	61	58	66	83	82
	Property, Plant, and Equipment Turnover (Times)	2.78	1.72	1.54	1.26	1.00	1.00
	Total Assets Turnover (Times)	0.63	0.58	0.59	0.52	0.40	0.40
Profitability	Return on Total Assets (%)	3.66	6.58	6.82	5.31	2.05	1.08
	Return on equity (%)	4.22	7.98	9.02	7.10	2.43	0.92
	Pre-tax net profit to paid-in capital ratio (%)	6.71	14.56	20.60	16.43	5.38	2.08
	Net Margin (%)	5.88	10.03	10.24	9.17	4.05	1.54
	Earnings per share(NT)	0.61	1.22	1.50	1.29	0.46	0.04
Cash Flow	Cash Flow Ratio (%)	67	13	44	39	42	2.12
	Cash Flow Adequacy Ratio (%)	63	23	37	41	74	74
	Cash Flow Reinvestment Ratio (%)	7	4	15	13	12	0.6
Leverage	Operating Leverage	2	1	1	2	112	23
	Financial Leverage	1	1	1	1	-0.11	-0.6

Analysis of significant changes in financial ratios over the last two years (No analysis required for changes under 20%)

- 1.The increase in interest expenses has led to a decrease in the interest coverage ratio and a decline in long-term debt solvency.
2. The decrease in inventory turnover and the increase in average days sales of inventory are caused by the increase in average inventory amount.
- 3.The decrease in the fixed asset turnover ratio and total asset turnover ratio is due to the decrease in sales volume in the current period.
- 4.The decrease in profitability in the current period is due to poor profit.
- 5.The increase in the ratio of permissible cash flow is mainly due to the increase in operating net cash flow over the past five years.
- 6.Poor leverage is due to poor profit in the current period.

(2) Adoption of International Financial Reporting Standards (Independent)

Year Item		Financial information in the last 5 years (Note 1)					Current financial data ending Mar 31, 2023	
		2018	2019	2020	2021	2022		
Financial Structure (%)	Debts Ratio	2	4	9	15	15	Not applicable	
	Long-term Funds to Property, Plant and Equipment Ratio	2,799	3,032	3,386	3,640	3,748		
Solvency%	Current Ratio	1,226	865	460	207	212		
	Quick Ratio	1,206	857	458	204	210		
	Times Interest Earned	-	1,034.71	2,088.27	141.35	26		
Operating Performance	Average Collection Turnover (Times)	2.66	3.29	3.34	3.45	2.99		
	Average number of days	137	111	110	106	122		
	Inventory Turnover (Times)	161	213	364	159	94		
	Average Payment Turnover (Times)	16	35	18	12	11		
	Average Sales Days	2	2	1	2	4		
	Property, Plant, and Equipment Turnover (Times)	8	9	10	12	9		
	Total Assets Turnover (Times)	0.29	0.29	0.28	0.29	0.20		
Profitability	Return on Total Assets (%)	4.08	7.72	8.44	6.29	2.15		
	Return on equity (%)	4.22	7.98	9.02	7.10	2.43		
	Pre-tax net profit to paid-in capital ratio (%)	6.09	12.41	18.19	14.40	5.81		
	Net Margin (%)	14.03	25.03	28.01	20.31	9.90		
	Earnings per share(NT)	0.61	1.22	1.5	1.29	0.46		
Cash Flow	Cash Flow Ratio (%)	41.96	51.38	52.54	31.40	55.04		
	Cash Flow Adequacy Ratio (%)	856.69	1,441.97	726.06	1,815.02	7,384.31		
	Cash Flow Reinvestment Ratio (%)	0.99	1.97	3.91	4.77	9.13		
Leverage	Operating Leverage	1	1	1	1	1		
	Financial Leverage	1	1	1	1	1		
Analysis of significant changes in financial ratios over the last two years (No analysis required for changes under 20%)								
1. The increase in interest expenses has led to a decrease in the interest coverage ratio.								
2. Inventory turnover and average days sales of inventory increased due to an increase in average inventory, leading to a decrease in turnover rate and an increase in days.								
3. The decrease in the fixed asset turnover ratio and total asset turnover ratio is due to the decrease in sales volume in the current period.								
4. The decrease in profitability in the current period is due to poor profit.								
5. The increase in the ratio of permissible cash flow is mainly due to the increase in operating net cash flow over the past five years.								

Note 1: Financial Reports in the recent 5 years are signed and checked by certified accountants.

Note 2: Current financial data ending Mar 31, 2022 is signed and checked by certified accountants.

Note 3: Calculation

1. Financial Structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

(1) Average Collection Turnover = Net Sales / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(5) Average Payment Turnover = Cost of Sales / Average Trade Payables

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Total Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note: 6)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

3. Audit committee's report for the most recent year's financial statement

Yeh-Chiang Technology Corp. Audit Committee's Review Report

The Company's 2022 standalone Financial Statements and consolidated Financial Statements prepared by the Board of Directors have been audited and signed by KPMG CPA Jun-Yuan Wu and Yen-Hui Chen. The Financial Statements, along with the Business Report and proposal for Profit Distribution, have been reviewed and determined to be correct by the Audit Committee and accurately stated the Company's financial status and operation performance. According to Article 14-4 in the Securities and 219 of the Company Law, we hereby submit this report.

For review

Sincerely,

2023 Annual Shareholders' Meeting of Yeh-Chiang Technology Corp.

Audit Committee Convener: Chi-Pin Hung

Mar 22, 2023

- 4. Individual financial statement for the most recent fiscal year, certified by a CPA, please refer to the attachment at the end of the annual report.**
- 5. Consolidated financial statement for the most recent fiscal year, certified by a CPA, please refer to the attachment at the end of the annual report.**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

VII. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

1. Financial Position:

Unit: NT\$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	2,072,033	2,267,162	195,129	9.42
Fund and investment	412,740	423,982	11,242	2.72
Fixed assets	2,034,430	2,109,915	75,485	3.71
Other assets	363,493	367,665	4,172	1.15
Total assets	4,882,696	5,168,724	286,028	5.86
Current liabilities	1,257,852	1,278,973	21,121	1.68
Long-term liabilities	-	153,500	153,500	100.00
Other liabilities	134,634	130,258	(4,376)	(3.25)
Total liabilities	1,392,486	1,562,731	170,245	12.23
Share capital	1,824,799	1,824,799	-	-
Capital surplus	831,220	831,220	-	-
Retained earnings	903,113	990,659	87,546	9.69
Total equity of shareholders	3,432,920	3,547,937	115,017	3.35

Analysis of items with major change:

(1) Analysis of items with changes over 20% and amount over NT 10 million dollars compared with previous period:

1. Increase in long-term liabilities: This is primarily due to subsidiary Yeh-Chiang Technology Corp. (Ye County) borrowing long-term loan from Taipei Fubon Bank in 2022.

(2) Future responding plan for items with major change: None.

2. Financial performance:

Unit: NT\$ thousand

Item \ Year	2021	2022	Increase / Decrease amount	% change
Net operating revenue	2,559,567	2,092,487	(467,080)	(18.25)
Operating cost	1,981,056	1,837,928	(143,128)	(7.22)
Realized operating margin	578,511	254,559	(323,952)	(56.00)
Operating expenses	273,350	252,282	(21,068)	(7.70)
Operating interest	305,161	2,277	(302,884)	(99.25)
Non-operating revenue and expenses	(5,300)	95,913	101,213	190.97
Income before tax of operating departments	299,861	98,190	(201,671)	(67.25)
Income tax expense	69,115	12,628	(56,487)	(81.73)
Income after tax of operating departments	230,746	85,562	(145,184)	(62.92)

1. Analysis on changes of increase and decrease ratio:

- (1) Realized operating margin: due to reduce in sales.
- (2) Operating interest: decline in 2022 operating interest is due to reduce in sales.
- (3) Non-operating revenue and expense: the non-operating net profit (loss) in 2022 increased compared with the previous year, mainly due to exchange benefits affected by exchange rate in this year.
- (4) Income before tax of operating departments: 2022 onward sales department's profit before tax decreased compared to last year, this is due to decrease in sales volume in the current year.

2. Estimated sales of the following year and its analysis

The Company will actively develop new product in accordance with the market trend. It will increase the automation on manufacturing process and seek sales cooperation to improve the efficiency. According to the global economy in the future and historical sales experience, the sales of 2023 are still optimistic and stable.

3. The possible effect and responding plan on the Company's future financial sales in change in Company's main business scope:

Up to date, the Company has no plan on changing the main business scope.

3. Cash Flow:

(1) Cash flow analysis for the recent two years

Item \ Year	2021	2022	Increase / Decrease %
Cash flow ratio	39%	42%	7%
Cash flow adequacy ratio	41%	74%	80%
Cash flow reinvestment ratio	13%	12%	(8%)

Analysis of changes:

1. Cash flow ratio: increase in net cash flow from operating activities.
2. Cash flow adequacy ratio: increase in net cash flow from five-year operating activities.
3. Cash flow reinvestment ratio: decrease in fixed assets and long-term investment.

(2) Insufficient Capital liquidity improvement plan and Cash flow forecast analysis

Unit: NT\$ thousand

Beginning cash balance	Cash flow from operating activities	Total cash flow of the year	Estimated net cash flow balance	Cash shortage contingency plan	
				Investment plan	Financing plan
1,018,322	400,000	(500,000)	918,322	-	-

Analysis of changes :

- (1) Operating activities: it will enforce the cost control and improve the operating profit in accordance with the product change in the heat dissipation market.
- (2) Investment activities: mostly adding equipment and automation equipment for new heat dissipation product and investing in plant.
- (3) Financing activities: the cash position on the account is appropriate. The financing need of 2023 will be adjusted accordingly.

4. Major capital expenditures during the most recent fiscal year: None.

5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year:

- (1) Investment policy: The company will re-invest in the same business scope of the company and crease a more diversified operation.

(2) Major reasons for investment profit or loss:

Dec 31, 2022

Unit: NT\$ thousand / US\$ thousand

Investment company	Major business scope	Investment purpose	Recognized in investment profit or loss	Major reasons for investment profit or loss	Improvement plan	Investment plans for the coming year
Yeh Chiang Technology (Samoa) Corp.	Re-investment oversea	Holding for re-investment oversea	(144,076) (USD (4,836))	Recognized in investment profit or loss	—	—
Yeh Chiang Technology (BVI) Corp.	International trading	Oversea international trading	(30) (USD (1))	No significant profit yet, will keep monitoring	—	—
Excel Rainbow Ltd.	Oversea international trading	International trading	(287) (USD (10))	No significant profit yet, will keep monitoring	—	—
Baide Mechanic Co., Ltd.	Mechanical Equipment Manufacture	Investment based on operating strategy	16,837	No significant profit yet, will keep monitoring	—	—
Taiwan- N Lighting Corp. Ltd.	Lighting	Lighting business	10,795	Recognized in investment profit or loss	—	—
Yuh Cheng Materials Co., Ltd.	Electronics parts manufacturing and sales	Investment based on operating strategy	1,969	No significant profit yet, will keep monitoring	—	—
So Bright Electronic Co., Ltd.	Lighting	Lighting business	492	Recognized in investment profit or loss	—	—
Taiwan New Thermal System Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	382	No significant profit yet, will keep monitoring	—	—
Vietnam Yeh-Chiang Technology Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	(2,435) (USD (82))	No significant profit yet, will keep monitoring	—	—
Yeh Chiang Technology (Cayman) Corp.	Oversea holding	Holding for re-investment oversea	(78,080) (USD (2,621))	Recognized in investment profit or loss	—	—
Yeh Chiang Technology Ye Xian(Cayman) Corp.	Oversea holding	Holding for re-investment oversea	(66,015) (USD (2,216))	No significant profit yet, will keep monitoring	—	—
Zhongshan Weiqiang Technology Co., Ltd.	Heat pipe and solder ball manufacturing and sales	Investment based on operating strategy	(85,738) (USD (2,866))	Recognized in investment profit or loss	—	—
Zhuhai Weiqiang Technology Co., Ltd.	Heat pipe and solder paste manufacturing and sales	Investment based on operating strategy	(238) (USD (8))	No significant profit yet, will keep monitoring	—	—
Ye County Weiqiang Technology Co., Ltd.	Heat pipe manufacturing and sales	Investment based on operating strategy	(65,895) (USD (2,212))	No significant profit yet, will keep monitoring	—	—
Yeh-Chiang Technology Corp. (Pingdingshan)	Heat pipe manufacturing and sales	Investment based on operating strategy	8,848 (USD 297)	Recognized in investment profit or loss	—	—

(3) Improvement plan: The Company will dispose re-investments of non-related to our business or loss when it is appropriated.

(4) Investment plans for the coming year : None.

6. Risk Management for the Most Recent Fiscal Year and During the Current Fiscal Year up to the Date of Publication of the Annual Report

(1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future :

1. Interest rate : The capital allocation of the Company and its subsidiaries is based on being conservative and steady, and the use of capital is based on liquidity, safety and profitability. Using low-interest rate project loans to obtain borrowings needed for operations, effectively reducing operating costs. Continuing to pay attention to the trend of interest rates and reduce the impact of interest rate changes.

2. Exchange rate : The Company pays close attention on changes in foreign exchange rate while conducting long-term foreign exchange transactions with banks to maintain a certain range of hedge ratios to reduce exchange rate risk. However, due to the exchange risk for foreign transactions, the Company has practices as follow:

(1) Keep an eye on the international financial status to determine exchange rate trend. This would allow the sales to keep a buffer in product quotation to ensure the profit level.

(2) Keep up to date information on exchange rate through professional service from the bank we have been cooperated with. Financial personnel will make proper adjustment in hedging or foreign currency to avoid exchange risk.

3. Inflation : The Company pays attention to the market price of the raw material to avoid large fluctuations in the purchase price that may cause the decrease in operating gross profit.

(2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

In order to manage financial risk, the Company has set up “acquire or dispose asset procedure” (includes the specification of trading in derivative commodities), “operating procedure on capital loan to others”, and “operation procedure on endorsement guarantee” according to the Financial Supervisory Commission when engaging in relevant business.

Trading policy in derivative commodities: the purpose is to reduce the operating risk and increase profit.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work :

The Company's main R & D projects and expenses are as follows:

- (1) Continue to development of ultra-thin hot plate with a thickness of 0.25mm or less, using PWS copper powder printing as a capillary structure. It was mainly applied in cell phones and tablet.
 - (2) Developed High porosity copper powder, Increases the capillary water absorption and thus enhance the performance of sintered heat pipes.
 - (3) Developed Modification to the hydrophilicity of the raw materials (pipe shell and liquid-absorbent core.) enhancing the product's performance.
 - (4) Developed Aluminum heat pipe and the products was mainly used in, LCD and New energy electric vehicle battery packs, LCDs, and cryotherapy.
 - (5) Development of braided mesh wire, which mainly used for higher-performance demanding woven mesh heat pipe to improve the production yield of woven mesh heat pipes.
 - (6) Developed 3D vapor chamber, and the products was mainly used in server, cloud computing and smart driving.
 - (7) Developed large area vapor chamber (replace heat pipe), and the products was mainly used in PCs.
 - (8) Continue to develop the production equipment for the heat pipes central rods has been put into mass production. It is mainly used in the production of heat pipe with copper mesh braided, which can greatly improve the production yield and efficiency of heat pipes, and effectively reduce manpower and costs.
 - (9) Developed vacuum injection machine production equipment for heat pipe, which can greatly improve the production yield and efficiency, and effectively reduce manpower and costs.
 - (10) Developed Fourth generation diffusion welding equipment (chain-type drying furnace for welding) covers welding product including thin Vapor chamber, large area vapor chamber and 3D vapor chamber, improving welding efficiency and equipment versatility.
 - (11) Complete heat pipe application demand in new industry including car, home appliance, drone, and VR equipment.
 - (12) The estimated investment in research and development expansion cost is US 10 million dollars in 2023.
- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company has followed the domestic and international regulations on its daily operation. The company pays attention to amendments in domestic and international policies and regulations in order to fully understand changes in the legal environment. It adopts appropriate strategies to reduce the impact of domestic and foreign policies and legal changes on the company's financial performance. The company has not been affected by major policies and regulation changes locally and internationally. These policies have no significant impact on the company's financial and business activities up to the date of publication of the annual report.

- (5) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: None.

- (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response : None.
- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken : None.
- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken : None.
- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken :

The top 3 customers of the Company take on 53.12% of the total sales, which has centralized sales. This is a result of the PC heat dissipation module orders are centralized in top 5 module manufacturers in the upstream. The Company will continue to develop more module customer this year to gradually eliminate the doubts in centralized sales.

The Company is also actively developing new suppliers to establish long-term supply relation with multiple vendors to avoid centralized supply.

- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

Up to the date of publication of the annual report, the directors of the company or the majority shareholders who hold more than 10% of the company had made no significant transfer or replacement of shares.

- (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken : None.

- (12) Litigious and non-litigious matters :

1. The Company has signed contract of exclusive agent as manufacturing and sales of the fiber alcohol in R.O.C district and acquired massive production technology and consulting service with Taiwan Co-Su-Mu Corp. Ltd (Taiwan Co-Su-Mu) on Sept 15, 2009. Afterwards, Taiwan Co-Su-Mu did not perform the terms in the agreement, the Company has proposed a civil suit on Taiwan Co-Su-Mu and its Chairman and Deputy Chairman. After the motion for provisional attachment is granted by the court, the Company paid 16.8 million security deposit to the Taipei District Court. On Dec 7, 2016, Taiwan High Court adjudicated Taiwan Co-Su-Mu shall pay the Company 70.308 million dollars but denied the tort responsibility of the owner of the corporation. Taiwan Co-Su-Mu appealed against the losing part, but was denied by the Taiwan High Court on Oct 11, 2018. Taiwan Co-Su-Mu still maintains the rights to appeal. On Jan 31, 2019, Taiwan Co-Su-Mu appealed against the losing part, but was rejected by the Taiwan Supreme Court as the final determination. It obtained the Certificate of the Obligatory Claim (No.: 108JUS020266) from Taiwan Nantou District Court on Oct 31, 2019 in accordance with Article 27 of the Compulsory Enforcement Act. The Company then executed enforcement procedure on property of Taiwan Co-Su-Mu accordingly. The compulsory execution procedure

was opened. On April 29th, 2020, a part of the creditor's right of NT\$599,699 was received from third party Arcadia Earth Co., Ltd. and the case was closed. The rest will be renewed after the property of Taiwan Co-Su-Mu is discovered in the future.

2. The Company purchased “Spotlights” from UNIMAX INVESTMENT SERVICES LIMITED in 2010. Due to the flaws in the product, the Company terminated the contract after summoned for improvement and appealed to the Taipei District Court on Dec 12, 2012. Also, make Taiwan Light Industry Co., Ltd. as reserved defendant while requesting 41.055 million dollars for damages. The said case has filed motion for provisional attachment and security deposit of 7 million dollars has been paid to the Taipei District Court. The case is proceeded to the Supreme Court trial stage. The Company has appointed attorney filed a third instance appeal on Jul 28, 2017. On Jan 10, 2020, the decision from Taiwan Supreme Court was to reverse the original judgement and sent to the original Taiwan High Court and ordered for a retrial. The Company has appointed Wen-Chi Hsu, Ching-Qiang Lin, and Chi-Cheng Chao attorneys as litigation agents for the first instance retrial. The case was subject to a retrial at the High Court, and on February 8th, 2023, the Taiwan High Court, in its 109-retrial judgment no.13, ruled that Taiwan Light Industry Co., Ltd should pay our company US \$506,494.36, plus interest calculated at an annual rate of 5% from December 21st, 2012 until the date of full payment. All other appeals and additional claims were dismissed. However, as our company only partially prevailed, we have decided to continue legal pursuit and appeal the Taiwan High Court's 109-retrial judgment no.13 to the Supreme Court.

(13) Other important risks: None.

7. Other important matters: None.

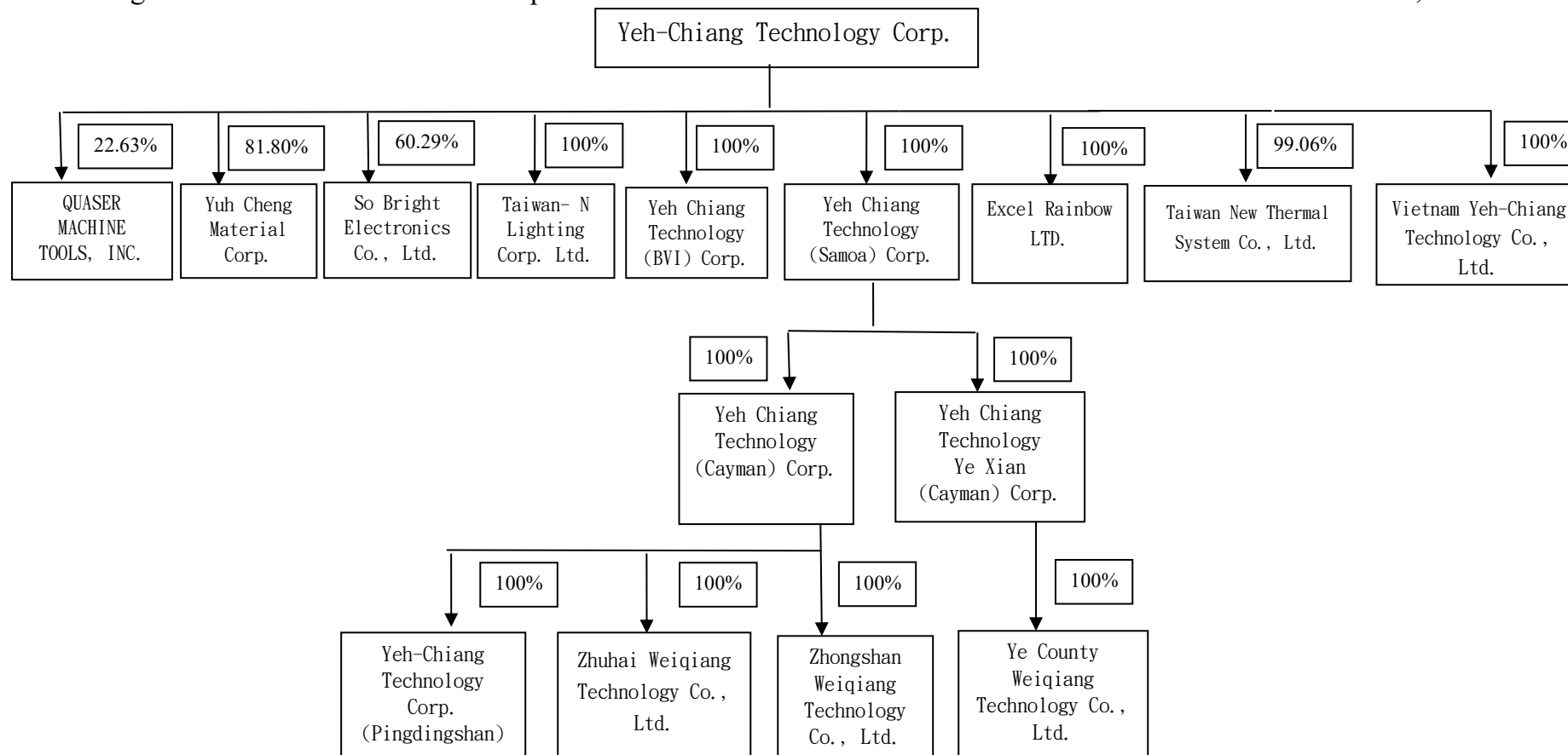
VIII. Special Disclosure

1. Information related to the company's affiliates :

(1) Consolidated Business Report of affiliate companies

1. Organizational chart of affiliate companies

Dec 31, 2022



2. Basic Information of affiliate companies

Dec 31, 2022

Foreign currency unit: thousand dollars / share: thousand shares

Investing Company Name	Invested Company Name	Location	Main Business	Original Investing Amount		Holding at the End of Term			Invested Company Current Profit or Loss	Recognized Investment Profit or Loss	Remarks
				End of Current Term	End of Last Term	Shares	Ratio	Carrying Value			
The Company	YCTSC	Samoa	Oversea holding	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 trading	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 trading	70,520 (USD2,155)	70,520 (USD2,155)	2,155	100.00%	3,922 (USD128)	(287) (USD (10))	(287) (USD (10))	
The Company	Tai-Chao	Taipei	Lighting	176,110	176,110	17,611	100.00%	198,536	10,795	10,795	
The Company	So Bright Electronic	Taoyuan	Lighting	63,904	63,904	2,773	60.29%	26,669	819	492	
The Company	Yuh Cheng Materials	Taipei	Electronics parts manufacturing and sales	136,784	136,784	13,678	81.80%	180,533	2,407	1,969	
The Company	Taiwan New Thermal System	Taipei	Heat pipe manufacturing and sales	68,000	68,000	5,448	99.06%	33,723	386	382	
The Company	Vietnam Yeh Chiang	Vietnam	Heat pipe manufacturing and sales	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	Oversea holding	USD23,828	USD28,828	1,244	100.00%	1,144,070 (USD37,254)	(78,080) (USD (2,621))	(78,080) (USD (2,621))	
YCTCSC	YCTCYXC	Cayman	Oversea holding	USD18,000	USD18,000	900	100.00%	477,233 (USD15,540)	(66,015) (USD (2,216))	(66,015) (USD (2,216))	
YCTCC	Zhongshan Weiqiang	Zhongshan, China	Heat pipe and solder ball manufacturing and sales	598,845 (USD19,500)	598,845 (USD19,500)	-	100.00%	717,263 (USD23,356)	(90,621) (USD (3,042))	(85,738) (USD (2,866))	Note 1
YCTCC	Zhuhai Weiqiang	Zhuhai, China	Heat pipe and solder paste manufacturing and sales	15,355 (USD500)	15,355 (USD500)	-	100.00%	15,478 (USD504)	(238) (USD (8))	(238) (USD (8))	Note 1
YCTCYXC	Ye County Weiqiang	Pingdingshan, China	Heat pipe manufacturing and sales	552,780 (USD18,000)	552,780 (USD18,000)	-	100.00%	478,001 (USD15,565)	(65,895) (USD (2,212))	(65,895) (USD (2,212))	Note 1
YCTCC	Yeh-Chiang (Pingdingshan)	Pingdingshan, China	Heat pipe manufacturing and sales	153,550 (USD5,000)	153,550 (USD5,000)	-	100.00%	352,674 (USD11,484)	8,848 (USD297)	8,848 (USD297)	Note 1

Note 1 : Founded the re-investing company YCTSC in the 3rd region to invest in China indirectly.

Note 2 : The numbers on this chart shown in NTD is exchanged with the 2022 average rate of 29.79 except for the profit or loss recognized in this period. The rest is exchanged at spot exchange rate of 30.71 on Dec 31, 2022.

Note 3 : Recognized as the financial statement of the Taiwan Parent Company reviewed by the CPA.

Note 4 : Related transaction and balance at the end of the term have been written-off.

3. Disclose of people have control and subordinate relationship: None.

4. Information on directors 、supervisors, and general manager of the enterprise

Dec 31, 2022

Company Name	Title	Name or Representative
Taiwan- N Lighting Corp. Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Director	Yeh-Chiang Technology Corp. Representative: Jun-Hua Chen
	Director	Yeh-Chiang Technology Corp. Representative: Rui-Hong Hsu
	Supervisor	Yeh-Chiang Technology Corp. Representative: Chen-Ting Wu
So Bright Electronics Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Director	Yeh-Chiang Technology Corp. Representative: Rui-Hong Hsu
	Director	Yeh-Chiang Technology Corp. Representative: Chen-Ting Wu
	Director	Yeh-Chiang Technology Corp. Representative: Chung-Sien Liu
	Director	Chien-Yu Yi
	Supervisor	Kui-Chi Ku
Taiwan New Thermal System Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Supervisor	Chen-Ting Wu
Yuh Cheng Materials Co., Ltd.	Chairman	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
	Supervisor	How-Ji Investing Corp. Representative: Chen-Ting Wu
Yeh Chiang Technology (Samoa) Corp.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology (Cayman) Corp.	Director	Yeh Chiang Technology (Samoa) Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology (BVI) Corp.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Yeh Chiang Technology Ye Xian (Cayman) Corp.	Director	Yeh Chiang Technology (Samoa) Corp. Representative: Ya-Chu Chiu
Excel Rainbow Ltd.	Director	Yeh-Chiang Technology Corp. Representative: Ya-Chu Chiu
Vietnam Yeh-Chiang Technology Co., Ltd.	Director	Yeh-Chiang Technology Corp. Representative: Tai-Kuang Wang
Zhongshan Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Zhuhai Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Ye County Weiqiang Technology Co., Ltd.	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Min-Ho Lee
Yeh-Chiang Technology Corp. (Pingdingshan)	Chairman	Yeh Chiang Technology (Cayman) Corp. Representative : Yu-Ping Chang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Tai-Kuang Wang
	Director	Yeh Chiang Technology (Cayman) Corp. Representative : Jun-Hua Chen

5. Operation Status of affiliate companies

Dec 31, 2022; Unit: NT\$ thousand

Company Name	Actual	Total assets	Total liabilities	Net worth	Operating revenues	Operating interest	Current income	Earnings per share
	Capital						(After tax)	(After tax)
Yeh-Chiang Technology Corp.	1,824,799	4,193,000	645,063	3,547,937	856,556	136,059	84,796	0.46
Yeh-Chiang Technology Corp. (BVI)	73,333	10,824	68	10,756	-	(70)	(29)	(0.00)
Yeh-Chiang Technology Corp. (Samoa)	1,313,703	1,636,686	386	1,636,300	-	(19)	(144,076)	(1.10)
Yeh-Chiang Technology Corp. (Cayman)	731,758	1,144,268	201	1,144,067	-	(122)	(78,090)	(1.07)
Zhongshan Weiqiang Technology Co., Ltd.	598,845	1,483,973	760,348	723,625	1,498,505	(108,795)	(90,632)	-
Zhuhai Weiqiang Technology Corp. Ltd.	15,355	15,533	61	15,472	-	(718)	(237)	-
Excel Rainbow Ltd.	70,520	45,774	41,852	3,922	679,912	(28)	(287)	-
Taiwan- N Lighting Corp. Ltd.	176,110	253,791	55,255	198,536	199,148	10,305	10,795	0.61
So Bright Electronics Co., Ltd.	46,000	69,107	24,870	44,237	66,534	875	819	0.18
Ye County Weiqiang Technology Co., Ltd.	552,780	1,136,160	658,152	478,004	559,959	(61,106)	(65,904)	-
Yeh-Chiang Technology Corp. (Pingdingshan)	153,550	645,445	292,787	352,659	825,807	10,791	8,837	-
Yuh Cheng Materials Co., Ltd.	167,208	220,750	50	220,700	-	(2,404)	2,407	0.14
Yeh-Chiang Technology Corp. (Ye County, Cayman)	552,780	478,210	985	477,225	-	(120)	(66,023)	-
Taiwan New Thermal System Co., Ltd.	55,000	34,093	50	34,043	-	(1,456)	386	0.07
Vietnam Yeh-Chiang Technology Co., Ltd.	267,265	280,122	13,796	266,325	-	(2,721)	(2,435)	(0.09)

Note : If the affiliate company is a foreign company, the amount shown is converted to NTD on the date of financial statement.

(2) Relational Business Consolidated Financial Statements:

Statement

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Yeh-Chiang Technology Corp. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2022 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Yeh-Chiang Technology Corp. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Yeh-Chiang Technology Corp. does not prepare a separate set of Consolidated FS of Affiliates.

Company Name : Yeh-Chiang Technology Corp.

Chairman: Tai-Kuang Wang

Mar 22, 2023

(3) Relational Report : None.

2. Transaction about the Company’s private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

3. Holding or disposal of shares in the company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

4. Other matters that require additional description : None.

IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one : None.

Yeh-Chiang Technology Corp.

CEO : Tai-Kuang Wang

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 532,870	13	229,861	6	2102	Short-term borrowings (note 6(9) and 8)	\$ 394,000	9	319,000	8
1170	Trade receivables, net (note 6(3))	207,273	5	364,919	9	2170	Notes and Trade payables	23	-	121	-
130X	Inventories (note 6(4))	4,928	-	9,584	-	2180	Trade payables - related parties (note 7)	41,824	1	81,387	2
1210	Other receivables—related parties (note 7)	517,857	12	489,325	12	2200	Other payables (note 6(10))	108,793	3	111,132	3
1470	Other current assets	2,878	-	3,221	-	2230	Current tax liabilities	48,449	1	12,497	-
		1,265,806	30	1,096,910	27	2280	Current lease liabilities (note 6(11))	4,357	-	4,485	-
						2300	Other current liabilities	1,044	-	2,144	-
								598,490	14	530,766	13
Non-current assets:						Non-Current liabilities:					
1518	Non-current financial assets at fair value through other comprehensive income (note 6(2))	22,848	1	44,972	1		Deferred income tax liabilities (note 6(13))	37,668	1	67,034	2
1551	Investments accounted for using equity method (note 6(5))	2,757,899	66	2,744,487	68	2570	Non-current lease liabilities (note 6(11))	8,905	-	-	-
1600	Property, plant and equipment (note 6(6) and 8)	95,916	2	96,164	3			46,573	1	67,034	2
1755	Right-of-use assets (note 6(7))	13,262	-	4,390	-			645,063	15	597,800	15
1780	Intangible assets (note 6(8))	1,986	-	2,257	-		Total liabilities				
1840	Deferred income tax assets (note 6(13))	22,805	1	30,570	1		Equity (note 6(14)):				
1900	Other non-current assets (note 6(12))	12,478	-	10,970	-	3100	Ordinary shares	1,824,799	43	1,824,799	45
		2,927,194	70	2,933,810	73	3200	Capital surplus	831,220	20	831,220	21
						3300	Retained earnings	990,659	24	903,113	22
						3400	Other equity	(98,741)	(2)	(126,212)	(3)
							Total equity	3,547,937	85	3,432,920	85
Total assets		\$ 4,193,000	100	4,030,720	100	Total liabilities and equity		\$ 4,193,000	100	4,030,720	100

See accompanying notes to financial statements.

(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)

		2022		2021	
		Amount	%	Amount	%
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	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>58,417</u>	<u>143,625</u>	<u>454,254</u>	<u>656,296</u>	<u>(144,670)</u>	<u>17,193</u>	<u>(127,477)</u>	<u>3,184,838</u>
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	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>85,903</u>	<u>127,477</u>	<u>689,733</u>	<u>903,113</u>	<u>(162,387)</u>	<u>36,175</u>	<u>(126,212)</u>	<u>3,432,920</u>
Balance on January 1, 2022	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>85,903</u>	<u>127,477</u>	<u>689,733</u>	<u>903,113</u>	<u>(162,387)</u>	<u>36,175</u>	<u>(126,212)</u>	<u>3,432,920</u>
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	<u>\$ 1,824,799</u>	<u>831,220</u>	<u>110,585</u>	<u>131,766</u>	<u>748,308</u>	<u>990,659</u>	<u>(112,792)</u>	<u>14,051</u>	<u>(98,741)</u>	<u>3,547,937</u>

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	<u>110,797</u>	<u>(47,003)</u>
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	<u>(1,100)</u>	<u>1,028</u>
Total changes in operating assets and liabilities	<u>119,484</u>	<u>(47,941)</u>
Total adjustments	<u>230,281</u>	<u>(94,944)</u>
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	<u>(15,390)</u>	<u>(9,214)</u>
Net cash flows from operating activities	<u>329,385</u>	<u>166,564</u>
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	<u>23,070</u>	<u>-</u>
Net cash flows used in investing activities	<u>(96,891)</u>	<u>(474,403)</u>
Cash flows from (used in) financing activities:		
Increase in short term borrowings	75,000	269,000
Payment of lease liabilities	<u>(4,485)</u>	<u>(4,420)</u>
Net cash flows from financing activities	<u>70,515</u>	<u>264,580</u>
Net increase (decrease) in cash and cash equivalents for the period	303,009	(43,259)
Cash and cash equivalents at beginning of period	<u>229,861</u>	<u>273,120</u>
Cash and cash equivalents at end of period	<u><u>\$ 532,870</u></u>	<u><u>229,861</u></u>

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"

(Continued)

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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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
	<u>\$ 532,870</u>	<u>229,861</u>

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

(Continued)

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	-	-
	<u><u>\$ 207,273</u></u>	<u><u>364,919</u></u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, 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
Not past due	<u><u>\$ 207,273</u></u>	-%
		<u><u>-</u></u>
December 31, 2021		
	Gross carrying amount	Weighted- average loss rate
Not past due	<u><u>\$ 364,919</u></u>	-%
		<u><u>-</u></u>

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)	<u><u>\$ -</u></u>	<u><u>-</u></u>

(4) Inventories

	December 31, 2022	December 31, 2021
Trading inventories	<u><u>\$ 4,928</u></u>	<u><u>9,584</u></u>

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
	\$ 2,757,899	2,744,487

(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	\$ 1,772,816	1,625,355
Net assets attributable to controlling interests	\$ 401,134	402,956
	For the year ended December 31,	2022
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	\$ 147,461	(237,929)
Comprehensive loss attributable to controlling interests	\$ 33,366	(35,874)

(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	<u><u>\$ 401,134</u></u>	<u><u>367,768</u></u>

(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:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
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	<u><u>\$ 99,389</u></u>	<u><u>8,882</u></u>	<u><u>1,122</u></u>	<u><u>32,623</u></u>	<u><u>142,016</u></u>
Balance on January 1, 2021	\$ 99,389	8,362	1,122	32,487	141,360
Additions	-	520	-	255	775
Balance on December 31, 2021	<u><u>\$ 99,389</u></u>	<u><u>8,882</u></u>	<u><u>1,122</u></u>	<u><u>32,742</u></u>	<u><u>142,135</u></u>
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	<u><u>\$ 4,672</u></u>	<u><u>8,558</u></u>	<u><u>1,122</u></u>	<u><u>31,748</u></u>	<u><u>46,100</u></u>
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	<u><u>\$ 4,672</u></u>	<u><u>8,427</u></u>	<u><u>1,122</u></u>	<u><u>31,750</u></u>	<u><u>45,971</u></u>
Carrying amounts:					
Balance on December 31, 2022	<u><u>\$ 94,717</u></u>	<u><u>324</u></u>	<u><u>-</u></u>	<u><u>875</u></u>	<u><u>95,916</u></u>
Balance on December 31, 2021	<u><u>\$ 94,717</u></u>	<u><u>455</u></u>	<u><u>-</u></u>	<u><u>992</u></u>	<u><u>96,164</u></u>
Balance on January 1, 2021	<u><u>\$ 94,717</u></u>	<u><u>-</u></u>	<u><u>93</u></u>	<u><u>1,021</u></u>	<u><u>95,831</u></u>

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

(Continued)

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:

	<u>Buildings</u>
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:

	<u>Patent and trademark</u>
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><u>1,986</u></u>
Balance at December 31, 2021	\$ <u><u>2,257</u></u>
Balance at January 1, 2021	\$ <u><u>2,532</u></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	319,000	319,000
Total	\$ <u><u>394,000</u></u>	<u><u>319,000</u></u>
Unused credit facilities	\$ <u><u>56,000</u></u>	<u><u>372,520</u></u>
Range of interest rates	<u><u>1.33%~1.97%</u></u>	<u><u>0.85%</u></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	2,078	1,770
	\$ <u><u>108,793</u></u>	<u><u>111,132</u></u>

(11) Lease liabilities

The carrying amount of lease liabilities of the Company is:

	December 31, 2022	December 31, 2021
Current	\$ <u><u>4,357</u></u>	<u><u>4,485</u></u>
Non-current	\$ <u><u>8,905</u></u>	<u><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	\$ <u>30</u>	<u>94</u>
Expenses relating to short-term leases	\$ <u>4</u>	<u>4</u>
	For the year ended December 31,	
	2022	2021
Total cash outflow for leases	\$ <u>4,519</u>	<u>4,518</u>

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	<u>14,097</u>	<u>12,944</u>
Net defined benefit liabilities	\$ <u>5,118</u>	<u>3,582</u>

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.

(Continued)

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	<u><u>\$ 8,979</u></u>	<u><u>9,362</u></u>

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	<u><u>\$ 14,097</u></u>	<u><u>12,944</u></u>

(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)
	<u>\$ (17)</u>	<u>(20)</u>
Operating expense	<u>\$ (17)</u>	<u>(20)</u>

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:

			Recognized in other comprehensive income			Recognized in other comprehensive income	
Deferred Tax Assets	January 1, 2021	Recognized in profit or loss		December 31, 2021	Recognized in profit or loss		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
	<u>\$ 31,005</u>	<u>(3,258)</u>	<u>2,823</u>	<u>30,570</u>	<u>809</u>	<u>(8,574)</u>	<u>22,805</u>
			Recognized in other comprehensive income			Recognized in other comprehensive income	
Deferred Tax Liabilities	January 1, 2021	Recognized in profit or loss		December 31, 2021	Recognized in profit or loss		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	23,887	23,887
	\$ 831,220	831,220

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><u>\$ (112,792)</u></u>	<u><u>14,051</u></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><u>\$ (162,387)</u></u>	<u><u>36,175</u></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,	
	2022	2021
Basic earnings per share:		
Profit to ordinary shareholders of the Company for the year	\$ <u><u>84,796</u></u>	<u><u>234,794</u></u>
Weighted-average number of ordinary shares (in thousands)	<u><u>182,480</u></u>	<u><u>182,480</u></u>
Basic earnings per share (TWD)	\$ <u><u>0.46</u></u>	<u><u>1.29</u></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 \$	84,796	234,794
Weighted-average number of ordinary shares (diluted) (in thousands)	182,480	182,480
Impact of dilution of potential common stock - employee compensation (thousand shares)	116	1,152
Weighted-average number of ordinary shares (in thousands)	182,596	183,632
Diluted earnings per share (TWD)	\$ 0.46	1.28

(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	55,377	632
	\$ 856,556	1,155,904
Major products:		
Heat pipe product	\$ 856,556	1,155,904

(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 loss 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
	<u>\$ 76,922</u>	<u>(3,272)</u>

(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>Contractual 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 current 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 current 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.

(Continued)

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:

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

(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			
		Level 1	Level 2	Level 3	Total
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	\$ 1,288,208	15,035	-	7,813	22,848
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	\$ 557,902	-	-	-	-
December 31, 2021					
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
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	\$ 1,136,437	33,449	-	11,523	44,972

(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	-	-	-	-
	\$	516,125	-	-	-	-

- 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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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

	For the year ended December 31,	
	2022	2021
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	(3,710)	6,165
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:

			Other comprehensive income	
			Favourable	Unfavourable
	Input value	Change up or down		
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>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
December 31, 2021	<u>Input value</u>	<u>Change up or down</u>		
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.

(Continued)

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 Estate Wei Qiang Technology Co., Ltd. (ZhuHai Weiqiang)	The subsidiary of the Company
Ye Xian Weiqiang Technology Co., Ltd. (Ye Xian Weiqiang)	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	\$ <u>2,744</u>	<u>2,744</u>

(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	\$ <u>678,246</u>	<u>903,621</u>

The receivable from related parties were as follows:

	December 31, 2022	December 31, 2021
Excel Rainbow	\$ <u>41,824</u>	<u>81,387</u>

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	\$ <u>578,225</u>	<u>340,680</u>	<u>398,485</u>	<u>396,440</u>

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.

(Continued)

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
Zhongshan 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, 2022	December 31, 2021
The opening guarantee notes	\$ <u>742,130</u>	<u>749,040</u>

(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:

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		-	21,652	21,652	-	27,539	27,539
Labor and health insurance		-	2,190	2,190	-	2,383	2,383
Pension		-	1,089	1,089	-	1,172	1,172
Remuneration of directors		-	320	320	-	285	285
Others		-	1,453	1,453	-	1,831	1,831
Depreciation		-	4,776	4,776	-	4,831	4,831
Amortization (Note)		-	271	271	-	333	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	<u>33</u>	<u>34</u>
Director not concurrently employee number	<u>5</u>	<u>5</u>
Average employee benefit	\$ <u>942</u>	<u>1,135</u>
Average employee salaries	\$ <u>773</u>	<u>950</u>
Adjustment average employee salaries	<u>(19)%</u>	
Supervisors' remuneration	\$ <u>-</u>	<u>-</u>

(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 BrightElectronics	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 1,000	30,710 USD 1,000	-	-	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 7,000	214,970 USD 7,000	199,615 USD 6,500	-	6.06 %	1,419,175	Y	N	Y
0	The Company	Vietnam Yeh Chiang	Subsidiary	709,587	225,505 USD 7,000	-	-	-	- %	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 ownership	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 income (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 caculated 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><u>\$ 532,870</u></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><u>\$ 207,273</u></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

Item	Amount		Note
	Cost	Net realizable value	
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		
	Shares	Amount	Shares	Amount				Shares	Percentage of ownership	Amount	Unit price	Total amount	Collateral
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	367,768	-	-	16,837	15,298	1,231(Note1)	12,434	22.63 %	401,134	39.45	490,502	"
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
		<u><u>\$ 394,000</u></u>				

**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	<u>111</u>
	<u><u>\$ 1,044</u></u>

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

<u>Item</u>	<u>Amount</u>
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)

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

Statement of administrative expenses

<u>Item</u>	<u>Amount</u>
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.)	<u>5,452</u>
Total	<u><u>\$ 32,442</u></u>

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.

Yeh Chiang Technology Corporation and Subsidiaries

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	11~25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25
(6) Explanation of significant accounts	26~52
(7) Related-party transactions	52~53
(8) Pledged assets	53
(9) Commitments and contingencies	53
(10) Losses Due to Major Disasters	53
(11) Subsequent Events	53
(12) Other	54
(13) Other disclosures	
(1) Information on significant transactions	55~57
(2) Information on investees	58
(3) Information on investment in mainland China	58~59
(4) Major shareholders	59
(14) Segment information	60~62

Representation Letter

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

Company name: Yeh Chiang Technology Corporation
Chairman: Wang, Tai-Kuang
Date: March 22, 2023

Independent Auditors' Report

To the Board of Directors of Yeh Chiang Technology Corporation:

Opinion

We have audited the consolidated financial statements of Yeh Chiang Technology Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(14) "Revenue" and Note 6(18) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

The revenue of the Group is recognized when the control in each individual contract with customers is transferred. The Group 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 Group.

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.

2.Evaluation of inventory allowance

For the evaluation of inventory policy please refer to Note 4(8) Summary of Significant Accounting Policies - Inventories, Notes 5 Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty, and Note 6(4) description of Significant Accounts - Inventories to the financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in financial statements. Therefore, the Group needs to use judgment and estimation to determine the net realizable value of the inventory on the reporting date. Due to the rapid changes in technology, the launch of new products and the new technologies may cause a significant change in the market, and sales of related products may fluctuate significantly, resulting in inventory costs to exceed its net realizable value. In addition, the policy for the allowance for loss of inventories is based on past experience and the management's estimate of the future. As a result of these subjective judgments and estimates, on inventory allowance for loss of value is one of the key matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included evaluating the method of providing allowance for inventory valuation and the reasonableness of information, assumptions and formulas on which it is based; and examining the appropriate supporting documents to assess the appropriateness of the inventory allowance; examining the inventory aging report to analyze the change on inventory aging reports; performing the sample procedures to check the correctness of the inventory aging reports; evaluate whether the evaluation of inventory is consistent with its evaluation policy; performing a retrospective review to verify the rationality of the provision of obsolescence.

Other Matter

Yeh Chiang Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Yen-Hui Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 22, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Yeh Chiang Technology Corporation and subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 1,018,322	20	627,550	13	2102	Short-term borrowings (note 6(10) and 8)	\$ 399,000	7	324,000	7
1110	Current financial assets at fair value through profit or loss (note 6(2))	41,044	1	70,765	1	2170	Note and Trade payables	143,405	3	175,887	4
1170	Notes and trade receivables, net (note 6(3))	541,143	10	782,281	16	2200	Other payables(note 6(11))	406,428	8	424,095	9
130X	Inventories (note 6(4))	412,568	8	418,465	9	2220	Other payables to related parties (note 7)	192,500	4	263,891	5
1220	Current tax assets	324	-	54	-	2230	Current tax liabilities	49,320	1	13,246	-
1476	Other financial assets—current (note 6(6))	184,491	4	102,342	2	2280	Current lease liabilities (note 6(12))	32,888	1	46,165	1
1470	Other current assets	69,270	1	70,576	1	2300	Other current liabilities (note 6(18))	9,382	-	10,568	-
		<u>2,267,162</u>	<u>44</u>	<u>2,072,033</u>	<u>42</u>	2322	Long-term borrowings, current portion (notes 6(13))	<u>46,050</u>	<u>1</u>	<u>-</u>	<u>-</u>
								<u>1,278,973</u>	<u>25</u>	<u>1,257,852</u>	<u>26</u>
Non-current assets:						Non-Current liabilities:					
1518	Non-current financial assets at fair value through other comprehensive income (note 6(2))	22,848	1	44,972	1	2541	Long-term borrowings (note 6(13))	153,500	3	-	-
1551	Investments accounted for using equity method (note 6(5))	401,134	8	367,768	8	2570	Deferred income tax liabilities (note 6(15))	37,668	1	67,034	1
1600	Property, plant and equipmen (note 6(7) and 8)	2,109,915	41	2,034,430	42	2580	Non-current lease liabilities (note 6(12))	<u>92,590</u>	<u>1</u>	<u>67,600</u>	<u>1</u>
1755	Right-of-use assets (note 6(8))	326,471	6	313,845	6			<u>283,758</u>	<u>5</u>	<u>134,634</u>	<u>2</u>
1780	Intangible assets (note 6(9))	2,377	-	2,738	-		Total liabilities	<u>1,562,731</u>	<u>30</u>	<u>1,392,486</u>	<u>28</u>
1840	Deferred income tax assets(note 6(15))	22,805	-	30,570	1		Equity (note 6(16)):				
1900	Other non-current assets (note 6(14) and 8)	<u>16,012</u>	<u>-</u>	<u>16,340</u>	<u>-</u>	3100	Ordinary shares	1,824,799	36	1,824,799	37
		2,901,562	56	2,810,663	58	3200	Capital surplus	831,220	16	831,220	17
						3300	Retained earnings	990,659	19	903,113	19
						3400	Other equity	<u>(98,741)</u>	<u>(2)</u>	<u>(126,212)</u>	<u>(2)</u>
							Total equity attributable to owners of parent	<u>3,547,937</u>	<u>69</u>	<u>3,432,920</u>	<u>71</u>
						36XX	Non-controlling interests	<u>58,056</u>	<u>1</u>	<u>57,290</u>	<u>1</u>
							Total equity	<u>3,605,993</u>	<u>70</u>	<u>3,490,210</u>	<u>72</u>
Total assets		<u><u>\$ 5,168,724</u></u>	<u><u>100</u></u>	<u><u>4,882,696</u></u>	<u><u>100</u></u>		Total liabilities and equity	<u><u>\$ 5,168,724</u></u>	<u><u>100</u></u>	<u><u>4,882,696</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

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

Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(18) and 14)	\$ 2,092,487	100	2,559,567	100
5000	Operating costs (notes 6(4), (12), (14) and 12)	<u>1,837,928</u>	<u>88</u>	<u>1,981,056</u>	<u>77</u>
	Gross profit from operations	<u>254,559</u>	<u>12</u>	<u>578,511</u>	<u>23</u>
	Operating expenses (note 6(12), (14), (19), 7, and 12):				
6100	Selling expenses	99,174	5	94,995	4
6200	Administrative expenses	121,141	6	131,078	5
6300	Research and development expenses	<u>31,967</u>	<u>1</u>	<u>47,277</u>	<u>2</u>
		<u>252,282</u>	<u>12</u>	<u>273,350</u>	<u>11</u>
	Net operating income	<u>2,277</u>	<u>-</u>	<u>305,161</u>	<u>12</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net (note 6(20))	97,620	5	40,848	2
7050	Finance costs (notes 6(12) and 7)	(22,698)	(1)	(18,498)	(1)
7060	Share of profit (loss) of subsidiaries accounted for using equity method (notes 6(5))	16,837	1	(29,529)	(1)
7100	Interest income	<u>4,154</u>	<u>-</u>	<u>1,879</u>	<u>-</u>
		<u>95,913</u>	<u>5</u>	<u>(5,300)</u>	<u>-</u>
	Profit before income tax	98,190	5	299,861	12
7950	Less: Income tax expenses (note 6(15))	<u>12,628</u>	<u>1</u>	<u>69,115</u>	<u>3</u>
	Profit	<u>85,562</u>	<u>4</u>	<u>230,746</u>	<u>9</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(16))	(22,124)	(1)	32,524	1
8320	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>(1)</u>	<u>31,005</u>	<u>1</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (note 6(16))	42,871	2	(14,116)	-
8370	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	1	(6,424)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(15))	<u>8,574</u>	<u>-</u>	<u>(2,823)</u>	<u>-</u>
		<u>49,595</u>	<u>3</u>	<u>(17,717)</u>	<u>-</u>
8300	Other comprehensive income	<u>30,221</u>	<u>2</u>	<u>13,288</u>	<u>1</u>
8500	Comprehensive income	<u>\$ 115,783</u>	<u>6</u>	<u>244,034</u>	<u>10</u>
	Profit (loss) attributable to:				
	Owners of parent	\$ 84,796	4	234,794	9
	Non-controlling interests	<u>766</u>	<u>-</u>	<u>(4,048)</u>	<u>-</u>
		<u>\$ 85,562</u>	<u>4</u>	<u>230,746</u>	<u>9</u>
	Comprehensive income (loss) attributable to:				
	Owners of the parent	\$ 115,017	6	248,082	10
	Non-controlling interests	<u>766</u>	<u>-</u>	<u>(4,048)</u>	<u>-</u>
		<u>\$ 115,783</u>	<u>6</u>	<u>244,034</u>	<u>10</u>
	Earnings per share (NT Dollars) (note 6(17))				
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 consolidated financial statements.

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

Yeh Chiang Technology Corporation and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total						
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	61,338	3,246,176
Profit (loss) for the year	-	-	-	-	234,794	234,794	-	-	-	234,794	(4,048)	230,746
Other comprehensive income for the year	-	-	-	-	(1,519)	(1,519)	(17,717)	32,524	14,807	13,288	-	13,288
Total comprehensive income for the year	-	-	-	-	233,275	233,275	(17,717)	32,524	14,807	248,082	(4,048)	244,034
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	57,290	3,490,210
Balance at 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	57,290	3,490,210
Profit for the year	-	-	-	-	84,796	84,796	-	-	-	84,796	766	85,562
Other comprehensive income for the year	-	-	-	-	2,750	2,750	49,595	(22,124)	27,471	30,221	-	30,221
Total comprehensive income for the year	-	-	-	-	87,546	87,546	49,595	(22,124)	27,471	115,017	766	115,783
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	58,056	3,605,993

See accompanying notes to consolidated financial statements.

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

Consolidated 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	\$ 98,190	299,861
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	253,502	234,353
Amortization expense	361	2,811
Net profit on financial assets and liabilities at fair value through profit or loss	(279)	(227)
Interest expense	22,698	18,498
Interest income	(4,154)	(1,879)
Dividend income	(1,251)	(641)
Provision for (reversal of) inventory obsolescence (gain)	11,512	(2,935)
Share of (profit) loss of associates accounted for using equity method	(16,837)	29,529
Loss from disposal of property, plant and equipment	3,960	6,149
Others	(17)	3,396
Total adjustments to reconcile profit	269,495	289,054
Changes in operating assets and liabilities:		
Notes and trade receivables, net	246,539	139,112
Inventories	(1,825)	(120,460)
Other operating assets	(9,185)	(24,347)
Notes and trade payables	(32,482)	8,508
Other payables to related parties	(1,308)	(575)
Other payables	(12,400)	(24,729)
Other current liabilities	(506)	(2,785)
Total changes in operating assets and liabilities	188,833	(25,276)
Total adjustments	458,328	263,778
Cash flow generated from operations	556,518	563,639
Interest received	3,553	1,996
Dividends received	1,251	641
Interest paid	(20,562)	(17,631)
Income taxes paid	(6,513)	(56,149)
Net cash flows from operating activities	534,247	492,496
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(20,000)
Proceeds from disposal of financial assets at fair value through profit or loss	30,000	128,748
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	64,280
Acquisition of investments accounted for using the equity method	-	(398,770)
Acquisition of property, plant and equipment	(267,499)	(597,821)
Proceeds from disposal of property, plant and equipment	14,196	23,320
Decrease in refundable deposits	812	12,920
Increase in other financial assets	(70,005)	(2,158)
Net cash flows used in investing activities	(292,496)	(789,481)
Cash flows from (used in) financing activities:		
Increase in short term borrowings	75,000	242,000
Proceeds from long-term borrowings	199,550	-
(Decrease) increase in guarantee deposits	(680)	644
Decrease in other payables to related parties	(75,655)	(2,424)
Payment of lease liabilities	(46,369)	(51,773)
Net cash flows from used in financing activities	151,846	188,447
Effect of exchange rate changes on cash and cash equivalents	(2,825)	5,376
Net increase (decrease) in cash and cash equivalents for the period	390,772	(103,162)
Cash and cash equivalents at beginning of period	627,550	730,712
Cash and cash equivalents at end of period	\$ 1,018,322	627,550

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

1 Company history

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 consolidated financial statements

These consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

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

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

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated 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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p> <p>After reconsidering certain aspects of the 2020 amendments¹, 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.</p> <p>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.</p>	January 1, 2024

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

The Group 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 consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4 Summary of significant accounting policies:

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

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

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

(ii) Functional and presentation currency

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

(3) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Business	Shareholding	
			December 31, 2022	December 31, 2021
The Company	Excel Rainbow (Seychelles) Ltd. (Excel Rainbow)	International trade	100 %	100 %
The Company	Yeh Chiang Technology (Samoa) Corp. (YCTSC)	Overseas holding business	100 %	100 %
The Company	Yeh Chiang Technology (BVI) Corp. (YCTBC)	International trade	100 %	100 %
The Company	Taiwan Lighting Co., Ltd. (Taiwan Lighting)	Production and sales of lighting equipment	100 %	100 %
The Company	So Bright Electronics Co., Ltd. (So Bright Electronics)	Production and sales of lighting equipment	60.29 %	60.29 %
The Company	Yu Cheng Materials Co., Ltd. (Yu Cheng Materials)	Production and sales of semiconductor package wires	81.80 %	81.80 %
The Company	Taiwan New Thermal System Co., Ltd. (Taiwan New Thermal System)	Production and sales of heat pipes	99.06 %	99.06 %
The Company	Vietnam Yeh-Chiang Technology Company Limited (Vietnam Yeh-Chiang)	Production and sales of heat pipes	100 %	100 %
YCTSC	Yeh Chiang Technology (Cayman) Corp. (YCTCC)	Overseas holding business	100 %	100 %
YCTSC	Yeh Chiang Technology Ye Xian (Cayman) Corp. (YCTYXCC)	Overseas holding business	100 %	100 %
YCTCC	Zhongshan Weiqiang Technology Co., Ltd. (Zhongshan Weiqiang)	Production and sales of heat pipes and solder balls	100 %	100 %
YCTCC	ZhuHai and Macau Spaning Border Industrial Estate Wei Qiang Technology Co., Ltd. (ZhuHai Weiqiang)	Production and sales of heat pipes and bumping	100 %	100 %
YCTYXCC	Ye Xian Weiqiang Technology Co., Ltd. (Ye Xian Weiqiang)	Production and sales of heat pipes	100 %	100 %
YCTCC	Ping Ding Shan Yeh Chiang Technology Co., Ltd. (Ping Ding Shan Yeh Chiang)	Production and sales of heat pipes	100 %	100 %

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Foreign currencies

(i) Foreign currency transactions

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

(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 Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(5) 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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 Group 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.

(6) 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.

(7) 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 Group 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 Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) 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.

4) Derecognition of financial liabilities

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

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

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 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) 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.

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

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

Unrealized gains resulting from the transactions between the Group and associates have been eliminated to the extent of the Group'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.

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

(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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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	3~10 years
3) Miscellaneous equipment	3~20 years

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

(11) Leases

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

(i) As a lessee

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

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

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group'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

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset 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 Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) As a lessor

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

The Group 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 Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods - electronic components

The Group manufactures and sells high-tech heat pipe components, solder balls, LED products, equipment and semiconductor packaging wires. The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financing components

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

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

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

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

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates 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 Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(17) Earnings per share

The Group 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 Group 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

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

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

In preparing these consolidated 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.

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

Evaluation of inventory allowance

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6 Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash and cash on hand	\$ 5,625	2,955
Check and demand deposits	932,251	545,325
Time deposit	80,446	79,270
	<u>\$ 1,018,322</u>	<u>627,550</u>

Please refer to note 6(21) for the credit risk of the financial assets and liabilities of the Group.

The time deposits that did not conform the definition of cash as of December 31, 2022 and 2021 were \$150,200 thousand and \$80,195 thousand, which were classified to other financial assets - current. Please refer to note 6(6).

(2) Financial instruments

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

	December 31, 2022	December 31, 2021
Beneficiary Certificates - mutual Funds	<u>\$ 41,044</u>	<u>70,765</u>

The Group disposed of financial assets at fair value through profit and loss in January and August of 2022, March, June, October and November of 2021. The price was \$15,000 thousand, \$15,000 thousand, \$97,560 thousand, \$11,188 thousand, \$10,000 thousand and \$10,000 thousand.

(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
	<u>\$ 22,848</u>	<u>44,972</u>

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In January 2021, the Group 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 Group 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 Group made acquisitions of shares in Quaser Machine Tools, Inc., reaching a shareholding of 22.63%. The Group 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 Group amounted to \$2,786 thousand; the accumulated gains on disposal amounted to \$1,336 thousand, which have been transferred by the Group from other equity interest to retained earnings.

The Group 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) Notes and trade receivables, net

	December 31, 2022	December 31, 2021
Note receivables	\$ 24,286	30,113
Trade receivables – measured as amortized cost	518,944	754,255
	543,230	784,368
Less: loss allowance	(2,087)	(2,087)
	\$ 541,143	782,281

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, 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:

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	<u>\$ 540,958</u>	-%	<u>-</u>
December 31, 2021			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	<u>\$ 781,089</u>	-%	<u>-</u>
Past due less than 60 days	<u>1,007</u>	-%	<u>-</u>
	<u>\$ 782,096</u>		<u>-</u>

In addition, the amounts of receivable were \$2,272 thousand as of December 31, 2022 and 2021. The Group assessed the receivable of certain specific customers to inability fulfill their obligations, therefore recognized an expected credit loss \$2,087 thousand.

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)	<u>\$ 2,087</u>	<u>2,087</u>

(4) Inventories

	December 31, 2022	December 31, 2021
Raw materials	<u>\$ 205,694</u>	<u>213,133</u>
Work in progress	<u>61,442</u>	<u>67,097</u>
Finished goods	<u>86,279</u>	<u>82,634</u>
Trading inventories	<u>146,915</u>	<u>131,659</u>
	<u>500,330</u>	<u>494,523</u>
Loss: allowance for devaluation	<u>(87,762)</u>	<u>(76,058)</u>
	<u>\$ 412,568</u>	<u>418,465</u>

In 2022 and 2021 the Group recognized cost of sales amounted to \$1,826,416 thousand and \$1,983,991 thousand, respectively.

The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to \$11,512 thousand and \$(2,935) thousand for the years ended December 31, 2022 and 2021, respectively.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Associates	\$ 401,134	367,768

(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 Group made several acquisitions of shares in Quaser Machine Tools, Inc., reaching a shareholding of 22.63. The Group 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 consolidated 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	\$ 1,772,816	1,625,355
Net assets attributable to controlling interests	\$ 401,134	367,768

	For the year ended December 31, 2022	2021
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	\$ 147,461	(237,929)
Comprehensive loss attributable to controlling interests	\$ 33,366	(35,874)

	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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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) Other financial assets – current

	December 31, 2022	December 31, 2021
Time deposits (over three months)	\$ 150,200	80,195
Other receivable, net	33,604	22,061
Other	687	86
	<u>\$ 184,491</u>	<u>102,342</u>

(i) In 2022 and 2021, the Group did not provide any impairment losses for other financial assets.

(ii) Please refer to note 6(21) for the remaining credit risk.

(7) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other facilities	Construc- tion in progress and testing equip	Total
Cost or deemed cost:						
Balance on January 1, 2022	\$ 99,389	392,401	1,384,701	362,745	427,760	2,666,996
Additions	-	-	46,575	33,496	181,034	261,105
Disposal	-	-	(46,679)	(2,185)	-	(48,864)
Reclassification	-	-	140,138	149	(141,357)	(1,070)
Effect of movement in exchange rate	-	14,663	18,244	2,812	12,313	48,032
Balance on December 31, 2022	<u>\$ 99,389</u>	<u>407,064</u>	<u>1,542,979</u>	<u>397,017</u>	<u>479,750</u>	<u>2,926,199</u>
Balance on January 1, 2021	\$ 99,389	357,457	1,321,528	313,541	153,718	2,245,633
Additions	-	46,433	129,166	53,659	287,732	516,990
Disposal	-	-	(47,373)	(3,709)	-	(51,082)
Reclassification	-	-	44,425	-	(44,425)	-
Effect of movement in exchange rate	-	(11,489)	(63,045)	(746)	30,735	(44,545)
Balance on December 31, 2021	<u>\$ 99,389</u>	<u>392,401</u>	<u>1,384,701</u>	<u>362,745</u>	<u>427,760</u>	<u>2,666,996</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Construc- tion in progress and testing equip</u>	<u>Total</u>
Depreciation and impairments loss:						
Balance on January 1, 2022	\$ 4,672	44,518	360,246	223,130	-	632,566
Depreciation	-	20,106	146,426	33,547	-	200,079
Disposal	-	-	(28,994)	(1,714)	-	(30,708)
Effect of movement in exchange rate	-	464	3,822	10,061	-	14,347
Balance on December 31, 2022	<u>\$ 4,672</u>	<u>65,088</u>	<u>481,500</u>	<u>265,024</u>	<u>-</u>	<u>816,284</u>
Balance on January 1, 2021	\$ 4,672	27,272	275,192	199,358	-	506,494
Depreciation	-	17,378	127,992	31,861	-	177,231
Disposal	-	-	(19,395)	(2,218)	-	(21,613)
Effect of movement in exchange rate	-	(132)	(23,543)	(5,871)	-	(29,546)
Balance on December 31, 2021	<u>\$ 4,672</u>	<u>44,518</u>	<u>360,246</u>	<u>223,130</u>	<u>-</u>	<u>632,566</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 94,717</u>	<u>341,976</u>	<u>1,061,479</u>	<u>131,993</u>	<u>479,750</u>	<u>2,109,915</u>
Balance on December 31, 2021	<u>\$ 94,717</u>	<u>347,883</u>	<u>1,024,455</u>	<u>139,615</u>	<u>427,760</u>	<u>2,034,430</u>
Balance on January 1, 2021	<u>\$ 94,717</u>	<u>330,185</u>	<u>1,046,336</u>	<u>114,183</u>	<u>153,718</u>	<u>1,739,139</u>

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

(8) Right-of-use assets

The Group leases many assets including land, buildings and other facility. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 214,881	149,883	81,186	445,950
Additions	1,069	51,219	5,983	58,271
Disposal	-	(27,881)	(3,057)	(30,938)
Effect of movement in exchange rate	7,312	1,526	1,186	10,024
Balance at December 31, 2022	<u>\$ 223,262</u>	<u>174,747</u>	<u>85,298</u>	<u>483,307</u>
Balance at January 1, 2021	\$ 215,974	128,796	81,056	425,826
Additions	-	21,709	741	22,450
Effect of movement in exchange rate	(1,093)	(622)	(611)	(2,326)
Balance at December 31, 2021	<u>\$ 214,881</u>	<u>149,883</u>	<u>81,186</u>	<u>445,950</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 11,539	102,003	18,563	132,105
Depreciation	5,081	41,007	7,335	53,423
Disposal	-	(27,360)	(3,057)	(30,417)
Effect of movement in exchange rate	377	1,088	260	1,725
Balance at December 31, 2022	<u>\$ 16,997</u>	<u>116,738</u>	<u>23,101</u>	<u>156,836</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Other equipment	Total
Balance at January 1, 2021	\$ 6,644	57,333	11,391	75,368
Depreciation	4,922	44,946	7,254	57,122
Effect of movement in exchange rate	(27)	(276)	(82)	(385)
Balance at December 31, 2021	<u>\$ 11,539</u>	<u>102,003</u>	<u>18,563</u>	<u>132,105</u>
Carrying amount:				
Balance at December 31, 2022	<u>\$ 206,265</u>	<u>58,009</u>	<u>62,197</u>	<u>326,471</u>
Balance at December 31, 2021	<u>\$ 203,342</u>	<u>47,880</u>	<u>62,623</u>	<u>313,845</u>
Balance at January 1, 2021	<u>\$ 209,330</u>	<u>71,463</u>	<u>69,665</u>	<u>350,458</u>

(9) Intangible assets

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

	Patent and trademark
Costs:	
Balance at January 1, 2022	\$ 84,829
Disposals	(1,144)
Balance at December 31, 2022	<u>\$ 83,685</u>
Balance at December 31, 2021 (also the opening balance)	<u>\$ 84,829</u>
Accumulated amortization:	
Balance at January 1, 2022	\$ 82,091
Amortization	361
Disposals	(1,144)
Balance at December 31, 2022	<u>\$ 81,308</u>
Balance at January 1, 2021	\$ 81,725
Amortization	366
Balance at December 31, 2021	<u>\$ 82,091</u>
Carrying value:	
Balance at December 31, 2022	<u>\$ 2,377</u>
Balance at December 31, 2021	<u>\$ 2,738</u>
Balance at January 1, 2021	<u>\$ 3,104</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 Group did not provide any intangible assets as collateral for its loans.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	\$ 80,000	5,000
Secured bank loans	319,000	319,000
Total	\$ 399,000	324,000
Unused credit facilities	\$ 56,000	432,520
Range of interest rates	1.33%~1.97%	0.85%~1.5%

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

(11) other payables

	December 31, 2022	December 31, 2021
Payables on equipment	\$ 155,245	161,639
Payables on employee compensation and directors' and supervision' remuneration	103,794	102,905
Payroll and bonus payables	63,363	68,626
Other	84,026	90,925
	\$ 406,428	424,095

(12) Lease liabilities

The carrying amount of lease liabilities of the Group is:

	December 31, 2022	December 31, 2021
Current	\$ 32,888	46,165
Non-current	\$ 92,590	67,600

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss by the Group were as follows:

	For the year ended December 31, 2022	2021
Interest expense on lease liabilities	\$ 3,478	3,302
Variable lease payments not included in the measurement of lease liabilities	\$ 305	243
Expenses relating to short-term leases	\$ 250	795
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 150	158

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

	For the year ended December 31, 2022	2021
Total cash outflow for leases	\$ 50,552	56,271

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land and buildings for its office space. The leases of land typically run for a period of 36 to 50 years, and office space typically run for a period of 2 to 4 years.

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases nitrogen storage equipment, with lease terms of 3 to 15 years.

(13) Long-term borrowings

The details were as follows:

	December 31, 2022			
	Currency	Rate	Maturity date	Amount
Unsecured bank loans	USD6,500	6.38%	2024/12/19	\$ 199,550
Less: current portion				(46,050)
Total				<u>\$ 153,500</u>
Unused long-term credit lines				<u>-</u>

(14) 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	<u>\$ 5,118</u>	<u>3,582</u>

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$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 Group 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 loss (gain)		
— Actuarial loss arising from changes in demographic assumptions	-	244
— Actuarial gain arising from changes in 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	<u><u>\$ 8,979</u></u>	<u><u>9,362</u></u>

3) Movements of defined benefit plan assets

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

	For the year ended December 31,	
	2022	2021
Fair value of plan assets at 1, January	\$ 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 at 31, December	<u><u>\$ 14,097</u></u>	<u><u>12,944</u></u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group 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 Group 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	
	Increased0.25%	Decreased0.25%
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)

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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$24,410 thousand and \$23,384 thousand for the years ended December 31, 2022 and 2021, respectively.

(15) 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	\$ 51,672	47,156
Adjustment for prior periods	(8,869)	7,377
Deferred tax expense		
Origination and reversal of temporary differences	(30,175)	14,582
Income tax expense	<u><u>\$ 12,628</u></u>	<u><u>69,115</u></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><u>\$ 8,574</u></u>	<u><u>(2,823)</u></u>

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	<u><u>\$ 98,190</u></u>	<u><u>299,861</u></u>
Income tax using the Company's domestic tax rate	\$ 19,638	59,972
Effect of tax rates in foreign jurisdiction	(7,824)	3,822
5% surtax on unappropriated retained earnings	10,893	13,592
Change in unrecognized temporary differences and others	(1,210)	(15,648)
Prior years income tax adjustment	(8,869)	7,377
Income tax expense	<u><u>\$ 12,628</u></u>	<u><u>69,115</u></u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	\$ 81,809	77,562
Tax effect of deductible temporary differences	16,478	15,603
	<u>\$ 98,287</u>	<u>93,165</u>

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 Group can utilize the benefits therefrom.

As at December 31 2022, the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry year
2013~2022	\$ <u>369,443</u>	2023~2032

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
	<u>\$ 31,005</u>	<u>(3,258)</u>	<u>2,823</u>	<u>30,570</u>	<u>809</u>	<u>(8,574)</u>	<u>22,805</u>
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 Group's tax returns for the years through 2021 were assessed by the Tax Authorities.

(16) 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated 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 1010012865 issued by the FSC on April 6, 2012, 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 AND SUBSIDIARIES
Notes to the Consolidated 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><u>\$ (112,792)</u></u>	<u><u>14,051</u></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><u>\$ (162,387)</u></u>	<u><u>36,175</u></u>

(17) 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,	
	2022	2021
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>
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)	116	1,152
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>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(18) Revenue from contracts with customers

(i) Details of revenue

For details on revenue, please refer to note 14.

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	<u>\$ 6,855</u>	<u>6,329</u>	<u>10,132</u>

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

The contract liabilities primarily relate to the advance consideration received from customer, for which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the year ended December 31, 2022 and 2021 that was included in the contract liabilities balance at the beginning of the period was \$3,702 thousand and \$7,338 thousand, respectively.

(19) 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.

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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(20) Other gain and losses, net

	For the year ended December 31,	
	2022	2021
Subsidy revenue	\$ 5,435	41,378
Foreign exchange gains (losses)	68,954	(17,256)
Losses on disposals of property, plant and equipment	(3,960)	(6,149)
Dividend income	1,251	641
Gain on financial assets at fair value through profit or loss	279	227
Other	25,661	22,007
	\$ 97,620	40,848

(21) 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 Group are mainly concentrated in the downstream heat pipe module factory of the computer industry. As of the end of December 31, 2022 and 2021, the total amount of notes and trade receivables deriving from the top five customers of the Group's operating income was \$341,296 thousand and \$526,912 thousand. They accounted for 63% and 67% of the net amount of notes and trade receivables, respectively. To reduce the concentration of credit risk, the Group 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 was details of impairment losses, please refer to note 6(6) time deposits (recorded in other current assets).

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(7). No loss allowances were recognized under financial assets at amortized cost.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual 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	\$ 399,000	400,448	400,448	-	-
Long-term borrowings(including portion due within one year)	199,550	218,963	57,902	161,061	-
Notes and trade payables	143,405	143,405	143,405	-	-
Lease liabilities-current and non- current	125,478	140,604	36,646	63,844	40,114
Other payable (including related parties)	598,928	599,285	599,285	-	-
Gurantee deposit received (recorded in other curent liabilities portion)	1,014	1,014	1,014	-	-
	<u>\$ 1,467,375</u>	<u>1,503,719</u>	<u>1,238,700</u>	<u>224,905</u>	<u>40,114</u>
December 31, 2021					
Non derivative financial liabilities					
Short-term borrowings	\$ 324,000	324,358	324,358	-	-
Notes and trade payables	175,887	175,887	175,887	-	-
Lease liabilities-current and non- current	113,765	128,440	48,537	34,046	45,857
Other payable (including related parties)	687,986	690,033	690,033	-	-
Gurantee deposit received (recorded in other curent liabilities portion)	1,694	1,694	1,694	-	-
	<u>\$ 1,303,332</u>	<u>1,320,412</u>	<u>1,240,509</u>	<u>34,046</u>	<u>45,857</u>

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

(iii) Market risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
CNY	\$ 60,342	4.408	265,985	7,217	4.344	31,349
USD	22,430	30.71	688,840	24,470	27.68	677,318
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	7,297	30.71	224,098	912	27.68	25,256

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, notes and 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 \$36,536 thousand and \$34,171 thousand, respectively. The analysis is performed on the same basis for prior year.

c) Foreign exchange gain and loss on monetary items

Since the Group 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 \$68,954 thousand and \$(17,256) thousand, respectively.

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:

	For the year ended			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
<u>Prices of securities at the reporting date</u>				
Increasing 10% (listed stocks) and 1% (mutual funds)	\$ <u>1,504</u>	<u>410</u>	<u>3,345</u>	<u>708</u>
Decreasing 10% (listed stocks) and 1% (mutual funds)	\$ <u>(1,504)</u>	<u>(410)</u>	<u>(3,345)</u>	<u>(708)</u>

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group'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 Group 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 \$4,788 thousand and \$2,592 thousand for the year ended December 31, 2022 and 2021, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group'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:

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 41,044	41,044	-	-	41,044
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	1,018,322	-	-	-	-
Notes and trade receivables	541,143	-	-	-	-
Other financial assets - current	184,491	-	-	-	-
Refundable deposits (recorded in current assets and non-current assets)	9,603	-	-	-	-
Total	\$ 1,817,451	56,079	-	7,813	63,892
Financial liabilities at amortized cost					
Short-term borrowings	\$ 399,000	-	-	-	-
Long-term borrowings (including portion due within one year)	199,550	-	-	-	-
Notes and trade payables	143,405	-	-	-	-
Lease liabilities-current and non-current	125,478	-	-	-	-
Other payable (including related parties)	598,928	-	-	-	-
Guarantee deposits received	1,014	-	-	-	-
	\$ 1,467,375	-	-	-	-

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Beneficiary Certificates	\$ 70,765	70,765	-	-	70,765
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	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	627,550	-	-	-	-
Notes and trade receivables	782,281	-	-	-	-
Other financial assets - current	102,342	-	-	-	-
Refundable deposits (recorded in current assets and non-current assets)	10,415	-	-	-	-
	<u><u>\$ 1,638,325</u></u>	<u><u>104,214</u></u>	<u><u>-</u></u>	<u><u>11,523</u></u>	<u><u>115,737</u></u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 324,000	-	-	-	-
Notes and trade payables	175,887	-	-	-	-
Lease liabilities-current and non-current	113,765	-	-	-	-
Other payable (including related parties)	687,986	-	-	-	-
Guarantee deposits received	1,694	-	-	-	-
	<u><u>\$ 1,303,332</u></u>	<u><u>-</u></u>	<u><u>-</u></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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group'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.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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

	For the year ended December 31,	
	2022	2021
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	(3,710)	6,165
Balance at December 31	<u>\$ 7,813</u>	<u>11,523</u>

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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:

			Other comprehensive income	
	<u>Input value</u>	<u>Change up or down</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><u>781</u></u>	<u><u>(781)</u></u>
	Market liquidity discount	5%	\$ <u><u>391</u></u>	<u><u>(391)</u></u>
December 31, 2021				
Financial assets at fair value through profit or loss	Price and net value ratio multiplier	10%	\$ <u><u>1,152</u></u>	<u><u>(1,152)</u></u>
	Market liquidity discount	5%	\$ <u><u>576</u></u>	<u><u>(576)</u></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.

(22) Financial risk management

(i) Overview

The Group 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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's bank deposits, trade receivables and guarantees.

1) Group's bank deposits

The exposure to credit risk for the bank deposits, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, corporate organizations, and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

2) Trade receivables

The Group continuously evaluate the financial status. Please refer to Note 6 (21) of the financial report.

3) Guarantees

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as 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 Group's reputation.

Liquidity risk of the Group is monitored through its corporate financial department which tracks the development of the actual cash flow position for the Group 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 Group 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 Group'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.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group 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.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group'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 Group 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 Group 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 Group'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.

(23) 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>\$ 1,562,731</u>	<u>1,392,486</u>
Total equity	<u>\$ 3,605,993</u>	<u>3,490,210</u>
Debt-to-equity ratio on December 31	<u>43.34%</u>	<u>39.90%</u>

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

(24) Financing activities of non-cash transactions

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

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2022	Cash flow	Non-Cash changes			December 31, 2022
			Changes in lease payments	Foreign exchange movement	Others	
Short-term borrowings	\$ 324,000	75,000	-	-	-	399,000
Lease liabilities	113,765	(46,369)	56,680	1,402	-	125,478
Guarantee deposits received	1,694	(680)	-	-	-	1,014
Other payable-related parties	261,585	(75,655)	-	4,563	1,009	191,502
Long-term borrowings (including portion due within one year)	-	199,550	-	-	-	199,550
Total	<u>\$ 701,044</u>	<u>151,846</u>	<u>56,680</u>	<u>5,965</u>	<u>1,009</u>	<u>916,544</u>

	January 1, 2021	Cash flow	Non-Cash changes			December 31, 2021
			Changes in lease payments	Foreign exchange movement	Others	
Short-term borrowings	\$ 82,000	242,000	-	-	-	324,000
Lease liabilities	143,983	(51,773)	20,968	587	-	113,765
Guarantee deposits received	1,050	644	-	-	-	1,694
Other payable-related parties	263,282	(2,424)	-	-	727	261,585
Total	<u>\$ 490,315</u>	<u>188,447</u>	<u>20,968</u>	<u>587</u>	<u>727</u>	<u>701,044</u>

7 Related-party transactions:

- (1) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Zhongshan Wei Li Textile Co., Ltd. (Zhongshan Wei Li)	The supervisor of the entity's parent company is the Company's chairman
Ping Ding Shan Bellevuecity Construction Co., Ltd. (Ping Ding Shan Bellevuecity)	The chairman of the entity's parent company is the Company's chairman
WANG, TAI-KUANG	The chairman of the Company

- (2) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 4,730</u>	<u>4,763</u>

- (3) Other related party transactions

The amounts prepaid by the Group by related parties for operating expense were respectively \$998 thousand and \$2,306 thousand and accounted to trade payable-related parties at December 31, 2022 and 2021, respectively.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On December 31, 2022 and 2021, subsidiaries of the Group, Yeh Xian Weiqiang and Ping Ding Shan Yeh Chiang, borrow the amount from Ping Ding Shan Bellevuecity for operating turnover were \$176,319 thousand and \$260,640 thousand. The interest rate was both 4.35%, respectively. The interest expense was \$11,062 thousand and \$10,754 thousand, respectively. Until the end of December 31, 2022 and 2021, the amount of other accounts payable-related parties, which including principal and interest were \$177,758 thousand and \$261,585 thousand, respectively.

On December 31, 2022, subsidiary of the Group, Vietnam Yeh Chiang, borrow the amount from Wang, Tai-Kuang for operating turnover were \$13,200 thousand. The interest rate was 6.5%, respectively. The interest expense was \$528 thousand, respectively. Until the end of December 31, 2022, the amount of other accounts payable-related parties, which including principal and interest were \$13,744 thousand, respectively.

8 Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Account</u>	<u>Pledged to secure</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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
			<u>\$ 102,042</u>	<u>102,173</u>

9 Significant Commitments and Contingencies:

- (a) The Group's unrecognized contractual commitments for property, plant and equipment were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	<u>\$ 204,674</u>	<u>323,980</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The opening guarantee notes	<u>\$ 847,485</u>	<u>852,880</u>

10 Losses due to major disasters: none

11 Subsequent events: none

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

12 Other:

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

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits							
Salary		625,761	109,250	735,011	656,387	113,952	770,339
Labor and health insurance		4,858	6,461	11,319	4,360	6,189	10,549
Pension		16,421	7,972	24,393	16,098	7,266	23,364
Remuneration of directors		-	320	320	-	285	285
Others		1,897	6,909	8,806	2,870	9,513	12,383
Depreciation		196,730	56,772	253,502	171,578	62,775	234,353
Amortization (Note)		-	361	361	-	2,811	2,811

(Note) Amortization expenses included intangible assets amounting to \$366 thousand and other non-current assets amounting to \$2,445 thousand in 2021.

- (2) In 2010, the Group 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 Group to return them to Unimax for repair. Unimax, on the other hand, refused to comply with the Group's request, which prompted the Group 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 Group 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, and the first rehearing has been in process. 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)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

13 Other disclosures:

(1) Information on significant transactions

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

(i) Loans to other parties:

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 BrightElectronics	Other receivable - related parties	Yes	9,000	-	-	0~2%	2	-	Business operation	-	None	-	79,414 (Note 1)	79,414 (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 asset 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 asset 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.

Note 4: The relevant transaction and ending balance are eliminated financial statement.

(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	Endorsement s/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 1,000	30,710 USD 1,000	-	-	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 7,000	214,970 USD 7,000	199,615 USD 6,500	-	6.06 %	1,419,175	Y	N	Y
0	The Company	Vietnam Yeh Chiang	Subsidiary	709,587	225,505 USD 7,000	-	-	-	- %	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)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 (USD22,811)	100 %	Open account 90 days account	-	No significant different	41,824 (USD1,362)	100 %	Note 1
Zhongshan Weiqiang	Excel Rainbow	Subsidiary of The Company	Sales	325,433 (USD10,924)	25 %	Open account 90 days account	-	No significant different	15,686 (USD511)	7 %	Note 1
Ye Xian Weiqiang	Zhongshan Weiqiang	Subsidiary of The Company	Sales	459,831 (CNY103,968)	85 %	Open account 90 days account	-	No significant different	39,618 (CNY8,988)	80 %	Note 1
Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	Subsidiary of The Company	Sales	187,422 (CNY42,376)	30 %	Open account 90 days account	-	No significant different	99,259 (CNY22,518)	50 %	Note 1
Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	Subsidiary of The Company	Sales	153,081 (CNY34,612)	25 %	Open account 90 days account	-	No significant different	82,302 (CNY18,671)	41 %	Note 1
Ping Ding Shan Yeh Chiang	Excel Rainbow	Subsidiary of The Company	Sales	279,329 (US9,377)	45 %	Open account 90 days account	-	No significant different	18,805 (USD612)	9 %	Note 1

Note 1: The relevant transaction and ending balance are eliminated financial statement.

Note 2: Assets and revenue were recognized by company in one-way.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 1	-	-	-	-

Note 1: Loan to other parties, so it uncalculated turnover rates.

Note 2: The relevant transaction and ending balance are eliminated financial statement.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Zhongshan Weiqiang	1	Other receivable	467,248	Receipt on due date with an annual interest rate of 2%	9%
0	The Company	Ping Ding Shan Yeh Chiang	1	Other receivable	44,080	Receipt on due date with an annual interest rate of 2%	1%
1	Excel Rainbow	The Company	2	Sales	679,525	Open account 90 days account	32%
1	Excel Rainbow	The Company	2	Receivable	41,824	Open account 90 days account	1%
2	Zhongshan Weiqiang	Excel Rainbow	3	Sales	325,433	Open account 90 days account	16%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Sales	459,831	Open account 90 days account	22%
3	Ye Xian Weiqiang	Zhongshan Weiqiang	3	Receivable	39,618	Open account 90 days account	1%
3	Ye Xian Weiqiang	Ping Ding Shan Yeh Chiang	3	Sales	10,967	Open account 90 days account	1%
3	Ye Xian Weiqiang	Excel Rainbow	3	Sales	74,763	Open account 90 days account	4%
4	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	3	Sales	187,422	Open account 90 days account	9%
4	Ping Ding Shan Yeh Chiang	Ye Xian Weiqiang	3	Receivable	99,259	Open account 90 days account	2%
4	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	3	Sales	153,081	Open account 90 days account	7%
4	Ping Ding Shan Yeh Chiang	Zhongshan Weiqiang	3	Receivable	82,302	Open account 90 days account	2%
4	Ping Ding Shan Yeh Chiang	Excel Rainbow	3	Sales	279,329	Open account 90 days account	13%

Note 1: The information of number are as follow:

1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order from number 1.

Note 2: The types of relationships with traders are as follows:

1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 3: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Note 4: The transactions with an amount incurred from Sales, Account receivable and other receivable of more than 1% of the operating revenue or assets.

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(In Thousands of USD and shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	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	100.00 %	(144,076) (USD(4,836))	(144,076) (USD(4,836))	Note 1
The Company	YCTBC	B.V.I.	International trade	73,333 USD2,557	73,333 USD2,557	2,406	100.00 %	10,756 USD350	100.00 %	(30) (USD(1))	(30) (USD(1))	Note 1
The Company	Excel Rainbow	Seychelles	International trade	70,520 USD2,155	70,520 USD2,155	2,155	100.00 %	3,922 USD128	100.00 %	(287) (USD(10))	(287) (USD(10))	Note 1
The Company	Taiwan Lighting	Taipei City	Lighting facilities	176,110	176,110	17,611	100.00 %	198,536	100.00 %	10,795	10,795	Note 1
The Company	So Bright Electronics	Taoyuan City	Lighting facilities	63,904	63,904	2,773	60.29 %	26,669	60.29 %	819	492	Note 1
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	81.80 %	2,407	1,969	Note 1
The Company	Taiwan New Thermal System	Taipei City	Sales and manufacturing of heat pipes	68,000	68,000	5,448	99.06 %	33,723	99.06 %	386	382	Note 1
The Company	Quaser Machine	Taichung City	Production and sales of Machinery and equipment	398,770	398,770	12,434	22.63 %	401,134	22.63 %	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	100.00 %	(2,435) (USD(82))	(2,435) (USD(82))	Note 1
YCTSC	YCTCC	Cayman	Overseas investment activities	USD 23,828	USD 23,828	1,244	100.00 %	1,144,070 USD37,254	100.00 %	(78,080) (USD(2,621))	(78,080) (USD(2,621))	Note 1
YCTSC	YCTYXCC	Cayman	Overseas investment activities	USD 18,000	USD 18,000	900	100.00 %	477,233 USD15,540	100.00 %	(66,015) (USD(2,216))	(66,015) (USD(2,216))	Note 1

Note 1: The relevant transactions and ending balance are eliminated financial statement.

(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 income (losses) of the investee	Percentage of ownership	Highest 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 %	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 %	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 %	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 %	100 %	(65,895) (USD2,212)	478,001 USD15,565	-

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated 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

Note1: Investment in companies in Mainland China through YCTSC in the third regions.

Note2: 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

Note3: The financial statements of the Company were audited by the Taiwan parent company audit team.

Note4: The relevant transactions and ending balance are eliminated financial statement.

Note5: The limitation on investment in Mainland China is calculated with 60% of the combined net equity.

(iii) Significant transactions

The significant Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated 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 %

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

14 Segment information:

(1) General and segment information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group. The Group's main operating decision makers at least quarterly reviews of the internal management reports of each strategic division. No segment's assets were provide to the operating decision makers, therefore, no disclosure is required of the Group. In addition, the Segment's gains and losses are measured by using the net profit before tax, which are used as a basis for assessing the Segment's performance. The construction of each department in the Group is as follows:

Heat pipe Segment: Includes the related high-tech heat pipe components and Solder balls production and marketing business.

Lighting Segment: Includes LED lighting products and lighting equipment production and marketing business.

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

For the year ended December 31, 2022				
	Heat pipe business	Lighting business	Reconciliation and elimination	Total
Total revenue	\$ <u>1,826,828</u>	<u>265,659</u>	<u>-</u>	<u>2,092,487</u>
Depreciation and amortization expense	\$ <u>247,997</u>	<u>5,866</u>	<u>-</u>	<u>253,863</u>
Segment before tax profit	\$ <u>86,578</u>	<u>11,612</u>	<u>-</u>	<u>98,190</u>
Segment assets	\$ <u>4,848,784</u>	<u>322,898</u>	<u>(2,958)</u>	<u>5,168,724</u>
Segment liabilities	\$ <u>1,485,564</u>	<u>80,125</u>	<u>(2,958)</u>	<u>1,562,731</u>
For the year ended December 31, 2021				
	Heat pipe business	Lighting business	Reconciliation and elimination	Total
Total revenue	\$ <u>2,273,562</u>	<u>286,005</u>	<u>-</u>	<u>2,559,567</u>
Depreciation and amortization expense	\$ <u>230,634</u>	<u>6,530</u>	<u>-</u>	<u>237,164</u>
Segment before tax profit	\$ <u>277,468</u>	<u>22,393</u>	<u>-</u>	<u>299,861</u>
Segment assets	\$ <u>4,545,583</u>	<u>338,301</u>	<u>(1,188)</u>	<u>4,882,696</u>
Segment liabilities	\$ <u>1,309,605</u>	<u>84,069</u>	<u>(1,188)</u>	<u>1,392,486</u>

(Continued)

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(3) Corporate information

(i) Product and service information

Revenue from the external customers of the Group was as follows:

	For the year ended December 31,	
	2022	2021
Product and services		
Heat pipe product	\$ 1,826,828	2,273,562
Lighting device	265,659	286,005
	\$ 2,092,487	2,559,567

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographic location of customers and segment assets are based on the geographical location of the assets.

	For the year ended December 31,	
	2022	2021
Revenue from external customers:		
China	\$ 1,444,720	1,914,866
Singapore	316,793	345,027
Taiwan	265,560	289,717
Other countries	65,414	9,957
	\$ 2,092,487	2,559,567
	December 31,	December 31,
	2022	2021
Non-current assets:		
China	\$ 2,090,520	2,114,964
Taiwan	126,098	119,344
Vietnam	222,145	116,705
	\$ 2,438,763	2,351,013

The above non-current assets include property, plant and equipment, intangible assets, and right-of-use asset not including financial instruments and other non-current assets rights.

YEH CHIANG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Major customers

The total revenue of the Group is from the important customer amount of the heat pipe business unit:

	For the year ended December 31, 2021	
	2022	2021
Shuanghong	\$ 480,902	652,663
Aavid Thermalloy	404,174	479,945
Chaun-Choung Technology	<u>226,463</u>	<u>259,880</u>
	<u>\$ 1,111,539</u>	<u>1,392,488</u>