YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Address: Cricket Square, Hutchins Drive,
Po Box 2681, Grand Cayman, KY1-1111,
Cayman Islands

Telephone: 002-86-574-86228866

§ Table of Contents §

ITEM		PAGE	FINANCIAL STATEMENT NOTE NO.
1.	Cover	1	-
2.	Table of Contents	2	-
3.	Independent Auditors' Report	3~6	-
4.	Consolidated Balance Sheet	7	-
5.	Consolidated Income Statement	8	-
6.	Consolidated Statement of Changes in Equity	9	-
7.	Consolidated Statement of Cash Flows	10-11	-
8.	Consolidated Financial Statement Notes		-
	(1) History of Company	12	1
	(2) Date and Process for Financial Statement Approval	12	2
	(3) Application of Newly Promulgated and Modified Guidelines and Explanation	12-14	3
	(4) Summarized Significant Accounting Policy	15~30	4
	(5) Significant Accounting Judgment and Assessment and Major Source of Assumption Uncertainty	30	5
	(6) Significant Accounting Item Explanation	30~67	6~28
	(7) Related Party Transaction	67~68	29
	(8) Assets Pledged as Collateral or for Security	68	30
	(9) Significant Contingencies or Unrecognized Contractual Commitment	-	-
	(10) Significant Disaster Loss	-	-
	(11) Other Items	-	-
	(12) Significant Subsequent Events	-	-
	(13) Foreign Currency Financial Assets and Liabilities Exchange Rate Information	68-69	31
	(14) Notes Disclosures		
	1. Significant Transaction Related Information	69~69	32
	2. Reinvestment Related Information	69	32
	3. China Investment Information	69~71	32
	(15) Segment Information	71-73	33

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD.

Opinion

We have audited the accompanying financial report of YEONG GUAN ENERGY TECHNOLOGY GROUP CO., LTD. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 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 for 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 for the year ended December 31, 2022. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December

31, 2022 are stated as follows:

<u>The Occurrence of Operating Revenue</u>

With respect to the Group's consolidated operating revenue for 2022, revenue from injection molding machine products accounted for 53.74% of annual operating revenue. The revenue from major client products of injection molding machine accounted for 42.22% of the annual revenue from renewable energy. Given the fact that operating revenue amount from such clients was material, recognition of operating revenue from major clients of renewable energy category was therefore listed as a key audit matter.
With respect to this key audit matter, we hereto took the Group's occurrence of operating revenue recognition into consideration in evaluating design and execution of operating revenue related to internal control. Samples were selected from renewable energy major clients to conduct verification test on detail items for the purpose of checking transaction vouchers as well as audit process for subsequent payment collection. Meanwhile, letters were sent to such clients to verify period-end account receivable balance for the purpose of verifying that operating revenue actually occur and amount was accurate.

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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2022, 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.

Deloitte and Touche

CPA	Chen, Chih-Yuan	CPA	Huang, Yao-Ling

Financial Supervisory Commission	Financial Supervisory Commission
Executive Yuan	Executive Yuan
Approval Document No.	Approval Document No.
Gin-Guan-Zheng-Shen-Tze	Gin-Guan-Zheng-Shen-Tze
No. 1060023872	No. 106004806

March 16, 2022

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: in thousands of NTD

		December 31, 2022		December 31, 2021	
Code	Asset	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalent(Notes 4 and 6)	$ 2,114,380	10	$ 1,993,773	11
1110	Financial assets at fair value through profit or loss – current(Notes 4 and 7)	21,512	-	579,631	3
1136	Financial assets measured based on amortized cost – current(Note 4 and 9)	189,132	1	304,440	2
1150	Notes receivable(Notes 4 and 22)	302,372	1	432,953	2
1170	Account receivables, net(Notes 4, 10 and 22)	3,440,286	16	2,808,556	15
130X	Inventories, net(Notes 4 and 11)	1,858,470	8	1,660,444	9
1476	Other financial assets-current(Notes 16 and 30)	1,226,043	6	1,106,684	6
1479	Other current assets(Notes 4 and 24)	514,377	2	418,575	2
11XX	Total Current Assets	9,666,572	44	9,305,056	50
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	58,357	-	76,768	1
1600	Property, plant and equipment(Notes 4, 13 and 30)	9,650,666	44	7,239,302	39
1755	Right of Use Assets(Notes 4, 14 and 30)	540,974	3	563,722	3
1760	Investment property, net(Notes 4)	725	-	731	-
1805	Goodwill(Notes 15)	138,841	1	137,958	1
1840	Deferred income tax assets(Notes 4 and 24)	88,258	-	67,025	-
1910	Real estate prepayments	-	-	141,256	1
1915	Equipment prepayments	1,660,088	8	724,498	4
1980	Other financial assets-non-current(Notes 16 and 30)	40,266	-	170,143	1
1990	Other non-current assets	46,172	-	43,397	-
15XX	Total Non-Current Assets	12,224,347	56	9,164,800	50
1XXX	TOTAL ASSETS	$ 21,890,919	100	$ 18,469,856	100
Code	LIABILITIES and SHAREHOLDER'S EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 17, 30 and 18)	$ 3,382,088	16	$ 1,839,364	10
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	38,384	-	-	-
2150	Notes payable	1,349,764	6	1,635,644	9
2170	Account payables	945,936	4	786,669	4
2219	Other accounts payable (Notes 19)	850,442	4	687,750	4
2230	Current income tax liabilities (Notes 4 and 24)	38,298	-	67,513	-
2280	Lease liabilities - current (Notes 4 and 14)	15,583	-	24,031	-
2321	Current portion of long-term bonds payable (Notes 4 and 18)	1,480,456	7	-	-
2322	Current portion of long-term borrowings (Notes 17 and 30)	-	-	390,672	2
2399	Other current liabilities (Notes 29)	17,159	-	12,202	-
21XX	Total Current Liabilities	8,118,110	37	5,443,845	29
	NON-CURRENT LIABILITIES				
2500	Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 18)	-	-	24,750	-
2530	Bonds payable (Notes 4 and 18)	-	-	1,473,192	8
2540	Long-term borrowings (Notes 17 and 30)	5,099,971	23	2,504,584	14
2570	Deferred income tax liabilities (Notes 4 and 24)	9,391	-	7,966	-
2580	Lease liabilities - non-current (Notes 4, 14 and 29)	171,435	1	180,904	1
25XX	Total Non-Current Liabilities	5,280,797	24	4,191,396	23
2XXX	TOTAL LIABILITIES	13,398,907	61	9,635,241	52
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
3110	Common stock capital	1,106,175	5	1,106,175	6
3200	Additional paid-in capital	5,980,154	27	5,980,154	32
	Retained earnings				
3310	Legal reserve	576,294	3	554,684	3
3320	Special reserve	1,349,197	6	1,394,590	8
3350	Unappropriated retained earnings	544,916	2	1,023,039	5
3300	Total Retained Earnings	2,470,407	11	2,972,313	16
	Other components of Equity				
3410	Exchange difference on translation of foreign financial statements	(1,179,659)	(5)	(1,353,964)	(7)
3420	Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive gains and losses	(13,126)	-	4,592	-
3400	Total Other Components of Equity	(1,192,785)	(5)	(1,349,372)	(7)
31XX	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	8,363,951	38	8,709,270	47
36XX	Non-controlling interests	128,061	1	125,345	1
3XXX	TOTAL EQUITY	8,492,012	39	8,834,615	48
	TOTAL LIABILITIS and EQUITY	$ 21,890,919	100	$ 18,469,856	100

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming General Manager: Hsu, Ching-Hsiung Chief Accountant: Tsai,Ching-Wu

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Income Statement

For periods from January 1 to December 31 of 2022 and 2021

Unit: in thousands of NTD,
Except Earnings Per Share

Code		2022 Amount	2022 %	2021 Amount	2021 %
4000	OPERATING REVENUE (Notes 4 and 22)	$ 9,383,925	100	$ 8,948,211	100
5000	OPERATING COSTS (Notes 4, 11 and 23)	8,040,146	86	7,178,390	80
5900	GROSS PROFIT	1,343,779	14	1,769,821	20
	OPERATING EXPENSES (Notes 10 and 23)				
6100	Marketing expenses	376,114	4	476,495	6
6200	General and administrative expenses	551,571	6	619,275	7
6300	Research and development expenses	319,550	3	351,541	4
6450	Expected credit loss (gain)	(985)	-	6,453	-
6000	Total operating expenses	1,246,250	13	1,453,764	17
6900	PROFIT FROM OPERATIONS	97,529	1	316,057	3
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Notes 23)	33,909	-	56,312	1
7190	Other income and loss (Notes 23 and 29)	(155,856)	(2)	14,348	-
7235	Financial product net (loss) profit at fair value through profit and loss (Notes 7 and 18)	4,290	-	(1,552)	-
7630	Foreign currency exchange net (loss) profit (Notes 31)	(145,399)	(1)	3,394	-
7510	Finance costs (Notes 18 and 23)	(148,654)	(1)	(67,939)	(1)
7000	Total non-operating income and expenses	(411,710)	(4)	4,563	-
7900	PROFIT (LOSS) BEFORE INCOME TAX	(314,181)	(3)	320,620	3
7950	INCOME TAX EXPENSE (Notes 4 and 24)	130,194	2	106,647	1
8200	NET PROFIT FOR THE YEAR	(444,375)	(5)	213,973	2
	OTHER COMPREHENSIVE INCOME(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on financial assets at fair value through other comprehensive income	(14,791)	-	11,010	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	182,934	2	27,721	1
8300	Total other comprehensive income (net of income tax)	168,143	2	38,731	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	($ 276,232)	(3)	$ 252,704	3
	NET PROFIT(LOSS) ATTRIBUTABLE TO:				
8610	Shareholders of the parent	($ 438,462)	(5)	$ 216,102	2
8620	Non-controlling interests	(5,913)	-	(2,129)	-
8600		($ 444,375)	(5)	$ 213,973	2
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	($ 278,948)	(3)	$ 267,738	3
8720	Non-controlling interests	2,716	-	(15,034)	-
8700		($ 276,232)	(3)	$ 252,704	3
	EARNINGS (LOSS) PER SHARE (Note 25)				
9750	Basic	($ 3.96)		$ 1.95	
9850	Diluted	($ 3.96)		$ 1.88	

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming General Manager: Hsu, Ching-Hsiung Chief Accountant: Tsai,Ching-Wu

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
For periods from January 1 to December 31 of 2022 and 2021

Unit: in thousands of NTD

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 21)

			Capital Surplus					Retained Earnings				Other Equity					
Code		Common Stock	Additional Paid-In Capital	Stock Option	Invalid Stock Option	Treasury Stock Transaction	Total	Legal Reserve	Special Reserve	Retained Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-Controlling Interests (Notes 21 and 26)	Total Equity
A1	BALANCE AT JANUARY 1, 2021	$1,106,175	$5,722,508	$ 80,098	$ 148,875	$ 28,673	$ 5,980,154	$ 503,370	$ 1,404,195	$ 1,008,154	$ 2,915,719	($1,394,590)	$ -	($1,394,590)	$ 8,607,458	$ 156,484	$ 8,763,942
	Appropriation and distribution of 2020 earnings:																
B1	Legal reserve	-	-	-	-	-	-	51,314	-	(51,314)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	(9,605)	9,605	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	-	(165,926)	(165,926)	-	-	-	(165,926)	-	(165,926)
	Subtotal	-	-	-	-	-	-	51,314	(9,605)	(207,635)	(165,926)	-	-	-	(165,926)	-	(165,926)
D1	Net income in 2021	-	-	-	-	-	-	-	-	216,102	216,102	-	-	-	216,102	(2,129)	213,973
D3	2021 Other comprehensive income	-	-	-	-	-	-	-	-	-	-	40,626	11,010	51,636	51,636	(12,905)	38,731
D5	2021 Total comprehensive income	-	-	-	-	-	-	-	-	216,102	216,102	40,626	11,010	51,636	267,738	(15,034)	252,704
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	6,418	6,418	-	(6,418)	(6,418)	-	-	-
O1	Non-controlling interest change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,105)	(16,105)
Z1	BALANCE AT DECEMBER 31, 2021	$ 1,106,175	$ 5,722,508	$ 80,098	$ 148,875	$ 28,673	$5,980,154	$ 554,684	$ 1,394,590	$ 1,023,039	$ 2,972,313	($ 1,353,964)	$ 4,592	($ 1,349,372)	$ 8,709,270	$ 125,345	$ 8,834,615
	Appropriation and distribution of 2021 earnings:																
B1	Legal reserve	-	-	-	-	-	-	21,610	-	(21,610)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	-	(45,393)	45,393	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	-	-	(66,371)	(66,371)	-	-	-	(66,371)	-	(66,371)
	Subtotal	-	-	-	-	-	-	21,610	(45,393)	(42,588)	(66,371)	-	-	-	(66,371)	-	(66,371)
D1	Net income in 2022	-	-	-	-	-	-	-	-	(438,462)	(438,462)	-	-	-	(438,462)	(5,913)	(444.375)
D3	2022 Other comprehensive income	-	-	-	-	-	-	-	-	-	-	174,305	(14,791)	159,514	159,514	8,629	168,143
D5	2022 Total comprehensive income	-	-	-	-	-	-	-	-	(438,462)	(438,462)	174,305	(14,791)	159,514	(278,948)	2,716	(276,232)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	2,927	2,927	-	(2,927)	(2,927)	-	-	-
Z1	BALANCE AT DECEMBER 31, 2022	$ 1,106,175	$ 5,722,508	$ 80,098	$ 148,875	$ 28,673	$5,980,154	$ 576,294	$ 1,349,197	$ 544,916	$ 2,470,407	($ 1,179,659)	($ 13,126)	($ 1,192,785)	$ 8,363,951	$ 128,061	$ 8,492,012

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming General Manager: Hsu, Ching-Hsiung Chief Accountant: Tsai,Ching-Wu

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

For periods from January 1 to December 31 of 2022 and 2021

Unit: in thousands of NTD

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	($ 314,181)	$ 320,620
A20010	Adjustments for:		
A20100	Depreciation expense	521,434	530,454
A20200	Amortization expense	8,927	6,176
A20300	Expected credit loss recognized	(985)	6,453
A20400	Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	2,599	14,400
A20900	Finance costs	148,654	67,939
A21200	Interest income	(33,909)	(56,312)
A22500	Loss on disposal of property, plant and equipment	89,266	27,305
A22900	Loss on disposal of subsidiaries	-	6,516
A23700	Loss on impairment of non financial assets	89,339	-
A23800	Recognition (reversal) of write-down of inventories	18,518	7,518
A24100	Net gain (loss) on foreign currency exchange	271,165	(8,311)
A29900	Amortization of prepaid lease payment	(6)	(249)
A30000	Net change on operating assets and liabilities		
A31130	Notes receivable	138,087	(203,776)
A31150	Account receivables	(583,597)	492,200
A31200	Inventories	(189,994)	(331,366)
A31240	Other current assets	(89,792)	(161,409)
A32110	Financial instrument at fair value through profit and loss	6,991	2,314
A32130	Notes payable	(313,569)	777,918
A32150	Account payables	146,912	(18,640)
A32180	Other payables	86,629	(45,588)
A32230	Other current liabilities	4,773	5,950
A32990	Other financial assets	31,450	(369,978)
A33000	Operating net cash inflows	38,711	1,070,134
A33300	Interest paid	(158,706)	(65,905)
A33500	Income tax paid	(179,513)	(8,669)
AAAA	Net cash generated (used) from operating activities	(299,508)	995,560

(to be continued)

(brought forward)

Code		2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	($ 29,280)	($ 76,476)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	32,927	10,718
B00040	Purchase of financial assets at amortized cost	(30,362)	(331,136)
B00050	Proceeds from disposal of financial assets at amortized cost	148,891	281,863
B00100	Purchase of financial asset at fair value through profit or loss	-	(618,413)
B00200	Proceeds from disposal of financial asset at fair value through profit or loss	569,154	547,182
B02300	Cash outflow generated from disposal of subsidiaries	-	(30,836)
B02700	Purchase of property, plant and equipment	(2,687,971)	(1,975,201)
B02800	Disposal of property, plant and equipment	5,063	3,620
B04500	Payment for intangible assets	(7,662)	(2,995)
B06700	Increase in other non-current assets	(3,340)	(3,623)
B07100	Increase in equipment prepayments	(996,852)	(477,316)
B07300	Increase in real estate prepayments	-	(141,256)
B07500	Interests collected	34,536	56,118
BBBB	Net cash generated used in investing activities	(2,964,896)	(2,757,751)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short term loan	1,466,140	652,009
C01600	Proceeds from long term loan	1,982,034	588,227
C04020	Payments of lease liabilities	(32,384)	(41,274)
C04500	Dividends paid to owners of the Company	(66,371)	(165,926)
CCCC	Net cash generated from financing activities	3,349,419	1,033,036
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	35,592	40,076
EEEE	NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	120,607	(689,079)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,993,773	2,682,852
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,114,380	$ 1,993,773

The accompanying notes are an integral part of the consolidated financial statement.

Chairman: Chang, Hsien-Ming General Manager: Hsu, Ching-Hsiung Chief Accountant: Tsai, Ching-Wu

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
for periods from January 1 to December 31 of 2022 and 2021
(Unless otherwise specified, all amounts are in thousands of NTD.)

1. GENERAL

Yeong Guan Energy Technology Group Co., Ltd. (hereinafter referred to as the "Company") was established on January 22, 2008 in British Cayman Islands under the main purpose of organization restructuring. According to the Company's equity swap agreement, organization restructuring was completed on September 22, 2008. The Company has become an investment holding company after the restructuring.

The Company's stocks were listed and traded in Taiwan Stock Exchange starting April 27, 2012.

Consolidated financial statements hereto are presented in the Company's functional currency of NTD.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 16, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

A. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group's accounting policies.

B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods 12 beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed

C. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16"Leases Liability in a Sale and leaseback" IFRS 17 "Insurance Contracts"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17— Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024

Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.
The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(2) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within twelve months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within twelve months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.
All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 8 and Table 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

(5) Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

(6) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each part of a property, plant and equipment item that is significant to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are audited at the end of each reporting period, with any changes in estimates accounted for prospectively.

Any gain or loss on the disposal or retirement of a property, plant and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(8) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(9) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication of unit impairment, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(10) Intangible Assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2. Derecognition of intangible assets

Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(11) Impairment of property, plant and equipment, right-of-use-asset, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

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

(1) Measurement category

Types of financial assets held by the consolidated company are financial assets at fair value through profit or loss and financial assets measured at amortized costs.

A. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note receivables at amortized cost, trade receivables and other receivables, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

a. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

b. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.
Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs

represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.
On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. Equity Instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial Liabilities

(1) Subsequent Measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 26.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Convertible bonds

The component parts of compound instruments (i.e., mandatory convertible bonds and convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus – share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component, and amortize by using the effective method in subsequent periods.

5. Derivative financial instruments

The Group enters into a derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL

(13) Revenue Recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

Revenue from sale of goods comes from sales of various high end casting products. With respect to high end casting product delivery patterns such as shipping origin and destination, clients are already entitled to the rights of setting prices and utilization, and clients also assume risks of products being obsolete. Accordingly, the Group recognized revenue and account receivables at that specific point of time.

During subcontract processing, control of ownership for processed products is not transferred. Therefore, subcontract processing is not recognized as income.

(14) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(17) Retirement Benefit Costs

1. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current Tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

6. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash On Hand	$ 838	$ 1,453
Checking Accounts and Demand Deposit	1,857,239	1,390,888
Cash Equivalents		
Time Deposits with Original Maturities within 3 months	256,303	601,432
	$ 2,114,380	$ 1,993,773

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Bank Deposit	0.0001%~3.85%	0.0001%~3.85%

7. **Financial Instruments at Fair Value through Profit or Loss**

	December 31, 2022	December 31, 2021
Financial assets at FVTPL- current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Cross-currency swap contracts	$ 11,035	$ -
Non-derivative financial assets		
－Financial product	10,477	579,631
	$ 21,512	$ 579,631
Financial liabilities at FVTPL - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
－Cross-currency swap contracts	$ 2,684	$ -
Derivative financial liabilities (not under hedge accounting)		
－Domestic Third Convertible Bond (Note18)	35,700	-
	$ 38,384	$ -
Financial liabilities at FVTPL - non-current		
Derivative financial liabilities (not under hedge accounting)		
－Domestic Third Convertible Bond (Note18)	$ -	$ 24,750

At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Contract Amount (in thousands)
Buy Swap	EUR/JPY	2023.01.19	EUR 1,000/JPY 138,100
	USD/RMB	2023.01.17-2023.04.13	USD 4,500/RMB 31,127
	EUR/RMB	2023.05.22-2023.08.21	EUR 8,000/RMB 57,889

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

EQUITY INVESTMENT

	December 31 2022	December 31 2021
Non-current		
Unlisted shares	$ 58,357	$ 76,768

The Company invested in Formosa 4 International Investment Co., Ltd., Formosa 5 International Investment Co., Ltd., Asis Renewable Energy (Cayman) Limited and KOP Investment Limited Company common stocks and expect to make profits from long-term investments. The management of the Company considered that the inclusion of short-term fluctuations in the fair value of these investments in profit and loss is inconsistent with the long-term investment plan described above, and therefore chose to designate these investments as being measured at fair value through other comprehensive income.

9. Financial Assets Measured at Amortized Cost

	December 31, 2022	December 31, 2021
Current		
Time deposits with original maturity of more than 3 months	$ 189,132	$ 304,440

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.55%-4.20% and 0.5%-0.8% per annum as of December 31, 2022 and 2021, respectively.

10. Account Receivables

	December 31, 2022	December 31, 2021
Account Receivables		
At amortized cost		
Gross carrying amount	$3,472,329	$2,841,314
Less: Allowance for impairment loss	(32,043)	(32,758)
	$ 3,440,286	$ 2,808,556

At amortized cost

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Non-Default	Default 1～90 Days	Default 91～180 Days	Default Exceeding 181Days	Total
Expected credit loss rate	0.05%	1.41%	7.38%	100%	-
Gross carrying amount	$ 3,082,845	$ 351,592	$ 13,287	$ 24,605	$ 3,472,329
Loss allowance (Lifetime ECL)	(1,490)	(4,967)	(981)	(24,605)	(32,043)
Amortized Costs	$ 3,081,355	$ 346,625	$ 12,306	$ -	$ 3,440,286

December 31, 2021

	Non-Default	Default 1～90 Days	Default 91～180 Days	Default Exceeding 181Days	Total
Expected credit loss rate	0.04%	0.34%	9.56%	100%	-
Gross carrying amount	$ 2,615,441	$ 184,818	$ 11,053	$ 30,002	$ 2,841,314
Loss allowance (Lifetime ECL)	(1,070)	(630)	(1,056)	(30,002)	(32,758)
Amortized Costs	$ 2,614,371	$ 184,188	$ 9,997	$ -	$ 2,808,556

The movements of the loss allowance of account receivables were as follows:

	2022	2021
Balance at January 1	$ 32,758	$ 26,168
Add: Net remeasurement of loss (gain) allowance	(985)	6,453
Foreign exchange gains and losses	270	137
Balance at December 31	$ 32,043	$ 32,758

11. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 539,127	$ 574,884
Work in progress	847,185	614,606
Raw materials	472,158	470,954
	$ 1,858,470	$ 1,660,444

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $8,040,146 thousand and $7,178,390 thousand, respectively. For the year ended December 31, 2022 and 2021, the cost of goods sold included inventory write-downs of $18,518 thousand and $7,518 thousand, respectively.

12. Subsidiaries

Subsidiaries included in this consolidated financial statement

Investor	Investee	Nature of Business	Shareholding percentage 2022 December 31	Shareholding percentage 2021 December 31
Yeong Guan Energy Technology Group Co., Ltd.(Company)	Yeong Guan Holding Co., Ltd. (YGV)	Investment	100	100
	Yeong Guan Heavy Industry (Thailand) Co., Ltd. (YGZ)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	75	75
YGV	Yeong Guan International Co., Ltd. (YGI)	Investment	100	100
	Shin Shang Trade Co., Ltd. (YGX)	Transaction of various steel castings and casting molds as well as related import/export businesses	-	-
	Yeong Chen Asia Pacific Co., Ltd. (YGA)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
YGI	Ningbo Yeong Shang Casting Iron Co., Ltd. (YGS)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Ningbo Lu Lin Machine Tool Foundry Co., Ltd. (YGL)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Dongguan Yeong Guan Mould Factory Co., Ltd. (YGD)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	100	100
	Jiangsu Bright Steel Fine Machinery Co., Ltd. (YGB)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	80	80
	Ningbo Yeong Chia Mei Trade Co., Ltd. (YGM)	Transaction of various steel castings and casting molds as well as related import/export businesses	100	100
	Shanghai No. 1 Machine Tool Foundry (Su zhou) Co., Ltd.(YGW)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	37.04	30.74
YGS	Jiangsu Bright Steel Fine Machinery Co., Ltd. (YGB)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	20	20
YGD	Shanghai No. 1 Machine Tool Foundry (Su zhou) Co., Ltd. (YGW)	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	58.06	58.06
	Qing Dao Rui Yao Building Material Co., Ltd.(YGQ)	Manufacturing and selling of Decorative Material, processing and selling of stones material	-	-
YGL	Qing Dao Rui Yao Building Material Co., Ltd.(YGQ)	Manufacturing and selling of Decorative Material, processing and selling of stones material	-	-

Note 1: The financial reports for 2022 and 2021 have been verified by CPA.

Note 2: The Company decided the subsidiary Yeong Guan Holding Co., Ltd. (surviving company) absorbed and merged Shin Shang Trade Co., Ltd. (eliminated company) on March 31, 2021.

Note 3: The Company signed an agreement to dissolve its subsidiary Qing Dao Rui Yao Building Material Co., Ltd. on January 14, 2021 and obtained the cancellation approval from the local government on March 25, 2021. The disposal was completed on March 30, 2021, please refer to Note 26.

13. Property, Plant and Equipment

Assets used by the Group

	Self-Owned Land	Building	Machine Equipment	Transportation Equipment	Other Equipment	Work-in-Progress Property	Total
Cost							
Balance at January 1, 2022	$572,394	$3,656,978	$4,914,299	$ 67,664	$ 598,329	$2,635,062	$ 12,444,726
Additions	58,984	10,224	43,655	2,434	7,791	2,625,375	2,748,463
Disposals	-	(21,365)	(153,529)	(4,953)	(14,456)	-	(194,303)
Capitalized interest	-	-	-	-	-	31,965	31,965
Reclassification	59,443	86,986	58,183	2,680	4,693	(14,489)	197,496
Effect of foreign currency exchange differences	27,240	59,604	74,744	962	9,581	4,980	177,111
Balance at December 31, 2022	$ 718,061	$3,792,427	$4,937,352	$ 68,787	$ 605,938	$5,282,893	$ 15,405,458
Accumulated Depreciation and Impairment							
Balance at January 1, 2022	$ -	$1,653,846	$3,013,931	$ 46,786	$ 490,861	$ -	$ 5,205,424
Disposals	-	(21,312)	(62,748)	(4,350)	(11,564)	-	(99,974)
Impairment losses recognized	-	-	87,661	-	1,678	-	89,339
Depreciation Expenses	-	181,046	262,860	5,365	32,444	-	481,715
Effect of foreign currency exchange differences	-	26,749	43,013	660	7,866	-	78,288
Balance at December 31, 2022	$ -	$1,840,329	$3,344,717	$ 48,461	$ 521,285	$ -	$ 5,754,792
Carrying amount at December 31, 2022	$ 718,061	$1,952,098	$1,592,635	$ 20,326	$ 84,653	$5,282,893	$ 9,650,666

	Self-Owned Land	Buildings	Machine Equipment	Transportation Equipment	Other Equipment	Work-in-Progress Property	Total
Cost							
Balance at January 1, 2021	$ 621,653	$3,263,930	$ 4,696,353	$ 60,980	$ 590,721	$ 1,281,778	$10,515,415
Additions	-	11,930	14,799	5,404	10,628	1,915,628	1,958,389
Disposals	-	(15,154)	(72,668)	(2,027)	(17,591)	-	(107,440)
Capitalized interest	-	-	-	-	-	12,290	12,290
Reclassification	-	368,032	237,563	2,868	9,845	(576,700)	41,608
Effect of foreign currency exchange differences	(49,259)	28,240	38,252	439	4,726	2,066	24,464
Balance at December 31, 2021	$ 572,394	$ 3,656,978	$ 4,914,299	$ 67,664	$ 598,329	$2,635,062	$12,444,726
Accumulated Depreciation and Impairment							
Balance at January 1, 2021	$ -	$ 1,493,353	$2,762,244	$ 43,688	$ 460,169	$ -	$ 4,759,454
Disposals	-	(15,154)	(43,928)	(1,825)	(15,608)	-	(76,515)
Depreciation Expense	-	162,528	272,730	4,606	42,484	-	482,348
Reclassification	-	-	(89)	-	-	-	(89)
Effect of foreign currency exchange differences	-	13,119	22,974	317	3,816	-	40,226
Balance at December 31, 2021	$ -	$1,653,846	$ 3,013,931	$ 46,786	$ 490,861	$ -	$ 5,205,424
Carrying amount at December 31, 2021	$ 572,394	$ 2,003,132	$ 1,900,368	$ 20,878	$ 107,468	$ 2,635,062	$ 7,239,302

After considering the future operation plan and the existing capacity planning, the company assessed that some machinery and other equipment did not meet the production requirements and recognized an impairment loss of $ 89,339 thousand in 2022. The impairment loss was booked under other income and loss (Note 23).

The recoverable amount of machinery and other equipment assessed by the Group for impairment is based on the age of similar machinery in the second-hand market at that time, that is, the recent transaction price of similar assets in the same industry is obtained through market inquiry. As transactions in the second-hand market are not active, so that the fair values used in determining the recoverable amounts were categorized as Level 3 measurements.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	5 to 35 years
Machine Equipment	3 to 10 years
Transportation Equipment	5 to 20 years
Other Equipment	3 to 10 years

Major components for the Group's building include factory main building and power generating equipment. Depreciation for them is recognized based on service life of 35 years ,20 years and 5 years respectively.

Refer to Note 30 for the carrying amount of property, plant and equipment pledged by the Group to secure bank loans.

14. Lease Arrangements

(1) Right-of-Use Assets

	December 31, 2022	December 31, 2021
Carrying amount		
Land	$533,918	$543,815
Building	5,116	15,527
Machine Equipment	-	617
Transportation Equipment	1,940	3,763
	$540,974	$563,722

Refer to Note 30 for the carrying amount of right-of-use assets pledged by the Group to secure bank loans.

	2022	2021
Additions to right-of-use assets	$ 7,808	$ -
Depreciation of right-of-use assets		
Land	$ 23,536	$ 22,276
Buildings	10,726	10,424
Machine Equipment	539	1,053
Transportation Equipment	4,912	14,347
	$ 39,713	$ 48,100

(2) Lease Liabilities

	December 31, 2022	December 31, 2021
Carry amount		
Current	$ 15,583	$ 24,031
Noncurrent	$171,435	$180,904

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Land	2%~2.1%	2%~2.1%
Buildings	1.92%~4.37%	1.92%~4.37%
Machine Equipment	-	4.35%
Transportation Equipment	2.27%~5%	4.61%

(3) Material leasing activities and terms

To meet with demands from related businesses of wind-power turbine industry, the Group leased roughly 19.8 hectares of land in Taichung Port Industrial Zone from Port of Taichung, Taiwan International Ports Corporation Limited, with a lease term of 20 years. The Group itself invests in the conducting of planning, design and construction of related facilities. Ownership of such facilities belong to the Group. However, establishment of superficies is not permitted and transfer of such facilities shall obtain consent from the Port of Taichung, Taiwan International Ports Corporation Limited. Without consent from the Port of Taichung, Taiwan International Ports Corporation Limited, the Group shall not request to withdraw from the lease prior to expiration under any reasons. In the event that the Group intends to continue the lease upon expiration of lease term, the Group shall apply for renewal of the lease, in writing, from the Port of Taichung, Taiwan International Ports Corporation Limited 6 months prior to expiration of the lease. In the event that the Port of Taichung, Taiwan International Ports Corporation Limited still intends to lease the land, renewal terms shall therefore be negotiated by both parties and shall be under the premises of non-violation of laws and regulations at the time of renewal.

(4) Other Lease Information

	2022	2021
Expenses relating to short-term leases	$19,126	$ 14,847
Expenses relating to low-value asset leases	$ 1,963	$ 754
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$17,456	$ 14,182
Total cash outflow for leases	($75,535)	($ 76,394)

The Group selects buildings, which meet with short-term lease, and certain office equipment leases, which meet with low-value asset lease, for application of recognition exemption. Related right-of-use asset or lease liabilities will not be recognized upon such leases.

15. Goodwill

	2022	2021
Cost		
Balance at January 1	$ 137,958	$ 137,522
Effect of foreign currency exchange differences	883	436
Balance at December 31	$ 138,841	$ 137,958

The recoverable amount was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 5.12% to 8.95%. The cash flows beyond that 5-year period have been extrapolated using a 0% per annum growth rate. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

16. Other Financial Assets

	December 31, 2022	December 31, 2021
Current(Note 30)		
Pledged bank acceptance	$ 990,029	$ 867,202
Bank acceptance deposits	114,136	128,532
Restricted time deposits	46,821	46,735
Quality guarantee deposits	75,057	64,215
	$1,226,043	$1,106,684

	December 31, 2022	December 31, 2021
Non-current(Note 30)		
Quality guarantee deposits	$ 40,266	$ 40,133
Restricted time deposits	-	130,010
	$ 40,266	$ 170,143

17. Loans

(1) Short Term Loans

	December 31, 2022	December 31, 2021
Secured Loans (Note 30)		
Bank Loans	$ 959,530	$ 483,000
Unsecured Loans		
Line of Credit Loans	2,422,558	1,356,364
	$ 3,382,088	$ 1,839,364

The range of weighted average effective interest rate on credit borrowings was 1.24%-5.8% and 0.7%-4% per annum as of December 31, 2022 and 2021, respectively.

(2) Long Term Loans

	December 31, 2022	December 31, 2021
Secured Loans (Note 30)		
Bank Loans	$ -	$ 649,941
Syndicated loan	2,877,486	-
Minus: Syndicated loan fee	(13,935)	-
	2,863,551	649,941
Unsecured Loans		
Syndicated loan	2,243,606	2,246,365
Minus: Syndicated loan fee	(7,186)	(1,050)
Minus: Current portion	-	(390,672)
	2,236,420	1,854,643
	$ 5,099,971	$ 2,504,584

As of December 31, 2022 and 2021, the range of weighted average effective interest rates of the bank borrowings was 1.830%-5.2% and 1.119%-1.797% per annum, respectively.

On October 25, 2022, the Group entered a syndicated loan agreement of credit extension total amount of NT$3.66 billion with seven financial institutes including the Land Bank of Taiwan. Specifically, (1) A credit extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to build PPE (includes repaying the balance of the Land Bank of Taiwan 's loan to build the plant in 2021), mid-term loan.

Multiple drawdowns are available. However, revolving credit is not allowed. (2) B Credit Extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to build PPE, mid-term secured loan, credit line is NTD36.6 million dollars. Multiple drawdowns are unavailable and revolving credit is not allowed. The A credit period shall be from the date of first use to the date of expiration of 2 years. The B credit period shall be from the date of first use to the date of expiration of 6 years. However, it shall not exceed 7 years from the date when the credit plan is first used. The Borrower shall fully pay the outstanding balance, interest payable, related fees and all other payables for each of the credit facilities at the expiration of the term of each facility.

On January 4, 2022, the Group entered a syndicated loan agreement of credit extension total amount of USD$0.13 billion with six financial institutes including the Land Bank of Taiwan. Specifically, (1) A-1 credit extension: It is for the borrower Yeong Guan Energy Technology Group Company Limited to repay its loan (including but not limited to the balance of the previous syndicated loan), mid-term loan. Credit line is USD75 million dollars or EURO with equivalent value. One time drawdown, however, revolving credit is not allowed. (2) A-2 Credit Extension: It is for the borrower Yeong Guan Energy Technology Group Company Limited to repay its domestic 3rd unsecured convertible bond. Credit line is USD55 million dollars or EURO with equivalent value. Multiple drawdowns are available. However, revolving credit is not allowed. (3) B-1 Credit Extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to repay its loan (including but not limited to the balance of the previous syndicated loan) Credit line is NT$245 million dollars or foreign currency with equivalent value (limited to USD, Euro Dollar). Multiple drawdowns are unavailable. However, revolving credit is not allowed. (4)B-2 Credit Extension: It is for the borrower Yeong Guan Holdings Co., Limited Taiwan Branch to buy PPE. Credit line is NT$1.4 billion dollars or foreign currency with equivalent value (limited to USD, Euro dollar). Multiple drawdowns are unavailable. However, revolving credit is not allowed. (5) B-3 Credit Extension: It is for borrower Yeong Guan Holdings Co., Limited Taiwan Branch to strengthen mid-term operation capital. Credit line is NT$0.5 billion dollars or foreign currency with equivalent value (limited to USD, Euro Dollar). Revolving credit is available. The credit period shall be from the date of first use to the date of expiration of 5 years. However, the Group may apply to extend the credit extension period for 2 years, once only The borrower shall fully pay off all debts under this credit.

The Group has repaid all borrowings which signed with ten financial institutes including the Land Bank of Taiwan on January 10, 2022.

18. Corporate Bond Payable

	December 31, 2022	December 31, 2021
Third Domestic Unsecured Convertible Bonds	$1,480,456	$1,473,192
Less: Current portion	(1,480,456)	-
	$ -	$1,473,192

On September 3, 2020, the Company issued 15,000 units NTD denominated un-secured convertible corporate bond with 0% coupon rate and total principal amount of NT$1.5 billion.

Each unit corporate bond holder is entitled to convert the bond into the Company's common shares under the price of NT$100/share. After determination of conversion price, adjustments shall be made in accordance with conversion price adjustment formula in the event of ex-right or ex-dividend. As of Dec. 31, 2022, conversion price has been adjusted to NT$96.4 and conversion period starts from December 4, 2020 to September 3, 2025. In the event of unconverted corporate bond upon expiration of aforementioned period, onetime cash repayment of bond face value plus interest compensation will be made on September 3, 2025. In the event that conditions are met, the Company shall be entitled to request to redeem this convertible corporate bond from creditors based on agreed prices.

During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event the Company's common share closing prices in Taiwan Stock Exchange exceed this bond's conversion price at that time over 30% (included) for 30 consecutive business days, the Company will be entitled to send out a 30-day-expiration "Bond Redemption Notice" within subsequent 30 business days, and redeem all bonds in cash calculated based on face value upon expiration of aforementioned period. During the period which starts from the next day after 3 months of issuance and until 40 days before expiration of the issuance, in the event that this bond's outstanding balance is lower than 10% of original total issue amount, the Company will therefore be entitled to send out a 30-day-expiration "Bond Redemption Notice" based on names recorded on bondholder's name list at any time thereafter, and redeem outstanding bond in cash calculated based on face value upon expiration of aforementioned period.

Respective expiration dates of 3-year periods after issuance are pre-mature sell back record dates for bondholders of this bond. Bondholders are entitled to send out notice in writing to the Company's share agent within 40 days prior to aforementioned sell back record dates requesting the Company to redeem bond held by them in cash and in 101.51% of face value.

This convertible corporate bond includes liability and equity components. Equity components are presented as Additional Paid-In Capital - Share Subscription Right under equities. Liability components, on the other hand, are cognized as liabilities of embedded derivative financial instruments and non-derivative products. Such embedded derivative financial instrument have been assessed at fair value of NT$35,700 thousand (included in financial liabilities - current which are measured through profit/loss based on fair value)and NT$24,750 thousand (included in financial liabilities - noncurrent which are measured through profit/loss based on fair value) on December 31, 2022 and December 31, 2021 respectively; non-derivative product liability have been measured on December 31, 2022 and December 31, 2021 are NT$1,480,456 thousand (included in corporate bond payable which is due in one year) NT$1,473,192 thousand (included in corporate bond payable) based on amortized cost and its effective interest rate originally recognized is 0.4923%.

Issuance Proceeds (less transaction cost of NT$4,094 thousand)	$ 1,549,294
Equity Components	(80,098)
Net Liability Components on Issue Day (including NT$1,463,619 thousand of corporate bond payable and NT$5,577 thousand of financial assets at fair value – noncurrent)	1,469,196
Interest Calculated in Effective Interest Rate	16,837
Loss on Valuation of Financial Instrument	30,123
Net Liability Components on December 31, 2022	$ 1,516,156

All of the third unsecured convertible corporate bonds have not yet been converted as of December 31, 2022.

19. Other Payables

	December 31, 2022	December 31, 2021
Salary Payable	$ 323,127	$ 304,314
Payables on Equipment	128,308	73,534
Processing Fee Payable	105,743	54,670
Freight Payable	45,649	39,995
Tax Payable	42,567	35,317
Utilities Payable	23,093	35,023
Interest Payable	14,667	4,581
Others	167,288	140,316
	$ 850,442	$ 687,750

20. Retirement Benefit Plans

Yeong Chen Asia Pacific Co., Ltd. and Yeong Guan Holdings Co., Limited Taiwan branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

21. Equity

(1) Share Capital

	December 31, 2022	December 31, 2021
Number of Shares Authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	$ 110,618	$ 110,618
Shares issued	$ 1,106,175	$ 1,106,175

Fully paid ordinary shares, which have a par value at $10, carry one vote per share and carry a right to dividends.

(2) Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary shares, treasury share transactions, consolidation excess and expired share options) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus generated from equity component of convertible bonds payable may not be used for any purpose; Capital surplus generated from forfeited share options may only be used to offset a deficit.

(3) Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and then any remaining profit together with any undistributed retained earnings, distributed, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 23. compensation of employees and remuneration of directors.

Distribution of shareholder dividend and employee bonus can be distributed, pursuant to Board of Director's Meeting determination, to employees or shareholders in cash, proceeds from fully paid shares not yet issued, or both cash and aforementioned proceeds. For shareholder dividend, however, cash dividend distributed shall not be less than 10% of all dividends. The Company will not pay for interest on undistributed dividend or bonus.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 10090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 17, 2022 and July 30, 2021 were as follows:

	Earnings Distribution	
	2021	2020
Legal Reserve	$ 21,610	$ 51,314
Special Reserve	($ 45,393)	($ 9,605)
Cash Dividends	$ 66,371	$ 165,926
Cash Dividends per share(NT$)	$ 0.6	$ 1.5

The 2022 distribution of surplus earnings proposed by the Company's Board of Directors Meeting dated March 16, 2023 is as follows:

	Earnings Distribution
Legal Reserve	$ -
Special Reserve	($ 156,576)
Cash Dividends per share(NT$)	$ -

2022 Earnings Distribution proposal is pending for resolution from the shareholders' meeting which is expected to be held in June 16, 2023.

(4) Special Reserve

Upon the Company's first adoption of IFRSs, accumulated conversion adjustment amount transferred into retained earnings was NT$8,214 thousand. The same amount of special reserve has already been appropriated accordingly. Upon earnings distribution, other shareholder's equity deduction as of the ending day of reporting period as well as special reserve appropriated during first adoption of IFRSs shall also be recognized. In the event that there is a subsequent reversal on other shareholder's equity reduction balance, distribution of earnings can then be conducted on the reserval portion.

(5) Non-Controlling Interest

	2022	2021
Balance at January 1	$ 125,345	$ 156,484
Current Net Profit	(5,913)	(2,129)
Other comprehensive (Loss)/income		
Exchange Difference on Translation of Foreign Financial Statement	8,629	(12,905)
Non-Controlling Interest Decreased by Qing Dao Rui Yao Building Material Co., Ltd.	-	(37,350)
Non-Controlling Interest Increased by Yeong Guan Heavy Industry (Thailand) Company	-	21,245
Balance at December 31	$ 128,061	$ 125,345

22. Revenue

(1) Balance of Client Contract

	2022	2021
Client Contract Revenue		
Product Sales Revenue	$ 9,383,925	$ 8,948,211

(2) Disaggregation of revenue from contracts with customers

Please refer to note 34 for detail information on client contract revenue.

23. Net Profit

(1) Interest Income

	2022	2021
Bank deposits	$ 33,909	$ 56,312

(2) Other Profits and Losses

	2022	2021
Subsidized Income	$ 7,196	$ 9,312
Net Loss from Disposal and Abandonment of Property, Factory and Equipment	(89,266)	(27,305)
Loss on impairment of non-financial assets	(89,339)	-
Loss on disposal of subsidiaries	-	(6,516)
Profit from lease modifications	6	249
Others	15,547	38,608
	($155,856)	$ 14,348

(3) Financial Cost

	2022	2021
Interest on Bank Loans	$ 168,749	$ 67,687
Interest on Lease Liabilities	4,606	5,337
Interest on Convertible Bond	7,264	7,205
	180,619	80,229
Less: Amounts included in the cost of qualifying assets	(31,965)	(12,290)
	$ 148,654	$ 67,939

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2022	**2021**
Capitalized interest amount	$ 31,965	$ 12,290
Capitalization rate	1.833-2.705%	1.163-1.797%

(4) Depreciation, Amortization and Employee Benefit Expense

	2022			2021		
	Business Cost	Business Expense	Total	Business Cost	Business Expense	Total
Employment Benefit Expense						
Post-Employment Benefit	$ 61,451	$ 19,379	$ 80,830	$ 52,388	$ 14,898	$ 67,286
Other Employment Benefit	1,004,984	412,726	1,417,710	949,055	451,908	1,401,963
	$ 1,066,435	$ 432,105	$ 1,498,540	$ 1,001,443	$ 466,806	$1,469,249
Depreciation	$ 431,176	$ 90,252	$ 521,428	$ 425,401	$ 105,047	$ 530,448
Amortization	$ 978	$ 7,949	$ 8,927	$ 197	$ 5,979	$ 6,176

Aforementioned depreciation expense does not include depreciation expenses of NT$6 thousand for investment real property for 2022 and 2021 (included under non-operating revenue and expense – other benefits and losses).

(5) Employee Compensation and Director/Supervisor Compensation

The Company shall appropriate employee compensation and director/supervisor compensation in accordance with respective distribution zones of 2%~15% and no higher than 3% after current year pre-tax benefits prior to the distribution of employee and director/supervisor compensation are deducted. No compensation of employees and remuneration of directors and supervisors were estimated as the Company reported net losses for the years ended December 31, 2022. The employees' compensation and remuneration to directors and supervisors for the years ended December 31 2021 which have been approved by the Company's board of directors on March 16, 2022, were as follows:

Ratio

	2022	2021
Employee Compensation	-	2.5%
Director/Supervisor Compensation	-	-

Amount

	Cash Bonus	Cash Bonus
Employee Compensation	$ -	$ 5,541
Director/Supervisor Compensation	$ -	$ -

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. **Income Tax**

(1) Income tax recognized in profit or loss

The major components of tax expense were as follow:

	2022	2021
Current Tax		
In respect of the current year	$ 147,662	$ 74,823
Income tax on unappropriated earnings	1,216	-
Adjustments for prior years	108	(11,452)
	148,986	63,371
Deferred Tax		
In respect of the current year	(16,143)	28,678
Tax Rate Change	-	22,400
Adjustments for prior years	(2,649)	(7,802)
	(18,792)	43,276
Income tax expense recognized in profit or loss	$ 130,194	$ 106,647

A reconciliation of accounting profit and income tax expenses is as follows:

	2022	2021
Profit before tax	($ 314,181)	$ 320,620
Income tax expense calculated at the statutory rate	$ 125,436	$ 130,745
Nondeductible expense of tax	24,847	138
Unrecognized deductible temporary difference	37,011	14,357
R&D tax credit	(55,775)	(41,739)
Income tax on unappropriated earnings	1,216	-
Tax Rate Change	-	22,400
Adjustments recognized for current tax of prior years	(2,541)	(19,254)
Income tax expense recognized in profit or loss	$ 130,194	$ 106,647

(2) Current Income Tax Asset and Liability

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable (included in other current asset)	$ 113	$ 18,353
Current tax liabilities		
Current income tax liabilities	$ 38,298	$ 67,513

(3) Deferred Tax Assets and Liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2022

	Beginning Balance	Recognized in P/L	Exchange Difference	Others	Ending Balance
Deferred Income Tax Assets					
Temporary Differences					
Allowance for Loss on Inventories	$ 7,262	$ 2,616	$ 109	$ -	$ 9,987
Allowance for impaired receivables	5,140	(588)	82	-	4,634
Others	5,761	1,562	124	-	7,447
	18,163	3,590	315	-	22,068
Loss Carry forward	48,862	13,934	745	2.649	66,190
	$ 67,025	$ 17,524	$ 1,060	$ 2.649	$ 88,258
Deferred Income Tax Liability					
Temporary Differences					
Unrealized Exchange Gains	$ 1,121	$ 1,629	($ 69)	$ -	$ 2,681
Capitalized Interest	5,751	(668)	96	-	5,179
Others	1,094	420	17	-	1,531
	$ 7,966	$ 1,381	$ 44	$ -	$ 9,391

2021

	Beginning Balance	Recognized in P/L	Exchange Difference	Others	Ending Balance
Deferred Income Tax Assets					
Temporary Differences					
Allowance for Loss on Inventories	$ 5,546	$ 1,745	$ 52	($ 81)	$ 7,262
Allowance for impaired receivables	5,116	1,138	33	(1,147)	5,140
Others	15,249	(9,043)	71	(516)	5,761
	25,911	(6,160)	156	(1,744)	18,163
Loss carryforwards	84,748	(23,345)	523	(13,064)	48,862
	$ 110,659	($ 29,505)	$ 679	($ 14,808)	$ 67,025
Deferred Income Tax Liability					
Temporary Differences					
Adjustments of Unrealized Financial Instrument Evaluation Gain or Loss	$ 58	($ 58)	$ -	$ -	$ -
Unrealized Exchange Gains	1,759	(45)	(593)	-	1,121
Capitalized Interest	6,340	(642)	49	4	5,751
Others	1,383	(82)	7	(214)	1,094
	$ 9,540	($ 827)	($ 537)	($ 210)	$ 7,966

(4) Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Loss Carryforwards		
Due in 2022	$ 233	$ 218
Due in 2023	2,442	2,277
Due in 2024	276	257
Due in 2025	131	122
Due in 2026	6,860	658
Due in 2027	10,212	-
	$ 20,154	$ 3,532

(5) Information about unused loss carry-forward as of December 31, 2022 comprised of：

Expiry Year	Unused Amount
2023	$ 12,211
2024	1,380
2025	657
2026	44,561
2027	67,057
2028	123,185
2029	50,913
2031	108,600
2032	331,522
	$ 740,086

(6) Income tax assessments

Yeong Chen Asia Pacific Company and Taiwan branches of Yeong Guan Holdings Co., Limited's tax filing cases prior to the year of 2020 have all been assessed by tax authority. Furthermore, all subsidiaries in China and Yeong Guan Heavy Industries have all completed their income tax filings within deadlines in accordance with local tax authorities' requirements.

25. Earnings (loss) per Share

The weighted average number of shares outstanding used for the earnings per share computation were as follows:

Net profit (loss) for the period

	2022	2021
Profit (loss) for the period attributable to owners of the Company	($438,462)	$ 216,102
Effect of potentially dilutive ordinary shares: Convertible Bonds	-	21,605
Earnings (loss) used in the computation of diluted earnings (loss) per share	($438,462)	$ 237,707

Number of Shares

Unit: 1,000 shares

	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	110,618	110,618
Effect of potentially dilutive ordinary shares:		
Convertible Bonds	-	15,400
Employee Bonus or Compensation	-	114
Weighted average number of ordinary shares used in the computation of diluted earnings per share	110,618	126,132

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings (loss) per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings (loss) per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

Since the employee compensation might be potential common stocks, they are anti-dilutive and excluded from the computation of diluted earnings per share. The Group's third outstanding domestic unsecured convertible bonds are potential common shares. However, given the counter-dilution effect from such potential common shares of 2021, they are not included in the calculation of diluted earnings per share.

26. DISPOSAL OF SUBSIDIARIES

On January 14, 2021, the Group entered into a sale agreement to dissolution of subsidiary Qing Dao Rui Yao Building Material Co., Ltd., which is decoration material production, sales and stone processing sales business. The dissolution got the approval from the local government on March 25, 2021 and completed the dissolution on March 30,2021

a. Consideration received from disposals

	Qing Dao Rui Yao Building Material Co., Ltd.
Total consideration received	$ 30,834

b. Analysis of assets and liabilities on the date control was lost

	Qing Dao Rui Yao Building Material Co., Ltd.
Current assets	
Cash and cash equivalents	$ 61,670
Prepayment	13,025
Other current asset	5
Net assets disposed of	$ 74,700

c. Loss on dissolution of subsidiaries

	Qing Dao Rui Yao Building Material Co., Ltd.
Consideration received	$ 30,834
Net assets disposed of	(74,700)
Non-controlling interests	37,350
Gain on disposals	($ 6,516)

d. Net cash outflow on disposals of subsidiaries

	Qing Dao Rui Yao Building Material Co., Ltd.
Consideration received in cash and cash equivalents	$ 30,834
Less: Cash and cash equivalent balances disposed of	(61,670)
	($30,836)

27. Capital Risk Management

The Group engages itself in capital management to ensure necessary finance resources and operation plan for the purpose of meeting the needs for future 12-month operation capital, capital expenditure, debt repayment as well as dividend payment. Under the premise that respective enterprise of the Group will be able to operate continuously, shareholder’s compensation will be maximized through optimization of debt and equity balances.

The Group’s major management regularly review the Group’s capital structure. Contents of review include consideration of various capital costs as well as their related risks. With major management’s suggestions, the Group balances its overall capital structure through dividend payment, new share issuance, new debt issuance or repayment of existing debt.

28. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

December 31, 2022

	Book Value	Fair Value Level 1	Level 2	Level 3	Total
Financial Liability					
Financial liabilities at amortized cost					
Convertible bonds payable	$1,480,456	$1,471,350	$ -	$ -	$1,471,350

December 31, 2021

	Book Value	Fair Value Level 1	Level 2	Level 3	Total
Financial Liability					
Financial liabilities at amortized cost					
Convertible bonds payable	$1,473,192	$1,568,400	$ -	$ -	$1,568,400

(II) Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 11,035	$ -	$ 11,035
Financial Product	-	10,477	-	10,477
	$ -	$ 21,512	$ -	$ 21,512
Financial assets at FVTOCI				
Unlisted shares	$ -	$ -	$ 58,357	$ 58,357
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 2,684	$ -	$ 2,684
Convertible Bond Payables	-	35,700	-	35,700
	$ -	$ 38,384	$ -	$ 38,384

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial Product	$ -	$ 579,631	$ -	$ 579,631
Financial assets at FVTOCI				
Unlisted shares	$ -	$ -	$ 76,768	$ 76,768
Financial liabilities at FVTPL				
Convertible Bond Payables	$ -	$ 24,750	$ -	$ 24,750

There were no transfers between the level 1 and level 2 during the period of years ended December 31, 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

For the year months ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	$ 76,768
Purchases	29,280
Recognized in other comprehensive income	(14,791)
Sales	(30,000)
Effect of foreign currency exchange differences	27
Other comprehensive income for the year	61,284
Transfers into retained earning	(2,927)
Balance at December 31, 2022	$58,357

For the year months ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	$ -
Purchases	76,476
Recognized in other comprehensive income	11,010
Sales	(4,300)
Other comprehensive income for the year	83,186
Transfers into retained earning	(6,418)
Balance at December 31, 2021	$76,768

3. Valuation techniques and inputs applied for Level 2 fair value measurement

Types of Financial Instruments	Assessment Techniques and Input Values
Derivatives - foreign exchange forward contracts	Discounted Cash Flow Method: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial Product	Discounted Cash Flow Method: Future cash flow is assessed using period-end observable interest rates and rates of return stipulated in agreements, and is discounted respectively using discount rates which are capable of reflecting respective transaction counterparties' credit risks
Domestic Third Unsecured Convertible Corporate Bond	Under the assumption that corporate bond will be redeemed on September 13, 2025, discount rate adopted is calculated via interpolation method using government bond yield rates from public offer 2-year and 5-year period.

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

(III) Categories of Financial Instruments

	December 31, 2022	December 31, 2021
Financial Asset		
Financial assets at FVTPL	$ 21,512	$ 579,631
Financial assets at amortized cost (Note 1)	6,148,720	5,607,799
Financial assets at FVTOCI	58,357	76,768
Financial Liability		
Financial liability at FVTPL	38,384	24,750
Measured at amortized cost (Note 2)	13,108,657	9,317,875

Note 1: The balances included receivables measured at amortized cost, which comprise cash and cash equivalents, financial asset measured by amortized cost – current, notes receivable, trade receivables, other receivables and refundable deposit.

Note. 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade and other payables, and bonds issued.

(IV) Financial risk management objectives and policies

The Group's main financial instruments include cash and cash equivalents, notes and trade receivables, bond payables, loans and lease liability. The finance department of the Group provides service to business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Company's board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use financial derivatives and non-derivative financial instrument, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

After completion of derivative financial instrument transaction, finance department will file report to the Board of Directors Meeting accordingly.

1. Market Risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see Note (1) below), interest rates (see Note (2) below) and other price (see Note (3) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contract.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 7 and 31.

Sensitivity Analysis

The Group was mainly exposed to the currency USD, EUR and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the functional currency strengthen 1% against the relevant foreign currencies. For a 1% weakening of the functional currency against the relevant foreign currencies, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	2022	2021
USD	$ 18,229	$ 18,398
EUR	(1,666)	1,773
RMB	(3,900)	(226)

Aforementioned foreign currency's influence over profit or loss mainly comes from fair value changes, on the balance sheet day, of consolidated company's outstanding USD, EUR and RMB denominated account receivables/payables without cash flow hedge as well as total amount investment hedge derivatives. Management doesn't think sensitivity analysis will be able to represent exchange rate inherent risks because foreign currency exposure on balance sheet day cannot reflect exposure during mid-year.

(2) Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow loans at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair Value Risks		
-Financial Assets	$ 1,568,327	$ 1,186,352
-Financial Liabilities	3,483,222	3,043,015
Cash Flow Risks		
-Financial Assets	1,995,512	1,600,809
-Financial Liabilities	6,715,802	3,427,831

Sensitivity Analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Group's pre-tax profit(loss) for the years ended December 31, 2022 and 2021 would decrease or increase by ($47,203) thousand and ($18,270) thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax/post-tax profit for the years ended December 31, 2022 would have increased/decreased by $584 thousand and 768 thousand.

2. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, management of consolidated company assigns a specific team responsible for credit extension amount determination, credit extension approval as well as other monitoring processes to ensure that appropriate actions have been taken to recover overdue account receivables. Additionally, consolidated company will, on balance sheet day, re-verify each account receivable recoverable amount to ensure unrecoverable account receivables have already been recognized as appropriate impairment losses. With this, the Company's management considers that consolidated company's credit risks have been reduced dramatically.

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable.

Current capital transaction counterparties are financial institutions and company organizations with good credit ratings, and therefore their credit risks are limited. The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3. Liquidity Risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (3) below.

(I) Liquidity and Interest Rate Risk Tables for Non-Derivative Financial Liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
Non-derivative financial liability					
Non-interest bearing	$ 886,250	$1,598,223	$ 337,954	$ 588	$ -
Lease liability	2,056	4,128	13,004	60,169	137,608
Variable interest rate instrument	943,649	304,773	367,409	5,099,971	-
Fixed interest rate instrument	443,667	334,939	987,651	1,500,000	-
	$2,275,622	$2,242,063	$1,706,018	$6,660,728	$ 137,608

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liability	$ 19,188	$ 60,169	$ 74,707	$ 62,901	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years
Non-derivative financial liability					
Non-interest bearing	$1,414,770	$1,061,435	$ 329,544	$ -	$ -
Lease liability	2,926	5,852	19,507	62,875	145,065
Variable interest rate liabilities	208,388	169,200	545,659	2,504,584	-
Fixed interest rate instrument	681,620	309,119	316,051	1,500,000	-
	$2,307,704	$1,545,606	$1,210,761	$4,067,459	$ 145,065

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liability	$ 28,285	$ 62,875	$ 71,905	$ 71,905	$ 1,255	$ -

Differences between floating interest rate and interest rate estimated on balance sheet day will lead to changes in floating interest rate instrument amounts for aforementioned non-derivative financial liability.

(2) Liquidity and Interest Rate Risk Tables for Derivative Financial Liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month	1 to 3 months	3 months to 1 year
Net settled			
Foreign exchange SWAP contracts			
- Inflow	$ 108,745	$ -	$ 321,596
- Outflow	(106,105)	-	(315,885)
	$ 2,640	$ -	$ 5,711

(3) Financing Facilities

	December 31, 2022	December 31, 2021
Unsecured Bank Overdraft Facility, Reviewed Annually		
－Amount Used	$ 4,658,978	$ 3,601,679
－Amount Unused	2,955,633	2,451,576
	$ 7,614,611	$ 6,053,255
Secured Bank Overdraft Facility, Extendable If Agreed by the Parties)		
－Amount Used	$ 3,823,081	$ 1,132,941
－Amount Unused	3,876,356	2,963,163
	$ 7,699,437	$ 4,096,104

(V) Information of Financial Asset Transfer

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable is not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and December 31, 2021, the face amounts of these unsettled bills receivable were $904,597 thousand and $1,381,977 thousand respectively. The unsettled bills receivable will be due in 11 months and 12 months after December 31, 2022 and 2021. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.
During the year ended December 31, 2022 and 2021, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

29. Transactions With Related Party

Balances, transactions, revenue and expenses between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below

(1) Name and Relation

Name	Relation
Yeong Guan Mould Factory Co., Ltd.	Substantial related-party

(2) Others

Item Recognized	Type of Related Party	2022	2021
Advance rent(included in other current liabilities)	Substantial related-party	$ 16	$ -
Rent Income(included in other income)	Substantial related-party	$ 60	$ 60

For lease contract with related party, rent is determined under reference of market prices and payment is subject to the general terms and conditions.

(3) Major Management Remuneration

	2022	2021
Short-term Employee Benefit	$ 61,826	$ 60,088
Post-Employment Benefit	743	2,529
	$ 62,569	$ 62,617

The compensation to directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

30. Assets Pledged as Collateral or for Security

The Group's following assets are provided as loan collaterals, construction performance bond or product quality warranty.

	December 31, 2022	December 31, 2021
Property, Plant and Equipment	$ 1,405,171	$ 971,015
Right-to-Use Asset, Net	181,697	184,223
Other Financial Assets – Current	1,226,043	1,106,684
Other Financial Assets – Noncurrent	40,266	170,143
	$ 2,853,177	$ 2,432,065

31. Significant Assets and Liabilities Denominated in Foreign Currencies

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Book Value
Monetary Assets			
Currency Item			
USD	$ 20,108	6.9646（USD: RMB）	$ 617,919
USD	14,275	30.73（USD: NTD ）	438,671
EUR	20,436	7.4229（EUR: RMB）	668,666
EUR	13,745	32.72（EUR: NTD）	449,736
RMB	118,846	4.4123（RMB: NTD ）	524,384
THB	69,754	0.8896（THB: NTD ）	62.053
Non-monetary items			
Derivative			

USD	69	6.9646 (USD: RMB)	2,121
EUR	16	141.77 (EUR: JPY)	519
EUR	256	7.4229 (EUR: RMB)	8,395
Monetary Assets			
Currency Item			
USD	824	6.9646 (USD: RMB)	25,322
USD	92,860	30.73 (USD: NTD)	2,853,588
EUR	2,823	7.4229 (EUR: RMB)	92,369
EUR	26,538	32.72 (EUR: NTD)	868,323
RMB	30,452	4.4123 (RMB: NTD)	134,363
Non-monetary items			
Derivative			
USD	87	6.9646 (USD: RMB)	2,683

December 31, 2021

	Foreign Currency	Exchange Rate	Book Value
Monetary Assets			
Currency Item			
USD	$ 29,759	6.3757 (USD: RMB)	$ 823,729
USD	18,502	27.68 (USD: NTD)	512,135
EUR	18,315	7.2197 (EUR: RMB)	573,626
EUR	13,691	31.32 (EUR: NTD)	428,802
RMB	11,338	4.3415 (RMB: NTD)	49,224
Monetary Assets			
Currency Item			
USD	12,900	6.3757 (USD: RMB)	357,072
USD	101,826	27.68 (USD: NTD)	2,818,544
EUR	363	7.2197 (EUR: RMB)	11,369
EUR	37,305	31.32 (EUR: NTD)	1,168,393
RMB	6,134	4.3415 (RMB: NTD)	26,631

For the year ended in December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (loss) were ($145,399) thousand and $3,394 thousand respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. Disclosed Items

(I) Information about significant transactions:

1. Loans provided to other parties (Table 1)
2. Endorsements/guarantees given to other parties (Table 2)
3. Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 3)

4. Purchases or sales of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital. (Table 4)
5. Acquisition of real estate at costs of at least NT $300 million or 20% of the paid-in capital (Table 5)
6. Disposal of real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)
7. Purchases or sales with related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 7)
9. Derivative transactions (Note 7 "Financial Instruments at Fair Value through Profit or Loss ")
10. Intercompany relationships and significant intercompany transactions (Table 10)

(II) Information on investees (Table 8)

(III) Information for investments in Mainland China

1. Information for any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, and limit on the amount of investment in the mainland China area (Table 9)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1 to 10)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) The balance of negotiable instrument endorsements/guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the ending balance, the interest rate range, and the total of current interest with respect to loans provided.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(IV) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 11)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Departments shall be reported by the Group are casting processing and other.

(1) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Department Income		Department Profit	
	2022	2021	2022	2021
Casting Processing Dept.	$ 9,379,267	$ 8,928,358	$ 649,752	$ 941,751
Other	4,658	19,853	(652)	(6,419)
Total amounts of continuing operations	$ 9,383,925	$ 8,948,211	649,100	935,332
Interest revenue			33,909	56,312
Other Profit and Loss			(155,856)	14,348
Financial Product Net Profit at Fair Value through Profit and Loss			4,290	(1,552)
Net exchange gains(loss)			(145,399)	3,394
Finance costs			(148,654)	(67,939)
Management and Administration Expense			(551,571)	(619,275)
Profit before income (loss) tax			($ 314,181)	$ 320,620

(2) Other Segment Information

	Depreciation and Amortization	
	2022	2021
Casting Processing Dept.	$ 528,308	$ 529,159
Other	2,053	7,471
	$ 530,361	$ 536,630

(3) Major Product Income

Major products for consolidated company's continuous operating units are analysed as follows:

	2022	2021
Energy Castings	$4,340,912	$4,250,935
Injection Molding Machine Castings	2,434,808	2,248,995
Industry Machine Castings	2,608,205	2,448,281
	$ 9,383,925	$ 8,948,211

(4) Geographical Information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-Current Assets	
	2022	2021	December 31, 2022	December 31, 2021
China	$ 6,917,852	$ 6,509,792	$ 4,219,289	$ 4,703,434
Taiwan	2,466,073	2,438,419	7,438,952	4,137,237
Other	-	-	437,582	86,961
	$ 9,383,925	$ 8,948,211	$12,095,823	$ 8,927,632

Non-current assets excluded those classified as financial instruments and deferred tax assets.

(5) Information of Major Customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	2022		2021
Client A	$ 1,562,987		$ 1,053,098
Client B	618,963	(NOTE)	999,338

Note: Income is less than 10% of total income

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

LOANS PROVIDED TO OTHER PARTIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1

Unit: NTD in thousands unless otherwise prescribed

Serial No	Financing Company	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Balance Used	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Bad Debt Allowance	Collateral		Financing limit for each borrowing company	Financing Amount Limits	Note
													Item	Value			
0	Yeong Guan Energy Technology Group Co., Ltd.	Yeong Guan Holdings Co., Limited	Other Account Receivable－Related Party	Yes	$ 1,000,000	$ 1,000,000	$ -	2	Short Term Financing Capital	$ -	Business Turnover	$ -	—	—	$ 2,509,185	$ 3,345,580	
1	Yeong Guan Holdings Co., Limited	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable－Related Party	Yes	66,185 (RMB 15,000 thousand)	-	-	1	Short Term Financing Capital	-	Business Turnover	-	—	—	3,723,420	4,964,560	
1	Yeong Guan Holdings Co., Limited	Yeong Guan Energy Technology Group Co., Ltd.	Other Account Receivable－Related Party	Yes	170,000	-	-	1	Short Term Financing Capital	-	Business Turnover	-	—	—	3,723,420	4,964,560	
2	Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable－Related Party	Yes	582,425 (RMB 132,000 thousand)	463,293 (RMB 105,000 thousand)	463,293 (RMB 105,000 thousand)	3.65-3.7	Short Term Financing Capital	-	Business Turnover	-	—	—	950,487	1,267,796	
3	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable－Related Party	Yes	463,293 (RMB 105,000 thousand)	264,739 (RMB 60,000 thousand)	264,739 (RMB 60,000 thousand)	3.65-3.8	Short Term Financing Capital	-	Business Turnover	-	—	—	442,512	590,016	
3	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	Other Account Receivable－Related Party	Yes	154,431 (RMB 35,000 thousand)	-	-	3.8	Short Term Financing Capital	-	Business Turnover	-	—	—	2,950,082	2,950,082	
3	Lu Lin Machine Tool Foundry Company	Dongguan Yeong Guan Mould Factory Company	Other Account Receivable－Related Party	Yes	132,369 (RMB 30,000 thousand)	132,369 (RMB 30,000 thousand)	44,123 (RMB 10,000 thousand)	3.7	Short Term Financing Capital	-	Business Turnover	-	—	—	2,950,082	2,950,082	
4	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Other Account Receivable－Related Party	Yes	617,724 (RMB 140,000 thousand)	617,724 (RMB 140,000 thousand)	573,601 (RMB 130,000 thousand)	3.65-3.7	Short Term Financing Capital	-	Business Turnover	-	—	—	1,560,668	2,080,890	
4	Bright Steel Fine Machinery Company	Yeong Guan Holdings Co., Limited	Other Account Receivable－Related Party	Yes	94,777 (RMB 21,480 thousand)	94,776 (RMB 21,480 thousand)	94,776 (RMB 21,480 thousand)	-	Short Term Financing Capital	154,726	Equipment purchase	-	—	—	10,404,452	10,404,452	

Note 1: Maximum balance and ending balance for this year are calculated based on exchange rate on December 31, 2022.

Note 2: All intercompany transactions have been eliminated upon consolidation.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

Unit: NTD in thousands unless otherwise prescribed

Serial No.	Endorsement / Guarantee Provider	Guaranteed Party		Endorsement /guarantee amount limit to each company	Maximum endorsement /guarantee balance for this year	Ending Endorsement /guarantee balance	Balance Used	Endorsement /guarantee amount collateralized by property	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Endorsement /guarantee amount limit	Parent company's endorsement /guarantee for subsidiary	Subsidiary's endorsement /guarantee for Parent company	endorsement /guarantee for China region	Note
		Name	Relationship											
0	Yeong Guan Energy Technology Group Co., Ltd	Shanghai No. 1 Machine Tool Foundry Company	Subsidiary of Sub-subsidiary	$ 836,395	$ 374,265 (USD 5,000 thousand) (RMB 50,000 thousand)	$ 374,265 (USD 5,000 thousand) (RMB 50,000 thousand)	$ 44,123 (RMB 10,000 thousand)	$ -	4.47%	$ 12,545,927	Y	N	Y	
		Yeong Guan Holdings Co., Limited	Subsidiary	12,545,927	9,086,300 (USD 16,000 thousand)	7,602,300 (USD 10,000 thousand)	3,646,485 (USD 3,254 thousand)		90.89%	12,545,927	Y	N	N	
		Yeong Chen Asia Pacific Company	Sub-subsidiary	12,545,927	70,664	70,664	-	-	0.84%	12,545,927	Y	N	N	
1	Yeong Chen Asia Pacific Company	Yeong Guan Holdings Co., Limited	Parent	320,499	85,430	-	-	-	-	512,798	N	Y	N	

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD

December 31, 2022

Table 3

Unit: shares / NTD thousand

Holding Company	Types and Names of Securities	Relationship with Securities Issuer	Recognized Account	End of Period				Note
				Number of Shares	Book Amount	Holding Percentage	Fair Value	
Lu Lin Machine Tool Foundry Company	Bank of Ningbo - Financial consignment 8001	Not related party	Financial asset measured at fair value through profit and loss	-	8,871 (RMB 2,010 thousand)	-	8,871 (RMB 2,010 thousand)	
Yeong Chia Mei Trade Company	Bank of China daily accumulated plan	Not related party	Financial asset measured at fair value through profit and loss	-	1,606 (RMB 364 thousand)	-	1,606 (RMB 364 thousand)	
						-		
Yeong Chen Asia Pacific Company	Formosa 4 International Investment Co., Ltd.,	Not related party	Financial asset measured at fair value through comprehensive income	1,512,420	16,637	9.75%	16,637	
Yeong Chen Asia Pacific Company	Formosa 5 International Investment Co., Ltd.	Not related party	Financial asset measured at fair value through comprehensive income	2,850,000	30,723	4.75%	30,723	
Yeong Guan Holdings Co., Limited	Asia Renewable Energy (Cayman) Ltd	Not related party	Financial asset measured at fair value through comprehensive income	399,972	10,997 (USD 392 thousand)	0.39%	10,997 (USD 392 thousand)	
Yeong Guan Holdings Co., Limited	KOP Investment Limited Company	Not related party	Financial asset measured at fair value through comprehensive income	40,000	-	4%	-	

Note 1: Amounts at the end of this period are calculated based on exchange rates dated December 31, 2022.

Note 2: Please refer to table 8 and table 9 for related information on invested subsidiaries.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

Unit: NTD in thousands unless otherwise prescribed

Buying/Selling Company	Types and Names of Securities	Recognized Account	Transaction Counterparty	Relationship	Beginning of Period		Buy		Sell				End of Period	
					Unit	Amount	Unit	Amount	Unit	Selling Price	Book Cost	Gain/Loss on Disposal	Unit	Amount (Note 1)
Lu Lin Machine Tool Foundry Company	Bank of Hangzhou -Happiness 99 wallet	Financial assets measured at fair value through profit and loss-current	-	-	-	RMB 12,000 thousand	-	RMB 40,000 thousand	-		-	RMB 52,000 thousand	-	-
Lu Lin Machine Tool Foundry Company	Bank of Hangzhou -Happiness 99 weekly accumulated plan 2101	Financial assets measured at fair value through profit and loss-current	-	-	-	RMB 10,000 thousand	-	RMB 20,000 thousand	-		-	RMB 30,000 thousand	-	-

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

ACQUISITION OF REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5

Unit: NTD in thousands unless otherwise prescribed

Acquiring company	Title of property	Transaction date or occurrence date	Transaction amount	Payment	Counterparty	Relationship	Where the counterparty is a related party, the previous transfer information				Pricing reference and basis	Purpose of acquisition and use	Other agreements
							Owner	Relationship with issuer	Date of transfer	Amount			
Yeong Guan Heavy Industry (Thailand) Company	YGZ First Factory construction	2022.12.29	$ 382,000 NOTE	Based on the terms in the purchase order	Cheer You Construction (Thailand) Co.,Ltd.	Non related party	N/A	N/A	N/A	N/A	Market price	In response to the future trend of global supply chain migration, ASEAN will strengthen its ability to withstand risks in the face of rapid industrial changes	NONE

NOTE: The transaction amount is THB 420,000 thousand, which is equivalent to Taiwan dollars NT 382,000 thousand at the exchange rate of 0.91.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 6

Unit: in thousands of NTD

Purchase (Sales) Company	Transaction Counterpart	Relationship	Transaction Details				Cases and Reasons for Transaction Terms Different Those of Average Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amounts	Percentage of Total Purchase (Sales)	Credit Extension Period	Unit Price	Credit Extension Period	Balance	Percentage of Total Notes/Accounts Receivables (Payables)	
Yeong Shang Casting Iron Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	$ 453,165	18%	(Note 1)	$ -	-	($ 250,925)	40%	
Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Same parent company	Purchase	524,725	13%	(Note 1)	-	-	(142,305)	11%	
Bright Steel Fine Machinery Company	Yeong Shang Casting Iron Company	Same parent company	Purchase	207,515	5%	(Note 1)	-	-	(65,415)	5%	
Bright Steel Fine Machinery Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	515,699	13%	(Note 1)	-	-	(153,319)	12%	
Yeong Chen Asia Pacific Company	Dongguan Yeong Guan Mould Factory Company	Same parent company	Purchase	383,069	16%	(Note 1)	-	-	(68,225)	11%	
Yeong Chen Asia Pacific Company	Shanghai No. 1 Machine Tool Foundry Company	Same parent company	Purchase	101,269	4%	(Note 1)	-	-	(49,059)	8%	
Yeong Chen Asia Pacific Company	Yeong Shang Casting Iron Company	Same parent company	Purchase	991,948	42%	(Note 1)	-	-	(348,714)	58%	
Yeong Chen Asia Pacific Company	Bright Steel Fine Machinery Company	Same parent company	Purchase	282,151	12%	(Note 1)	-	-	(49,570)	8%	
Yeong Chen Asia Pacific Company	Lu Lin Machine Tool Foundry Company	Same parent company	Purchase	204,103	9%	(Note 1)	-	-	(35,671)	6%	
Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(207,515)	7%	(Note 1)	-	-	65,415	6%	
Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(991,948)	35%	(Note 1)	-	-	348,714	34%	
Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	Same parent company	(Sales)	(453,165)	29%	(Note 1)	-	-	250,925	30%	
Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(515,699)	33%	(Note 1)	-	-	153,319	18%	
Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(204,103)	13%	(Note 1)	-	-	35,671	4%	
Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(282,151)	6%	(Note 1)	-	-	49,570	3%	
Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(383,069)	63%	(Note 1)	-	-	68,225	44%	
Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same parent company	(Sales)	(524,725)	30%	(Note 1)	-	-	142,305	19%	
Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	Same parent company	(Sales)	(101,269)	6%	(Note 1)	-	-	49,059	6%	

Note 1: Price and payment terms for transactions with related party are determined in accordance with the parties' agreement.

Note 2: Aforementioned transactions have all been cancelled during preparation of consolidated financial statement.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

December 31, 2022

Table 7

Unit: in thousands of NTD

Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	Same ultimate parent company	$ 348,714	-	$ -	—	$ 117,071	$ -
Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	470,278 (Note1)	-	-	—	-	-
Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	Same ultimate parent company	250,925	-	-	—	-	-
Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same ultimate parent company	153,319	-	-	—	31,574	-
Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	290,543 (Note 2)	-	-	—	-	-
Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	Same ultimate parent company	577,574 (Note 3)	-	-	—	44,743	-
Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	Same ultimate parent company	142,305	-	-	—	88,246	-

Note 1: This includes financing amount NT$463,293 thousand and interest receivable of NT$6,985 thousand.

Note 2: This includes sales amount NT$20,124, financing amount NT$264,739 thousand and interest receivable of NT$5,680 thousand.

Note 3: This includes financing amount NT$573,601 thousand and interest receivable of NT$3,973 thousand.

Note 4: Aforementioned transactions have all been cancelled during preparation of consolidated financial statement.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 8

Unit: in thousands of NTD

Name of Investing Company	Name of Invested Company	Location	Major Business Items	Original Investment Amount		Year End Ownership			Current (Loss) Profit for Invested Company	Recognized Current Investment (Loss) Profit	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage (%)	Book Value			
Yeong Guan Energy Technology Group Co., Ltd	Yeong Guan Holdings Co., Limited	British Virgin Islands	Investment Holding Business	$ 5,924,658	$ 5,924,658	194,000,000	100.00	$ 12,411,401	($ 32,071)	($ 32,071)	Note 1
	Yeong Guan Heavy Industry (Thailand) Company	Thailand	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	412,110	412,110	90,000,000	75.00	377,070	(2,925)	(2,193)	Note 1
Yeong Guan Holdings Co., Limited	Yeong Guan International Co. , Limited	Hong Kong	Investment Holding Business	5,238,538	5,238,538	805,000,000	100.00	9,069,077	16,616	18,321	Note 1
	Yeong Chen Asia Pacific Company	Taiwan	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	95,000	95,000	-	100.00	640,268	55,698	55,537	Note 1

Note 1: Calculation is based on invested company’s CPA certified financial statement in the same period and the Company’s ownership percentage.

Note 2: Investment profit/loss among invested companies, investment company’s long term equity investment and equity net value among invested companies have all been cancelled during preparation of consolidated financial statement.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

INFORMATION FOR INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 9

Unit: in thousands of NTD

Names of Invested Companies in China	Main Business Items	Paid-In Capital	Investment Methods (Note 1)	Accumulated Investment Amounts Remitted from Taiwan, Beginning of This Year	Current Year Investment Amounts Remitted Out or Retrieved Back		Current Year End Accumulated Investment Amount Remitted from Taiwan	Invested Company's Profit/Loss for Current Year	The Company's Direct or Indirect Ownership Percentage	Current Investment Profit (Loss) Recognized (note 2)	Year End Investment Book Value	Investment Yield Remitted Back as of Year End	Note
					Remitted Out	Retrieved Back							
Ningbo Yeong Shang Casting Iron Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	$ 1,324,463	(3)	$ -	$ -	$ -	$ -	$ 196,477	100%	$ 197,001	$ 3,199,768	$ -	Note 1
Dongguan Yeong Guan Casting Iron Factory Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	122,183	(3)	-	-	-	-	(18,093)	100%	(19,233)	318,516	-	Note 1
Ningbo Lu Lin Machine Tool Foundry Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	421,155	(3)	-	-	-	-	59,730	100%	50,928	1,460,679	-	Note 1
Jiangsu Bright Steel Fine Machinery Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	3,529,381	(3)	-	-	-	-	(120,389)	100%	(116,766)	5,181,547	-	Note 1
Ningbo Yeong Chia Mei Trade Company	Transaction of various steel castings and casting molds as well as related import/export businesses	30,730	(3)	-	-	-	-	1,239	100%	(624)	34,170	-	Note 1
Shanghai No. 1 Machine Tool (Suzhou) Company	Manufacturing and selling of high quality casting products of spherical graphite cast iron and grey cast iron	1,034,986	(3)	-	-	-	-	(121,733)	95.1%	(110,994)	79,818	-	Note 1

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NA	NA	NA

Note 1: The ways to invest in companies in Mainland China are classified into three types below. Mark the type of investment:

(1) Direct investment in China.

(2) Investment in China through a company registered in the third region.

(3) Other ways.

Note 2: The amount was calculated based on financial statements audited by a multinational accounting firm having a cooperative relationship with an accounting firm in Taiwan.

Note 3: Investment profit/loss among invested companies, investment company's long term equity investment and equity net value among invested companies have all been cancelled during preparation of consolidated financial statement.

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 10

Unit: in thousands of NTD

Serial No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Details of Transactions			
				Financial Statement Account	Amounts	Payment Terms	% of Consolidated Sales or Assets (Note 3)
1	Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	3	Account Receivable — Related Party	$ 65,415	Based on the parties' agreement	-%
1	Yeong Shang Casting Iron Company	Lu Lin Machine Tool Foundry Company	3	Account Receivable — Related Party	18,629	Based on the parties' agreement	-
1	Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	348,714	Based on the parties' agreement	2%
1	Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable —Related Party	470,278	Based on the parties' agreement	2%
1	Yeong Shang Casting Iron Company	Shanghai No. 1 Machine Tool Foundry Company	3	Operating Revenue	21,649	Based on the parties' agreement	-
1	Yeong Shang Casting Iron Company	Bright Steel Fine Machinery Company	3	Operating Revenue	207,515	Based on the parties' agreement	2%
1	Yeong Shang Casting Iron Company	Lu Lin Machine Tool Foundry Company	3	Operating Revenue	18,873	Based on the parties' agreement	-
1	Yeong Shang Casting Iron Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	991,948	Based on the parties' agreement	11%
2	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Account Receivable — Related Party	250,925	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Account Receivable — Related Party	153,319	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	35,671	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Account Receivable — Related Party	20,124	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Dongguan Yeong Guan Casting Iron Factory Company	3	Other Account Receivable —Related Party	45,057	Based on the parties' agreement	-
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable —Related Party	270,419	Based on the parties' agreement	1%
2	Lu Lin Machine Tool Foundry Company	Shanghai No. 1 Machine Tool Foundry Company	3	Operating Revenue	36,150	Based on the parties' agreement	-

Serial No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Details of Transactions			
				Financial Statement Account	Serial No.	Company Name	Counter Party (Note 3)
2	Lu Lin Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Operating Revenue	$ 453,165	Based on the parties' agreement	5%
2	Lu Lin Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Operating Revenue	515,699	Based on the parties' agreement	5%
2	Lu Lin Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	204,103	Based on the parties' agreement	2%
3	Bright Steel Fine Machinery Company	Yeong Guan Holdings Co., Limited	2	Account Receivable — Related Party	59,950	Based on the parties' agreement	-
3	Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	49,570	Based on the parties' agreement	-
3	Bright Steel Fine Machinery Company	Yeong Guan Holdings Co., Limited	2	Other Account Receivable —Related Party	94,776	Based on the parties' agreement	-
3	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	3	Other Account Receivable —Related Party	577,574	Based on the parties' agreement	3%
3	Bright Steel Fine Machinery Company	Shanghai No. 1 Machine Tool Foundry Company	3	Operating Revenue	14,462	Based on the parties' agreement	-
3	Bright Steel Fine Machinery Company	Yeong Shang Casting Iron Company	3	Operating Revenue	59,920	Based on the parties' agreement	1%
3	Bright Steel Fine Machinery Company	Yeong Guan Holdings Co., Limited	2	Operating Revenue	106,332	Based on the parties' agreement	1%
3	Bright Steel Fine Machinery Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	282,151	Based on the parties' agreement	3%
4	Dongguan Yeong Guan Mould Factory Company	Yeong Shang Casting Iron Company	3	Account Receivable — Related Party	21,407	Based on the parties' agreement	-
4	Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	68,225	Based on the parties' agreement	-
4	Dongguan Yeong Guan Mould Factory Company	Yeong Shang Casting Iron Company	3	Operating Revenue	67,107	Based on the parties' agreement	1%
4	Dongguan Yeong Guan Mould Factory Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	383,069	Based on the parties' agreement	4%
5	Yeong Chen Asia Pacific Company	Yeong Shang Casting Iron Company	3	Operating Revenue	15,759	Based on the parties' agreement	-
6	Shanghai No. 1 Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Account Receivable — Related Party	32,004	Based on the parties' agreement	-
6	Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Account Receivable — Related Party	142,305	Based on the parties' agreement	1%
6	Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Account Receivable — Related Party	49,059	Based on the parties' agreement	-

Serial No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Details of Transactions			
				Financial Statement Account	Serial No. (Note 1)	Company Name	Counter Party (Note 3)
6	Shanghai No. 1 Machine Tool Foundry Company	Yeong Shang Casting Iron Company	3	Operating Revenue	63,935	Based on the parties' agreement	1%
6	Shanghai No. 1 Machine Tool Foundry Company	Bright Steel Fine Machinery Company	3	Operating Revenue	524,725	Based on the parties' agreement	6%
6	Shanghai No. 1 Machine Tool Foundry Company	Yeong Chen Asia Pacific Company	3	Operating Revenue	101,269	Based on the parties' agreement	1%

Note 1: 0 represents parent company, while serial numbers for subsidiaries start from 1 based on respective company categories.

Note 2: 1 represents transaction entered by parent company with subsidiary; 2 represents transaction entered by subsidiary with parent company; 3 represents transactions between subsidiaries.

Note 3: With respect to calculation for transaction amount's percentage of consolidated total revenue or total assets, asset/liability items are based on ending balance's percentage of consolidated total assets and liabilities, while income items are based on ending accumulated amount's percentage over consolidated total revenue.

Note 4: All transactions on aforementioned appendix have already been written-off when consolidated financial statements are prepared.

Yeong Guan Energy Technology Group Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chang Hsien-Ming	11,093,540	10.02%
PJ Asset Management Co., Ltd.	10,065,739	9.09%
Jiayuan Investment Co., Ltd.	7,510,315	6.78%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.