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

# Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 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.*


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## 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 are stated as follows:

The Occurrence of Operating Revenue

With respect to the Group's consolidated operating revenue for 2023, revenue from renewable energy products accounted for 54.18% of annual operating revenue. The revenue from major client products of renewable energy accounted for 90.91% 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, 2023, 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<br>Executive Yuan<br>Approval Document No.<br>Gin-Guan-Zheng-Shen-Tze<br>No. 1060023872 | Financial Supervisory Commission<br>Executive Yuan<br>Approval Document No.<br>Gin-Guan-Zheng-Shen-Tze<br>No. 106004806 |

March 12, 2024

Yeong Guan Energy Technology Group Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: in thousands of NTD

| Code | Asset | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalent(Notes 4 and 6) | $ 2,196,543 | 9 | $ 2,114,380 | 10 |
| 1110 | Financial assets at fair value through profit or loss – current(Notes 4 and 7) | 50,134 | - | 21,512 | - |
| 1136 | Financial assets measured based on amortized cost – current(Note 4 and 9) | 364,745 | 2 | 189,132 | 1 |
| 1150 | Notes receivable(Notes 4 and 22) | 609,795 | 2 | 302,372 | 1 |
| 1170 | Account receivables, net(Notes 4, 10 and 22) | 2,754,519 | 11 | 3,440,286 | 16 |
| 130X | Inventories, net(Notes 4 and 11) | 2,325,047 | 9 | 1,858,470 | 8 |
| 1476 | Other financial assets-current(Notes 16 and 29) | 1,206,385 | 5 | 1,226,043 | 6 |
| 1479 | Other current assets(Notes 4 and 24) | 572,533 | 2 | 514,377 | 2 |
| 11XX | Total Current Assets | 10,079,701 | 40 | 9,666,572 | 44 |
| | NON-CURRENT ASSETS | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 136,581 | 1 | 58,357 | - |
| 1600 | Property, plant and equipment(Notes 4, 13, 28 and 29) | 11,751,198 | 47 | 9,650,666 | 44 |
| 1755 | Right of Use Assets(Notes 4, 14 and 29) | 553,987 | 2 | 540,974 | 3 |
| 1760 | Investment property, net(Notes 4) | 719 | - | 725 | - |
| 1805 | Goodwill(Notes 15) | 137,888 | 1 | 138,841 | 1 |
| 1840 | Deferred income tax assets(Notes 4 and 24) | 133,879 | - | 88,258 | - |
| 1915 | Equipment prepayments | 2,183,512 | 9 | 1,660,088 | 8 |
| 1980 | Other financial assets-non-current(Notes 16 and 29) | 31,953 | - | 40,266 | - |
| 1990 | Other non-current assets | 67,088 | - | 46,172 | - |
| 15XX | Total Non-Current Assets | 14,996,805 | 60 | 12,224,347 | 56 |
| 1XXX | TOTAL ASSETS | $ 25,076,506 | 100 | $ 21,890,919 | 100 |
| Code | LIABILITIES and SHAREHOLDER’S EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term loans (Notes 17 and 29) | $ 4,455,552 | 18 | $ 3,382,088 | 16 |
| 2120 | Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 18) | - | - | 38,384 | - |
| 2150 | Notes payable | 1,414,054 | 6 | 1,349,764 | 6 |
| 2170 | Account payables | 635,560 | 2 | 945,936 | 4 |
| 2219 | Other accounts payable (Notes 19) | 793,967 | 3 | 850,442 | 4 |
| 2230 | Current income tax liabilities (Notes 4 and 24) | 27,130 | - | 38,298 | - |
| 2280 | Lease liabilities - current (Notes 4 and 14) | 18,467 | - | 15,583 | - |
| 2321 | Current portion of long-term bonds payable (Notes 4 and 18) | - | - | 1,480,456 | 7 |
| 2399 | Other current liabilities (Notes 28) | 16,278 | - | 17,159 | - |
| 21XX | Total Current Liabilities | 7,361,008 | 29 | 8,118,110 | 37 |
| | NON-CURRENT LIABILITIES | | | | |
| 2500 | Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 18) | 12,173 | - | - | - |
| 2530 | Bonds payable (Notes 4 and 18) | 1,076,786 | 4 | - | - |
| 2540 | Long-term borrowings (Notes 17 and 29) | 7,693,912 | 31 | 5,099,971 | 23 |
| 2570 | Deferred income tax liabilities (Notes 4 and 24) | 5,648 | - | 9,391 | - |
| 2580 | Lease liabilities - non-current (Notes 4 and 14) | 199,611 | 1 | 171,435 | 1 |
| 25XX | Total Non-Current Liabilities | 8,988,130 | 36 | 5,280,797 | 24 |
| 2XXX | TOTAL LIABILITIES | 16,349,138 | 65 | 13,398,907 | 61 |
| | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| 3110 | Common stock capital | 1,181,359 | 5 | 1,106,175 | 5 |
| 3200 | Additional paid-in capital | 6,490,466 | 26 | 5,980,154 | 27 |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 576,294 | 2 | 576,294 | 3 |
| 3320 | Special reserve | 1,192,621 | 5 | 1,349,197 | 6 |
| 3350 | Unappropriated retained earnings | 503,002 | 2 | 544,916 | 2 |
| 3300 | Total Retained Earnings | 2,271,917 | 9 | 2,470,407 | 11 |
| | Other components of Equity | | | | |
| 3410 | Exchange difference on translation of foreign financial statements | ( 1,340,964 ) | ( 6) | ( 1,179,659 ) | ( 5) |
| 3420 | Unrealized evaluation gains and losses of the equity instrument investment benefit measured at fair value through other comprehensive gains and losses | ( 42,727 ) | - | ( 13,126 ) | - |
| 3400 | Total Other Components of Equity | ( 1,383,691 ) | ( 6) | ( 1,192,785 ) | ( 5) |
| 31XX | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | 8,560,051 | 34 | 8,363,951 | 38 |
| 36XX | Non-controlling interests | 167,317 | 1 | 128,061 | 1 |
| 3XXX | TOTAL EQUITY | 8,727,368 | 35 | 8,492,012 | 39 |
| | TOTAL LIABILITIS and EQUITY | $ 25,076,506 | 100 | $ 21,890,919 | 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 2023 and 2022

Unit: in thousands of NTD,
Except Loss Per Share

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | OPERATING REVENUE (Notes 4 and 22) | $ 8,671,009 | 100 | $ 9,383,925 | 100 |
| 5000 | OPERATING COSTS (Notes 4, 11 and 23) | 7,473,371 | 86 | 8,040,146 | 86 |
| 5900 | GROSS PROFIT | 1,197,638 | 14 | 1,343,779 | 14 |
| | OPERATING EXPENSES (Notes 10 and 23) | | | | |
| 6100 | Marketing expenses | 370,460 | 4 | 376,114 | 4 |
| 6200 | General and administrative expenses | 622,168 | 7 | 551,571 | 6 |
| 6300 | Research and development expenses | 313,236 | 4 | 319,550 | 3 |
| 6450 | Expected credit loss (gain) | 64,428 | 1 | ( 985) | - |
| 6000 | Total operating expenses | 1,370,292 | 16 | 1,246,250 | 13 |
| 6900 | PROFIT (LOSS) FROM OPERATIONS | ( 172,654) | ( 2) | 97,529 | 1 |
| | NON-OPERATING INCOME AND EXPENSES | | | | |
| 7100 | Interest income (Notes 23) | 33,692 | - | 33,909 | - |
| 7190 | Other income and loss (Notes 18, 23 and 28) | 56,042 | 1 | ( 155,856) | ( 2) |
| 7235 | Financial product net (loss) profit at fair value through profit and loss (Notes 7 and 18) | 1,143 | - | 4,290 | - |
| 7630 | Foreign currency exchange net (loss) profit (Notes 31) | 62,240 | 1 | ( 145,399) | ( 1) |
| 7510 | Finance costs (Notes 18 and 23) | ( 243,667) | ( 3) | ( 148,654) | ( 1) |
| 7000 | Total non-operating income and expenses | ( 90,550) | ( 1) | ( 411,710) | ( 4) |
| 7900 | LOSS BEFORE INCOME TAX | ( 263,204) | ( 3) | ( 314,181) | ( 3) |
| 7950 | INCOME TAX EXPENSE (Notes 4 and 24) | 13,137 | - | 130,194 | 2 |
| 8200 | NET LOSS FOR THE YEAR | ( 276,341) | ( 3) | ( 444,375) | ( 5) |
| | OTHER COMPREHENSIVE INCOME(LOSS) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8316 | Unrealized gain and loss on financial assets at fair value through other comprehensive income | 41,649 | - | ( 14,791) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | ( 160,083) | ( 2) | 182,934 | 2 |
| 8300 | Total other comprehensive income (net of income tax) | ( 118,434) | ( 2) | 168,143 | 2 |
| 8500 | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | ($ 394,775) | ( 5) | ($ 276,232) | ( 3) |
| | NET LOSS ATTRIBUTABLE TO: | | | | |
| 8610 | Shareholders of the parent | ($ 269,740) | ( 3) | ($ 438,462) | ( 5) |
| 8620 | Non-controlling interests | ( 6,601) | - | ( 5,913) | - |
| 8600 | | ($ 276,341) | ( 3) | ($ 444,375) | ( 5) |
| | TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| 8710 | Shareholders of the parent | ($ 389,396) | ( 5) | ($ 278,948) | ( 3) |
| 8720 | Non-controlling interests | ( 5,379) | - | 2,716 | - |
| 8700 | | ($ 394,775) | ( 5) | ($ 276,232) | ( 3) |
| | LOSS PER SHARE (Note 25) | | | | |
| 9750 | Basic | ($ 2.35) | | ($ 3.96) | |
| 9850 | Diluted | ($ 2.35) | | ($ 3.96) | |

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 2023 and 2022

Unit: in thousands of NTD

| | | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 18 and 21) | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital Surplus | | | | | | Retained Earnings | | | | Other Equity | | | | | |
| Code | | Common Stock | Additional Paid-In Capital | Stock Option | Invalid Stock Option | Treasury Stock Transaction | Other | Total | Legal Reserve | Special Reserve | Retained Earnings | Total | Exchange Differences on Translation of Foreign Operations | Unrealized Valuation Gain and Loss 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, 2022 | $ 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 loss 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 |
| | Appropriation and distribution of 2022 earnings: | | | | | | | | | | | | | | | | | |
| B3 | Special reserve | - | - | - | - | - | - | - | - | ( 156,576 ) | 156,576 | - | - | - | - | - | - | - |
| C5 | Capital Reserve From Stock Warrants | - | - | 141,750 | - | - | - | 141,750 | - | - | - | - | - | - | - | 14,750 | - | 14,750 |
| C17 | Other changes in capital surplus | - | - | - | - | - | 5 | 5 | - | - | - | - | - | - | - | 5 | - | 5 |
| D1 | Net loss in 2023 | - | - | - | - | - | - | - | - | - | ( 269,740 ) | ( 269,740 ) | - | - | - | ( 269,740 ) | ( 6,601) | ( 276,341 ) |
| D3 | 2023 Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | ( 161,305 ) | 41,649 | ( 119,656 ) | ( 119,656 ) | 1222 | ( 118,434 ) |
| D5 | 2023 Total comprehensive income | - | - | - | - | - | - | - | - | - | ( 269,740 ) | ( 269,740 ) | ( 161,305 ) | 41,649 | ( 119,656 ) | ( 389,396 ) | ( 5,379 ) | ( 394,775 ) |
| T1 | Expired stock options | - | - | ( 74,822 ) | 74,822 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| I1 | Convertible bonds converted to ordinary shares | 75,184 | 412,821 | ( 44,264 ) | - | - | - | 368,557 | - | - | - | - | - | - | - | 443,741 | - | 443,741 |
| Q1 | Disposal of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | 71,250 | 71,250 | - | ( 71,250 ) | ( 71,250 ) | - | - | - |
| O1 | Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 44,365 | 44,365 |
| Z1 | BALANCE AT DECEMBER 31, 2023 | $ 1,181,359 | $ 6,135,329 | $ 102,762 | $ 223,697 | $ 28,673 | $ 5 | $6,490,466 | $ 576,294 | $ 1,192,621 | $ 503,002 | $ 2,271,917 | ( $ 1,340,964 ) | ( $ 42,727) | ( $ 1,383,691 ) | $ 8,560,051 | $ 167,317 | $ 8,727,368 |

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 2023 and 2022

Unit: in thousands of NTD

| Code | | 2023 | 2022 |
|---|---|---|---|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| A10000 | Loss before income tax | ($ 263,204 ) | ($ 314,181 ) |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expense | 497,714 | 521,434 |
| A20200 | Amortization expense | 7,413 | 8,927 |
| A20300 | Expected credit loss (gain) recognized | 64,428 | ( 985 ) |
| A20400 | Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss | ( 1,143 ) | 2,599 |
| A20900 | Finance costs | 243,667 | 148,654 |
| A21200 | Interest income | ( 33,692 ) | ( 33,909 ) |
| A22500 | Loss on disposal of property, plant and equipment | 9,784 | 89,266 |
| A23700 | Loss on impairment of non-financial assets | - | 89,339 |
| A23800 | Recognition (reversal) of write-down of inventories | 134,707 | 18,518 |
| A24100 | Net gain (loss) on foreign currency exchange | ( 35,333) | 271,165 |
| A24200 | Gain on repayment of bonds payable | ( 4,942) | - |
| A29900 | Amortization of prepaid lease payment | - | ( 6) |
| A30000 | Net change on operating assets and liabilities | | |
| A31130 | Notes receivable | ( 318,644 ) | 138,087 |
| A31150 | Account receivables | 562,782 | ( 583,597 ) |
| A31200 | Inventories | ( 643,950) | ( 189,994) |
| A31990 | Other non-current assets | ( 19,128 ) | - |
| A31240 | Other current assets | ( 70,352 ) | ( 89,792 ) |
| A32110 | Financial instrument at fair value through profit and loss | 19,548 | 6,991 |
| A32130 | Notes payable | 89,339 | ( 313,569 ) |
| A32150 | Account payables | ( 299,578) | 146,912 |
| A32180 | Other payables | ( 31,945) | 86,629 |
| A32230 | Other current liabilities | ( 595) | 4,773 |
| A32990 | Other financial assets | 6,162 | 31,450 |
| A33000 | Operating net cash inflows | ( 86,962 ) | 38,711 |
| A33300 | Interest paid | ( 333,248 ) | ( 158,706 ) |
| A33500 | Income tax paid | ( 75,544 ) | ( 179,513 ) |
| AAAA | Net cash used from operating activities | ( 495,754 ) | ( 299,508 ) |

(to be continued)

(brought forward)

| Code | | 2023 | 2022 |
|---|---|---|---|
| | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| B00010 | Purchase of financial assets at fair value through other comprehensive income | ($ 137,560 ) | ($ 29,280 ) |
| B00020 | Proceeds from sale of financial assets at fair value through other comprehensive income | 99,750 | 32,927 |
| B00040 | Purchase of financial assets at amortized cost | ( 364,745 ) | ( 30,362 ) |
| B00050 | Proceeds from disposal of financial assets at amortized cost | 182,433 | 148,891 |
| B00100 | Purchase of financial asset at fair value through profit or loss | ( 178,838 ) | - |
| B00200 | Proceeds from disposal of financial asset at fair value through profit or loss | 127,357 | 569,154 |
| B02700 | Purchase of property, plant and equipment | ( 2,084,938) | ( 2,687,971 ) |
| B02800 | Disposal of property, plant and equipment | 17,207 | 5,063 |
| B04500 | Payment for intangible assets | ( 1,149 ) | ( 7,662 ) |
| B06700 | Increase in other non-current assets | ( 8,950 ) | ( 3,340 ) |
| B07100 | Increase in equipment prepayments | ( 998,068 ) | ( 996,852 ) |
| B07500 | Interests collected | 33,014 | 34,536 |
| BBBB | Net cash generated used in investing activities | ( 3,314,487 ) | ( 2,964,896 ) |
| | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| C00100 | Proceeds from short term loan | 1,160,973 | 1,466,140 |
| C01200 | Issuance of bonds | 1,557,690 | - |
| C01300 | Repayment of bonds payable | ( 1,422,358 ) | - |
| C01600 | Proceeds from long term loan | 2,631,964 | 1,982,034 |
| C04020 | Payments of lease liabilities | ( 27,984 ) | ( 32,384 ) |
| C05800 | Changes in non-controlling interests | 44,635 | - |
| C09900 | Return of unclaimed dividends | 5 | - |
| C04500 | Dividends paid to owners of the Company | - | ( 66,371 ) |
| CCCC | Net cash generated from financing activities | 3,944,930 | 3,349,419 |
| DDDD | EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | ( 52,526 ) | 35,592 |
| EEEE | NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS | 82,163 | 120,607 |
| E00100 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 2,114,380 | 1,993,773 |
| E00200 | CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 2,196,543 | $ 2,114,380 |

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 2023 and 2022
(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 2023

| New IFRSs | Effective Date Announced by IASB (Note 2) |
|---|---|
| Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | January 1, 2024 |
| Amendments to IAS 1 “Non-current Liabilities with Covenants” | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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 |
| 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 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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.

When developing material accounting estimates, the Group considers the cash flow projection, growth rate, discount rate and profitability estimates. The estimations and the underlying assumptions are reviewed on an ongoing basis by the management.

## 6. Cash and Cash Equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash On Hand | $ 1,021 | $ 838 |
| Checking Accounts and Demand Deposit | 1,903,035 | 1,857,239 |
| Cash Equivalents | | |
| Time Deposits with Original Maturities within 3 months | 292,487 | 256,303 |
| | $ 2,196,543 | $ 2,114,380 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank Deposit | 0.0001%~5.30% | 0.0001%~3.85% |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets at FVTPL- current | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| －Cross-currency swap contracts | $ 155 | $ 11,035 |
| Non-derivative financial assets | | |
| －Financial product | 49,979 | 10,477 |
| | $ 50,134 | $ 21,512 |
| 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 Fourth Convertible Bond (Note18) | $ 12,173 | $ - |

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

December 31, 2023

| | Currency | Maturity Date | Contract Amount (in thousands) |
|---|---|---|---|
| Buy Swap | EUR/RMB | 2024.03.07 | EUR 2,000/RMB 15,566 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Non-current | | |
| Unlisted shares | $ 136,581 | $ 58,357 |

The Company invested in Formosa 5 International Investment Co., Ltd., Asis Renewable Energy (Cayman) Limited, Jiuquan One heavy wind power Group Company 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, 2023 | December 31, 2022 |
|---|---|---|
| Current | | |

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits with original maturity of more than 3 months | $ 364,745 | $ 189,132 |

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.85%-4.60% and 0.55%-4.20% per annum as of December 31, 2023 and 2022, respectively.

## 10. Account Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Account Receivables | | |
| At amortized cost | | |
| Gross carrying amount | $2,850,163 | $3,472,329 |
| Less: Allowance for impairment loss | ( 95,644) | ( 32,043) |
| | $ 2,754,519 | $ 3,440,286 |

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, 2023

| | Non-Default | Default 1～90 Days | Default 91～180 Days | Default Exceeding 181Days | Total |
|---|---|---|---|---|---|
| Expected credit loss rate | 0.13% | 2.14% | 17.2% | 100% | |
| Gross carrying amount | $ 2,363,210 | $ 366,134 | $ 43,528 | $ 77,291 | $ 2,850,163 |
| Loss allowance (Lifetime ECL) | ( 3,037) | ( 7,831) | ( 7,485) | ( 77,291) | ( 95,644) |
| Amortized Costs | $ 2,360,173 | $ 358,303 | $ 36,043 | $ - | $ 2,754,519 |

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 |

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

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $32,043 | $ 32,758 |
| Add: Net remeasurement of loss (gain) allowance | 64,428 | ( 985) |
| Foreign exchange gains and losses | ( 827) | 270 |
| Balance at December 31 | $ 95,644 | $ 32,043 |

## 11. **Inventories**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 544,415 | $ 539,127 |
| Work in progress | 788,453 | 847,185 |
| Raw materials | 992,179 | 472,158 |
| | $ 2,325,047 | $ 1,858,470 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $7,473,371 thousand and $8,040,146 thousand, respectively. For the year ended December 31, 2023 and 2022, the cost of goods sold included inventory write-downs of $134,707 thousand and $18,518 thousand, respectively.

## 12. Subsidiaries included in this consolidated financial statement

| Investor | Investee | Nature of Business | Shareholding percentage 2023 December 31 | Shareholding percentage 2022 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 |
| | 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 |

Note: The financial reports for 2023 and 2022 have been verified by CPA.

## 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, 2023 | $718,061 | $3.792.427 | $4,937,352 | $ 68,787 | $ 605,938 | $5,282,893 | $ 15,405,458 |
| Additions | - | 33.859 | 36,057 | 7,064 | 21,534 | 1,964,403 | 2,062,917 |
| Disposals | - | ( 15,919) | ( 80,874) | ( 6,621) | ( 48,240) | - | ( 151,654) |
| Capitalized interest | - | - | - | - | - | 119,587 | 119,587 |
| Reclassification | - | 6.308.167 | 539,974 | 5,959 | 23,405 | ( 6,416,173) | 461,332 |
| Effect of foreign currency exchange differences | 3,132 | ( 53,456) | ( 56,704) | ( 1,066) | ( 9,951) | ( 7,317) | ( 125,362) |
| Balance at December 31, 2023 | $ 721,193 | $10,065,078 | $5,375,805 | $ 74,123 | $ 592,686 | $943,393 | $17,772,278 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Balance at January 1, 2023 | $ - | $1,840,329 | $3,344,717 | $ 48,461 | $ 521,285 | $ - | $ 5,754,792 |
| Disposals | - | ( 15,503) | ( 60,492) | ( 5,863) | ( 42,805) | - | ( 124,663) |
| Depreciation Expenses | - | 180,441 | 248,778 | 7,008 | 25,394 | - | 461,621 |
| Reclassification | - | - | - | 2,671 | - | - | 2,671 |
| Effect of foreign currency exchange differences | - | ( 34,194) | ( 29,841) | ( 782) | ( 8,524) | - | ( 73,341) |
| Balance at December 31, 2023 | $ - | $1,971,073 | $3,503,162 | $ 51,495 | $ 495,350 | $ - | $ 6,021,080 |
| Carrying amount at December 31, 2023 | $ 721,193 | $8,094,005 | $1,872,643 | $ 22,628 | $ 97,336 | $943,393 | $ 11,751,198 |

| | Self-Owned Land | Buildings | 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 |

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 | 2 to 25 years |
| Transportation Equipment | 2 to 10 years |
| Other Equipment | 2 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 29 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, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amount | | |
| Land | $504,865 | $533,918 |
| Building | 47,723 | 5,116 |
| Transportation Equipment | 1,399 | 1,940 |
| | $553,987 | $540,974 |

Refer to Note 29 for the carrying amount of right-of-use assets pledged by the Group to secure bank loans.

| | 2023 | 2022 |
|---|---|---|
| Additions to right-of-use assets | $ 57,136 | $ 7,808 |
| Depreciation of right-of-use assets | | |
| Land | $ 23,143 | $ 23,536 |
| Buildings | 12,430 | 10,726 |
| Machine Equipment | - | 539 |
| Transportation Equipment | 514 | 4,912 |
| | $ 36,087 | $ 39,713 |

(2) Lease Liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carry amount | | |
| Current | $ 18,467 | $ 15,583 |
| Noncurrent | $199,611 | $171,435 |

Range of discount rate for lease liabilities was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 2%~2.1% | 2%~2.1% |
| Buildings | 3.45% | 1.92%~4.37% |
| Transportation Equipment | 2.5%~5% | 2.27%~5% |

(3) Material leasing activities and terms

To meet with demands from related businesses of wind-power turbine industry, the Group leased roughly 20.6 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

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $33,969 | $ 19,126 |
| Expenses relating to low-value asset leases | $ 2,348 | $ 1,963 |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | $16,923 | $ 17,456 |
| Total cash outflow for leases | ($86,659) | ($ 75,535) |

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

| | 2023 | 2022 |
|---|---|---|
| Cost | | |
| Balance at January 1 | $ 138,841 | $ 137,958 |
| Effect of foreign currency exchange differences | ( 953) | 883 |
| Balance at December 31 | $ 137,888 | $ 138,841 |

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 5.34% 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, 2023 | December 31, 2022 |
|---|---|---|
| Current(Note 29) | | |
| Pledged bank acceptance | $1,009,170 | $ 990,029 |
| Bank acceptance deposits | 108,795 | 114,136 |
| Restricted time deposits | 49,293 | 46,821 |
| Quality guarantee deposits | 39,127 | 75,057 |
| | $1,206,385 | $1,226,043 |

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Non-current(Note 29) | | |
| Quality guarantee deposits | $ 31,953 | $ 40,266 |

## 17. Loans

(1) Short Term Loans

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Secured Loans (Note 29) | | |
| Bank Loans | $ 860,225 | $ 959,530 |
| Unsecured Loans | | |
| Credit Loans | 3,095,327 | 2,272,558 |
| Syndicated loan | 500,000 | 150,000 |
| | 3,595,327 | 2,422,558 |
| | $ 4,455,552 | $ 3,382,088 |

The range of weighted average effective interest rate on credit borrowings was 1.88%-5.11% and 1.24%-5.8% per annum as of December 31, 2023 and 2022, respectively.

(2) Long Term Loans

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Secured Loans (Note 29) | | |
| Bank Loans | $ 234,973 | $ - |
| Syndicated loan | 4,861,177 | 2,877,486 |
| Minus: Syndicated loan fee | ( 10,451) | ( 13,935) |
| | 5,085,699 | 2,863,551 |
| Unsecured Loans | | |
| Credit Loans | 196,109 | - |
| Syndicated loan | 2,417,493 | 2,243,606 |
| Minus: Syndicated loan fee | ( 5,389) | ( 7,186) |
| | 2,608,213 | 2,236,420 |
| | $ 7,693,912 | $ 5,099,971 |

As of December 31, 2023 and 2022, the range of weighted average effective interest rates of the bank borrowings was 2.27%-6.75% and 1.83%-5.2% per annum, respectively.

On February 23, 2023, the Group entered a syndicated loan agreement of credit extension total amount of THB $0.85 billion with Mega International Commercial Bank. Specifically, (1) B credit extension: It is for the borrower Yeong Guan Heavy Industry (Thailand) Co., Ltd. to build PPE, mid-term loan, revolving credit is not allowed. (2) B-1 Credit Extension: It is for the borrower Yeong Guan Heavy Industry (Thailand) Co., Ltd. to build PPE, mid-term secured loan, and revolving credit is not allowed.

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 2022), 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.

## 18. Corporate Bond Payable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Third Domestic Unsecured Convertible Bonds | $ 97,993 | $1,480,456 |
| Forth Domestic Unsecured Convertible Bonds | 978,793 | - |
| Less: Current portion | - | ( 1,480,456 ) |
| | $1,076,786 | $ - |

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, 2023, 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$0 thousand and NT$35,700 thousand (included in financial liabilities - current which are measured through profit/loss based on fair value) on December 31, 2023 and December 31, 2022 respectively; non-derivative product liability have been measured on December 31, 2023 and December 31, 2022 are NT$97,993 thousand (included in corporate bond payable) NT$1,480,456 thousand(included in corporate bond payable which is due in one year) 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 | 21,880 |
| Redeemed convertible bonds | ( 1,387,506 ) |
| Loss on Valuation of Financial Instrument | ( 5,577 ) |
| Net Liability Components on December 31, 2023 | $ 97,993 |

All of the third unsecured convertible corporate bonds have not yet been converted as of December 31, 2023.

On February 20, 2023, 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$62.3/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, 2023, conversion price has been adjusted to NT$62.3 and conversion period starts from May 20, 2023 to February 20, 2028 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 February 20, 2028. 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$12,173 thousand (included in financial liabilities – non current which are measured through profit/loss based on fair value) on December 31, 2023; non-derivative product liability have been measured on December 31, 2023 are NT$97,793 thousand (included in corporate bond payable) based on amortized cost and its effective interest rate originally recognized is 1.2785%.

| | |
|---|---|
| Issuance Proceeds (less transaction cost of NT$4,094 thousand) | $ 1,557,690 |
| Equity Components | ( 141,750 ) |
| 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) | 1,415,940 |
| Interest Calculated in Effective Interest Rate | 12,596 |
| Convertible bonds converted into ordinary shares | ( 441,487 ) |
| Gain on Valuation of Financial Instrument | 3,917 |
| Net Liability Components on December 31, 2023 | $ 990,966 |

## 19. Other Payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Salary Payable | $ 286,730 | $ 323,127 |
| Payables on Equipment | 111,692 | 128,308 |
| Processing Fee Payable | 67,685 | 105,743 |
| Tax Payable | 39,884 | 42,567 |
| Utilities Payable | 27,808 | 23,093 |
| Freight Payable | 25,692 | 45,649 |
| Interest Payable | 21,216 | 14,667 |
| Others | 213,260 | 167,288 |
| | $ 793,976 | $ 850,442 |

## 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, 2023 | December 31, 2022 |
|---|---|---|
| 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) | $ 118,136 | $ 110,618 |
| Shares issued | $ 1,181,359 | $ 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 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and July 17, 2022 were as follows:

| | Earnings Distribution | |
|---|---|---|
| | 2022 | 2021 |
| Legal Reserve | $ - | $ 21,610 |
| Special Reserve | ($ 156,576) | ($ 45,393) |
| Cash Dividends | $ - | $ 66,371 |
| Cash Dividends per share(NT$) | $ - | $ 0.6 |

The 2023 distribution of surplus earnings proposed by the Company's Board of Directors Meeting dated March 12, 2024 is as follows:

| | 2023 |
|---|---|
| Legal Reserve | $ - |
| Special Reserve | $ 190,528 |
| Cash Dividends per share(NT$) | $ - |

2023 Earnings Distribution proposal is pending for resolution from the shareholders' meeting which is expected to be held in May 31, 2024.

(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

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $ 128,061 | $ 125,345 |
| Current Net Loss | ( 6,601) | ( 5,913) |
| Other comprehensive (Loss)/income | | |
| Exchange Difference on Translation of Foreign Financial Statement | 1,222 | 8,629 |
| Non-Controlling Interest Increased by Yeong Guan Heavy Industry (Thailand) Company | 44,635 | - |
| Balance at December 31 | $ 167,317 | $ 128,061 |

## 22. Revenue

(1) Balance of Client Contract

| | 2023 | 2022 |
|---|---|---|
| Client Contract Revenue | | |
| Product Sales Revenue | $ 8,671,009 | $ 9,383,925 |

(2) Disaggregation of revenue from contracts with customers

Please refer to note 33 for detail information on client contract revenue.

## 23. Net Loss

(1) Interest Income

| | 2023 | 2022 |
|---|---|---|
| Bank deposits | $ 33,692 | $ 33,909 |

(2) Other Profits and Losses

| | 2023 | 2022 |
|---|---|---|
| Subsidized Income | $ 29,385 | $ 7,196 |
| Net Loss from Disposal and Abandonment of Property, Plant and Equipment | ( 9,784) | ( 89,266) |
| Loss on impairment of non-financial assets | - | ( 89,339) |
| Profit from lease modifications | - | 6 |
| Gain on Repayment of Convertible bonds | 4,942 | - |
| Others | 31,499 | 15,547 |
| | $ 56,042 | ($155,856) |

(3) Financial Cost

| | 2023 | 2022 |
|---|---|---|
| Interest on Bank Loans | $ 340,180 | $ 168,749 |
| Interest on Lease Liabilities | 5,435 | 4,606 |
| Convertible Bond | 17,639 | 7,264 |
| | 363,254 | 180,619 |
| Less: Amounts included in the cost of qualifying assets | ( 119,587) | ( 31,965) |
| | $ 243,667 | $ 148,654 |

Information on capitalized interest is as follows:

| | 2023 | 2022 |
|---|---|---|
| Capitalized interest amount | $ 119,587 | $ 31,965 |
| Capitalization rate | 2.266-5.373% | 1.833-2.705% |

(4) Depreciation, Amortization and Employee Benefit Expense

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Business Cost | Business Expense | Total | Business Cost | Business Expense | Total |
| Employment Benefit Expense | | | | | | |
| Post-Employment Benefit | $ 67,693 | $ 18,571 | $ 86,264 | $ 61,451 | $ 19,379 | $ 80,830 |
| Other Employment Benefit | 1,014,339 | 398,885 | 1,413,224 | 1,004,984 | 412,726 | 1,417,710 |
| | $ 1,082,032 | $ 417,456 | $ 1,499,488 | $ 1,066,435 | $ 432,105 | $1,498,540 |
| Depreciation | $ 409,151 | $ 88,557 | $ 497,708 | $ 431,176 | $ 90,252 | $ 521,428 |
| Amortization | $ 1,233 | $ 6,180 | $ 7,413 | $ 978 | $ 7,949 | $ 8,927 |

Aforementioned depreciation expense does not include depreciation expenses of NT$6 thousand for investment real property for 2023 and 2022 (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, 2023 and 2022.

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, 2022 and 2021.

Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Company’s board of directors in 2023 and 2022 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:

| | 2023 | 2022 |
|---|---|---|
| Current Tax | | |
| In respect of the current year | $ 67,384 | $ 147,662 |
| Income tax on unappropriated earnings | 94 | 1,216 |
| Adjustments for prior years | ( 3,037) | 108 |
| | 64,441 | 148,986 |
| Deferred Tax | | |
| In respect of the current year | ( 45,229) | ( 16,143) |
| Adjustments for prior years | ( 6,075) | ( 2,649) |
| | ( 51,304) | ( 18,792) |
| Income tax expense recognized in profit or loss | $ 13,137 | $ 130,194 |

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

| | 2023 | 2022 |
|---|---|---|
| Loss before tax | ($ 263,204) | ($ 314,181) |
| Income tax expense calculated at the statutory rate | $ 2,615 | $ 125,436 |
| Nondeductible expense of tax | 3,060 | 24,847 |
| Unrecognized deductible temporary difference | 70,210 | 37,011 |
| R&D tax credit | ( 53,730) | ( 55,775) |
| Income tax on unappropriated earnings | 94 | 1,216 |
| Adjustments recognized for current tax of prior years | ( 9,112) | ( 2,541) |
| Income tax expense recognized in profit or loss | $ 13,137 | $ 130,194 |

(2) Current Income Tax Asset and Liability

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current tax assets | | |
| Tax refund receivable (included in other current asset) | $ 5,870 | $ 113 |
| Current tax liabilities | | |
| Current income tax liabilities | $ 27,130 | $ 38,298 |

(3) Deferred Tax Assets and Liabilities

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

2023

| | Beginning Balance | Recognized in P/L | Exchange Difference | Others | Ending Balance |
|---|---|---|---|---|---|
| Deferred Income Tax Assets | | | | | |
| Temporary Differences | | | | | |
| Allowance for Loss on Inventories | $ 9,987 | $ 24,360 | ($ 450 ) | $ - | $ 33,897 |
| Allowance for impaired receivables | 4,634 | 12,234 | ( 113 ) | - | 16,755 |
| Others | 7,447 | ( 3,884 ) | ( 55 ) | - | 3,508 |
| | 22,068 | 32,710 | ( 618 ) | - | 54,160 |
| Loss Carry forward | 66,190 | 8,851 | ( 1,397 ) | 6,075 | 79,719 |
| | $ 88,258 | $ 41,561 | ($ 2,015 ) | $ 6,075 | $ 133,879 |
| Deferred Income Tax Liability | | | | | |
| Temporary Differences | | | | | |
| Unrealized Exchange Gains | $ 2,681 | ($ 1,693 ) | $ 4 | $ - | $ 992 |
| Capitalized Interest | 5,179 | ( 899 ) | ( 73 ) | - | 4,207 |
| Others | 1,531 | ( 1,076 ) | ( 6 ) | - | 449 |
| | $ 9,391 | ($ 3,668 ) | ($ 75 ) | $ - | $ 5,648 |

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 carryforwards | 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 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss Carryforwards | | |
| Due in 2023 | $ 2,461 | $ 2,442 |
| Due in 2024 | 278 | 276 |
| Due in 2025 | 132 | 131 |
| Due in 2026 | 6,759 | 6,860 |
| Due in 2027 | 10,051 | 10,212 |
| Due in 2028 | 17,024 | - |
| Due in 2031 | 13,646 | 13,687 |
| Due in 2032 | 20,986 | 20,904 |
| Due in 2033 | 52,912 | - |
| | $ 124,249 | $ 54,512 |

(5) Information about unused loss carry-forward as of December 31, 2023 comprised of：

| Expiry Year | Unused Amount |
|---|---|
| 2024 | $ 1,391 |
| 2025 | 662 |
| 2026 | 43,878 |
| 2027 | 65,973 |
| 2028 | 104,459 |
| 2031 | 107,700 |
| 2032 | 401,580 |
| 2033 | 436,427 |
| | $1,162,070 |

(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 2021 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

| | 2023 | 2022 |
|---|---|---|
| Profit (loss) for the period attributable to owners of the Company | ($269,740) | ($438,462) |
| Earnings (loss) used in the computation of diluted earnings (loss) per share | ($269,740) | ($438,462) |

Number of Shares

Unit: 1,000 shares

| | 2023 | 2022 |
|---|---|---|
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 114,566 | 110,618 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 114,566 | 110,618 |

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 2023 and 2022, they are not included in the calculation of diluted earnings per share.

## 26. 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.

## 27. Financial Instruments

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

December 31, 2023

| | Book Value | Fair Value Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Financial Liability | | | | | |
| Financial liabilities at amortized cost | | | | | |
| Convertible bonds payable | $1,076,786 | $1,139,817 | $ - | $ - | $1,139,817 |

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 |

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

1. Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 155 | $ - | $ 155 |
| Financial Product | - | 49,979 | - | 49,979 |
| | $ - | $ 50,134 | $ - | $ 50,134 |
| Financial assets at FVTOCI | | | | |
| Unlisted shares | $ - | $ - | $136,581 | $ 136,581 |
| Financial liabilities at FVTPL | | | | |
| Convertible Bond Payables | $ - | $ 12,173 | $ - | $ 12,173 |

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 |

There were no transfers between the level 1 and level 2 during the period of years ended December 31, 2023 and 2022.

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

For the year months ended December 31, 2023

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|---|---|
| Balance at January 1, 2023 | $ 58,357 |
| Purchases | 137,560 |
| Recognized in other comprehensive income | 41,649 |
| Sales | ( 28,500) |
| Effect of foreign currency exchange differences | ( 1,235) |
| Other comprehensive income for the year | 207,831 |
| Transfers into retained earning | ( 71,250) |
| Balance at December 31, 2023 | $136,581 |

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 |

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. |
| Domestic Forth Unsecured Convertible Corporate Bond | Under the assumption that corporate bond will be redeemed on February 20, 2028, 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, 2023 | December 31, 2022 |
|---|---|---|
| Financial Asset | | |
| Financial assets at FVTPL | $ 50,134 | $ 21,512 |
| Financial assets at amortized cost (Note 1) | 6,045,365 | 6,148,720 |
| Financial assets at FVTOCI | 136,581 | 58,357 |
| Financial Liability | | |
| Financial liability at FVTPL | 12,173 | 38,384 |
| Measured at amortized cost (Note 2) | 16,069,831 | 13,108,657 |

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.

| | 2023 | 2022 |
|---|---|---|
| USD | $ 18,229 | $ 18,229 |
| EUR | 7,850 | (1,666) |
| RMB | 234 | (3,900) |

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, 2023 | December 31, 2022 |
| --- | --- | --- |
| Fair Value Risks | | |
| -Financial Assets | $ 1,249,691 | $ 1,568,327 |
| -Financial Liabilities | 3,371,661 | 3,483,222 |
| Cash Flow Risks | | |
| -Financial Assets | 2,548,511 | 1,995,512 |
| -Financial Liabilities | 10,158,075 | 6,715,802 |

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, 2023 and 2022 would decrease or increase by ($76,096) thousand and ($47,203) 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, 2023 and 2022 would have increased/decreased by $1,366 thousand and 584 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, 2023 and 2022, 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, 2023

| | 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 | $ 877,488 | $1,055,906 | $ 622,703 | $ 754 | $ - |
| Lease liability | 2,184 | 4,386 | 19,744 | 102,773 | 120,785 |

| | On Demand or Less than 1 Month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | more than 5 years |
|---|---|---|---|---|---|
| Variable interest rate instrument | 1,022,124 | 777,809 | 664,230 | 7,693,912 | - |
| Fixed interest rate instrument | 475,628 | 321,127 | 1,194,634 | 1,130,400 | - |
| | $2,377,424 | $2,159,228 | $2,501,311 | $8,927,839 | $ 120,785 |

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 | $ 26,314 | $ 102,773 | $ 74,707 | $ 46,078 | $ - | $ - |

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 liabilities | 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 | $ - | $ - |

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, 2023

| | On Demand or Less than 1 Month | 1 to 3 months | 3 months to 1 year |
|---|---|---|---|
| Net settled | | | |
| Foreign exchange SWAP contracts | | | |
| - Inflow | $ 67,933 | $ - | $ - |
| - Outflow | ( 67,778 ) | - | - |
| | $ 155 | $ - | $ - |

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, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured Bank Overdraft Facility, Reviewed Annually | | |
| －Amount Used | $ 6,203,540 | $ 4,658,978 |
| －Amount Unused | 3,869,333 | 2,955,633 |
| | $ 10,072,873 | $ 7,614,611 |
| Secured Bank Overdraft Facility, Extendable If Agreed by the Parties) | | |
| －Amount Used | $ 5,945,924 | $ 3,823,081 |
| －Amount Unused | 2,863,351 | 3,876,356 |
| | $ 8,809,275 | $ 7,699,437 |

## (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, 2023 and December 31, 2022, the face amounts of these unsettled bills receivable were $537,258 thousand and $904,597 thousand respectively. The unsettled bills receivable will be due in 6 months and 12 months after December 31, 2023 and 2022. 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, 2023 and 2022, 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.

## 28. 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 |
| Shiouhuei Wu | Substantial related-party |

(2) Acquisition of property, plant and equipment

| | Purchase Price | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Substantial related-party | $ 1,200 | $ - |

(3) Others

| Item Recognized | Type of Related Party | 2023 | 2022 |
|---|---|---|---|
| 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.

(4) Major Management Remuneration

| | 2023 | 2022 |
|---|---|---|
| Short-term Employee Benefit | $ 48,599 | $ 61,826 |
| Post-Employment Benefit | 870 | 743 |
| | $ 49,469 | $ 62,569 |

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.

## 29. 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, 2023 | December 31, 2022 |
|---|---|---|
| Property, Plant and Equipment, Net | $ 8,106,260 | $ 1,405,171 |
| Right-to-Use Asset | 173,115 | 181,697 |
| Other Financial Assets – Current | 1,206,385 | 1,226,043 |
| Other Financial Assets – Noncurrent | 31,953 | 40,266 |
| | $ 9,517,713 | $ 2,853,177 |

## 30. Significant Subsequent Events

On February 20, 2024, the subsidiary of the merged company passed the government land acquisition proposal and signed the relocation compensation agreement, the transaction amount is about RMB 139,325 thousand, but there will still be relevant compensation and expenses incurred during the subsequent relocation period.

## 31. Significant Assets and Liabilities Denominated in Foreign Currencies

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

December 31, 2023

| | Foreign Currency | Exchange Rate | Book Value |
|---|---|---|---|
| Monetary Assets | | | |
| Currency Item | | | |
| USD | $ 15,368 | 7.0827（USD: RMB） | $ 471,951 |
| USD | 10,238 | 30.71（USD: NTD ） | 314,409 |
| EUR | 29,881 | 7.8592（EUR: RMB） | 1,015,356 |
| EUR | 12,469 | 33.98（EUR: NTD） | 423,697 |
| RMB | 46,102 | 4.3359（RMB: NTD ） | 199,894 |
| THB | 21,210 | 0.8965（THB: NTD ） | 19,015 |
| GBP | 293 | 39.14（GBP: NTD ） | 11,468 |
| Non-monetary items | | | |
| Derivative | | | |
| EUR | 5 | 7.8592（EUR: RMB） | 155 |
| Monetary Liabilities | | | |
| Currency Item | | | |
| USD | 456 | 7.0827（USD: RMB） | 14,004 |
| USD | 38,950 | 30.71（USD: NTD） | 1,196,155 |
| EUR | 2 | 7.8592（EUR: RMB） | 68 |
| EUR | 65,453 | 33.98（EUR: NTD） | 2,224,093 |
| RMB | 42,533 | 4.3359（RMB: NTD ） | 184,419 |
| RMB | 8,964 | 0.2068（RMB: THB ） | 38,867 |

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 Liabilities | | | |
| 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 |

For the year ended in December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (loss) were $62,240 thousand and ($145,399) 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. (None)
5. Acquisition of real estate at costs of at least NT $300 million or 20% of the paid-in capital (Table 4)
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 5)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)
9. Derivative transactions (Note 7 "Financial Instruments at Fair Value through Profit or Loss ")
10. Intercompany relationships and significant intercompany transactions (Table 9)

(II) Information on investees (Table 7)

(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 8)

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 9)

(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 10)

## 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 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Casting Processing Dept. | $ 8,671,009 | $ 9,379,267 | $ 449,514 | $ 649,752 |
| Other | - | 4,658 | - | ( 652 ) |
| Total amounts of continuing operations | $ 8,672,009 | $ 9,383,925 | 449,514 | 649,100 |
| Interest revenue | | | 33,692 | 33,909 |
| Other Profit and Loss | | | 56,042 | ( 155,856 ) |
| Financial Product Net Profit at Fair Value through Profit and Loss | | | 1,143 | 4,290 |
| Net exchange gains(loss) | | | 62,240 | ( 145,399 ) |
| Finance costs | | | ( 243,667 ) | ( 148,654 ) |
| Management and Administration Expense | | | ( 622,168 ) | ( 551,571 ) |
| Loss before income tax | | | ( $ 263,204 ) | ( $ 314,181 ) |

(2) Other Segment Information

| | Depreciation and Amortization | |
|---|---|---|
| | 2023 | 2022 |
| Casting Processing Dept. | $ 505,127 | $ 528,308 |
| Other | - | 2,053 |
| | $ 505,127 | $ 530,361 |

(3) Major Product Income

Major products for consolidated company’s continuous operating units were analysed as follows:

| | 2023 | 2022 |
|---|---|---|
| Energy Castings | $4,698,322 | $4,340,912 |
| Injection Molding Machine Castings | 1,593,621 | 2,434,808 |
| Industry Machine Castings | 2,379,066 | 2,608,205 |
| | $ 8,671,009 | $ 9,383,925 |

(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 | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| China | $ 6,383,047 | $ 6,917,852 | $ 4,094,977 | $ 4,219,289 |
| Taiwan | 2,287,962 | 2,466,073 | 9,815,038 | 7,438,952 |
| Other | - | - | 920,958 | 437,582 |
| | $ 8,671,009 | $ 9,383,925 | $ 14,830,973 | $ 12,095,823 |

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:

| | 2023 | 2022 |
|---|---|---|
| Client A | $ 1,835,485 | $ 1,562,987 |

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

LOANS PROVIDED TO OTHER PARTIES

FOR THE YEAR ENDED DECEMBER 31, 2023

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 | $ 800,000 | $ 122,000 | - | Short Term Financing Capital | $ - | Business Turnover | $ - | — | — | $ 2,568,015 | $ 3,424,020 | |
| 1 | Yeong Shang Casting Iron Company | Shanghai No. 1 Machine Tool Foundry Company | Other Account Receivable－Related Party | Yes | 455,272 (RMB 105,000 thousand ) | 390,232 (RMB 90,000 thousand ) | 390,232 (RMB 90,000 thousand ) | 3.4 | Short Term Financing Capital | - | Business Turnover | - | — | — | 976,036 | 1,301,381 | |
| 1 | Yeong Shang Casting Iron Company | Yeong Guan Energy Technology Group Co., Ltd. | Other Account Receivable－Related Party | Yes | 68,154 EUR 2,000 thousand ) | 68,154 EUR 2,000 thousand ) | 68,154 EUR 2,000 thousand ) | 3.0 | Short Term Financing Capital | - | Business Turnover | - | — | — | 6,506,904 | 6,506,904 | |
| 2 | Lu Lin Machine Tool Foundry Company | Shanghai No. 1 Machine Tool Foundry Company | Other Account Receivable－Related Party | Yes | 411,913 (RMB 95,000 thousand ) | 411,913 (RMB 95,000 thousand ) | 411,913 (RMB 95,000 thousand ) | 3.4-3.5 | Short Term Financing Capital | - | Business Turnover | - | — | — | 437,796 | 583,728 | |
| 2 | Lu Lin Machine Tool Foundry Company | Dongguan Yeong Guan Mould Factory Company | Other Account Receivable－Related Party | Yes | 260,155 (RMB 60,000 thousand ) | 130,073 (RMB 30,000 thousand ) | 43,359 (RMB 10,000 thousand ) | 3.6 | Short Term Financing Capital | - | Business Turnover | - | — | — | 2,918,640 | 2,918,640 | |
| 3 | Bright Steel Fine Machinery Company | Shanghai No. 1 Machine Tool Foundry Company | Other Account Receivable－Related Party | Yes | 758,784 (RMB 175,000 thousand ) | 607,028 (RMB 140,000 thousand ) | 455,271 (RMB 105,000 thousand ) | 3.45 | Short Term Financing Capital | - | Business Turnover | - | — | — | 1,552,677 | 2,070,236 | |
| 3 | Bright Steel Fine Machinery Company | Yeong Guan Holdings Co., Limited | Other Account Receivable－Related Party | Yes | 93,136 (RMB 21,480 thousand ) | - | - | - | Short Term Financing Capital | - | Equipment purchase | - | — | — | 10,351,178 | 10,351,178 | |
| 4 | Yeong Chen Asia Pacific Company | Yeong Guan Holdings Co., Limited | Other Account Receivable－Related Party | Yes | 165,000 | 165,000 | 165,000 | 2.867 | Short Term Financing Capital | - | Equipment purchase | - | — | — | 192,662 | 256,883 | |

Note 1: Maximum balance and ending balance for this year are calculated based on exchange rate on December 31, 2023.

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, 2023

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 | $ 856,005 | $ 370,346<br>(USD 5,000 thousand )<br>(RMB 50,000 thousand ) | $ 216,796<br>(RMB 50,000 thousand ) | $ 108,398<br>(RMB 25,000 thousand ) | $ - | 2.53% | $ 12,840,077 | Y | N | Y | |
| | | Yeong Guan Holdings Co., Limited | Subsidiary | 12,840,077 | 9,196,200<br>(NTD 8,582,000 thousand )<br>(USD 20,000 thousand ) | 5,256,200<br>(NTD 7,642,000 thousand )<br>(USD 20,000 thousand ) | 6,357,794<br>(NTD 6,155,997 thousand )<br>(USD 20,000 thousand ) | | 96.45% | 12,840,077 | Y | N | N | |
| | | Yeong Chen Asia Pacific Company | Sub-subsidiary | 12,840,077 | 70,664 | 70,664 | - | - | 0.83% | 12,840,077 | Y | N | N | |

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

MARKETABLE SECURITIES HELD

December 31, 2023

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 | |
| Yeong Chia Mei Trade Company | Bank of China daily accumulated plan | Not related party | Financial asset measured at fair value through profit and loss | - | 44 (RMB 10 thousand ) | - | 44 (RMB 10 thousand ) | |
| Yeong Chia Mei Trade Company | Bank of Ningbo - No 7 Daily Financial product | Not related party | Financial asset measured at fair value through profit and loss | - | 49,935 (RMB 11,517 thousand ) | - | 49,935 (RMB 11,517 thousand ) | |
| | | | | | | - | | |
| Yeong Chen Asia Pacific Company | Formosa 5 International Investment Co., Ltd., | Not related party | Financial asset measured at fair value through comprehensive income | 1,512,420 | - | 9.75% | - | |
| Yeong Chen Asia Pacific Company | Asia Renewable Energy (Cayman) Ltd. | Not related party | Financial asset measured at fair value through comprehensive income | 399,972 | - | 0.39% | - | |
| Yeong Guan Holdings Co., Limited | KOP Investment Limited Company | Not related party | Financial asset measured at fair value through comprehensive income | 400,000 | - | 4% | - | |
| Bright Steel Fine Machinery Company | Jiuquan One heavy wind power Group Company | Not related party | Financial asset measured at fair value through comprehensive income | - | 136,581 (RMB 31,500 thousand ) | 15% | 136,581 (RMB 31,500 thousand ) | |

Note 1: Amounts at the end of this period are calculated based on exchange rates dated December 31, 2023.

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

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 4

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 | 2023.03.20 | $ 295,594 NOTE | Based on the terms in the purchase order | Jimg Gone Industry (Thailand) Company Limited | 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 332,128 thousand, which is equivalent to Taiwan dollars NT295,594 thousand at the exchange rate of 0.89.

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, 2023

Table 5

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 | Dongguan Yeong Guan Mould Factory Company | Same parent company | Purchase | $ 119,598 | 5% | (Note 1) | $ - | - | ($ 30,575 ) | 4% | |
| Yeong Shang Casting Iron Company | Lu Lin Machine Tool Foundry Company | Same parent company | Purchase | 609,110 | 26% | (Note 1) | - | - | ( 267,890 ) | 37% | |
| Yeong Shang Casting Iron Company | Ningbo Yeong Chia Mei Trade Company | Same parent company | Purchase | 111,413 | 5% | (Note 1) | - | - | ( 360 ) | 0% | |
| Bright Steel Fine Machinery Company | Shanghai No. 1 Machine Tool Foundry Company | Same parent company | Purchase | 368,111 | 10% | (Note 1) | - | - | ( 79,070 ) | 11% | |
| Bright Steel Fine Machinery Company | Yeong Shang Casting Iron Company | Same parent company | Purchase | 185,061 | 5% | (Note 1) | - | - | ( 40,297) | 6% | |
| Bright Steel Fine Machinery Company | Lu Lin Machine Tool Foundry Company | Same parent company | Purchase | 214,283 | 6% | (Note 1) | - | - | ( 46,898 ) | 6% | |
| Bright Steel Fine Machinery Company | Ningbo Yeong Chia Mei Trade Company | Same parent company | Purchase | 279,352 | 8% | (Note 1) | - | - | ( 709 ) | 0% | |
| Yeong Chen Asia Pacific Company | Dongguan Yeong Guan Mould Factory Company | Same parent company | Purchase | 253,958 | 12% | (Note 1) | - | - | ( 57,135 ) | 12% | |
| Yeong Chen Asia Pacific Company | Shanghai No. 1 Machine Tool Foundry Company | Same parent company | Purchase | 126,570 | 6% | (Note 1) | - | - | ( 16,390 ) | 3% | |
| Yeong Chen Asia Pacific Company | Yeong Shang Casting Iron Company | Same parent company | Purchase | 1,109,486 | 52% | (Note 1) | - | - | ( 285,925 ) | 59% | |
| Yeong Chen Asia Pacific Company | Bright Steel Fine Machinery Company | Same parent company | Purchase | 244,157 | 11% | (Note 1) | - | - | ( 60,882 ) | 13% | |
| Yeong Shang Casting Iron Company | Bright Steel Fine Machinery Company | Same parent company | (Sales) | ( 185,061 ) | 7% | (Note 1) | - | - | 40,297 | 5% | |
| Yeong Shang Casting Iron Company | Yeong Chen Asia Pacific Company | Same parent company | (Sales) | ( 1,109,486 ) | 39% | (Note 1) | - | - | 285,925 | 33% | |
| Lu Lin Machine Tool Foundry Company | Yeong Shang Casting Iron Company | Same parent company | (Sales) | ( 609,110 ) | 51% | (Note 1) | - | - | 267,890 | 48% | |
| Lu Lin Machine Tool Foundry Company | Bright Steel Fine Machinery Company | Same parent company | (Sales) | ( 214,283 ) | 18% | (Note 1) | - | - | 46,898 | 8% | |
| Bright Steel Fine Machinery Company | Yeong Chen Asia Pacific Company | Same parent company | (Sales) | ( 244,157 ) | 6% | (Note 1) | - | - | 60,882 | 4% | |
| Dongguan Yeong Guan Mould Factory Company | Yeong Shang Casting Iron Company | Same parent company | (Sales) | ( 119,598 ) | 23% | (Note 1) | - | - | 30,575 | 22% | |
| Dongguan Yeong Guan Mould Factory Company | Yeong Chen Asia Pacific Company | Same parent company | (Sales) | ( 253,958 ) | 48% | (Note 1) | - | - | 57,135 | 41% | |
| Ningbo Yeong Chia Mei Trade Company | Yeong Shang Casting Iron Company | Same parent company | (Sales) | ( 111,413 ) | 18% | (Note 1) | - | - | 360 | 1% | |
| Ningbo Yeong Chia Mei Trade Company | Bright Steel Fine Machinery Company | Same parent company | (Sales) | ( 279,352 ) | 46% | (Note 1) | - | - | 709 | 0% | |
| Shanghai No. 1 Machine Tool Foundry Company | Bright Steel Fine Machinery Company | Same parent company | (Sales) | ( 368,111 ) | 25% | (Note 1) | - | - | 79,070 | 12% | |
| Shanghai No. 1 Machine Tool Foundry Company | Yeong Chen Asia Pacific Company | Same parent company | (Sales) | ( 126,570 ) | 9% | (Note 1) | - | - | 16,390 | 2% | |

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, 2023

Table 6

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 | $ 285,925 | | - | $ - | — | $ 126,687 | $ - |
| Yeong Shang Casting Iron Company | Shanghai No. 1 Machine Tool Foundry Company | Same ultimate parent company | 392,407 | (Note1) | - | - | — | - | - |
| Lu Lin Machine Tool Foundry Company | Yeong Shang Casting Iron Company | Same ultimate parent company | 267,890 | | - | - | — | 36,104 | - |
| Lu Lin Machine Tool Foundry Company | Shanghai No. 1 Machine Tool Foundry Company | Same ultimate parent company | 442,978 | (Note 2) | - | - | — | 159 | - |
| Bright Steel Fine Machinery Company | Shanghai No. 1 Machine Tool Foundry Company | Same ultimate parent company | 457,351 | (Note 3) | - | - | — | 152,268 | - |
| Yeong Chen Asia Pacific Company | Yeong Guan Holdings Co., Limited | Same ultimate parent company | 167,726 | (Note 4) | - | - | — | - | - |
| Yeong Guan Energy Technology Group Co., Ltd | Yeong Guan Holdings Co., Limited | Same ultimate parent company | 122,000 | (Note 5) | - | - | — | - | - |

Note 1: This includes financing amount NT$390,232 thousand and interest receivable of NT$2,175 thousand.

Note 2: This includes sales amount NT$27,890 thousand, financing amount NT$411,913 thousand and interest receivable of NT$3,175 thousand.

Note 3: This includes financing amount NT$455,271 thousand and interest receivable of NT$2,080 thousand.

Note 4: This includes leasing amount NT$2,000 thousand, financing amount NT$165,000 thousand and interest receivable of NT$726 thousand.

Note 5: This includes financing amount NT$122,000 thousand.

Note 6: 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, 2023

Table 7

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, 2023 | December 31, 2022 | 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 | $ 12,173,857 | ($ 114,788) | ($ 144,788) | 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 | 546,015 | 412,110 | 120,000,000 | 75.00 | 511,187 | ( 4,354) | ( 3,266) | 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 | 9,141,869 | 238,958 | 234,218 | 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 | 641,526 | ( 49,275) | ( 49,239) | 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, 2023

Table 8

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 | $ 1,323,601 | (3) | $ - | $ - | $ - | $ - | $ 246,624 | 100% | $ 246,182 | $ 3,282,773 | $ - | 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 | 121,808 | (3) | - | - | - | - | ( 41,782 ) | 100% | ( 41,075 ) | 272,698 | - | 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 | 420,881 | (3) | - | - | - | - | 10,007 | 100% | 18,870 | 1,453,904 | - | 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 | 3,992,300 | (3) | - | - | - | - | 64,651 | 100% | 67,222 | 5,157,791 | - | Note 1 |
| Ningbo Yeong Chia Mei Trade Company | Transaction of various steel castings and casting molds as well as related import/export businesses | 30,710 | (3) | - | - | - | - | 4,368 | 100% | ( 4,801 ) | 38,289 | - | 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 | 1,034,313 | (3) | - | - | - | - | ( 128,467 ) | 95.1% | ( 103,968 ) | ( 23,580 ) | - | Note 1 |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 | 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, 2023

Table 9

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) |
| 0 | Yeong Guan Energy Technology Group Co., Ltd | Yeong Guan Holdings Co., Limited | 1 | Other Account Receivable —Related Party | $ 122,000 | Based on the parties' agreement | - |
| 1 | Yeong Shang Casting Iron Company | Bright Steel Fine Machinery Company | 3 | Account Receivable — Related Party | $ 40,297 | Based on the parties' agreement | - |
| 1 | Yeong Shang Casting Iron Company | Yeong Chen Asia Pacific Company | 3 | Account Receivable — Related Party | 285,925 | Based on the parties' agreement | 1% |
| 1 | Yeong Shang Casting Iron Company | Yeong Guan Energy Technology Group Co., Ltd | 2 | Other Account Receivable —Related Party | 69,221 | Based on the parties' agreement | - |
| 1 | Yeong Shang Casting Iron Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Other Account Receivable —Related Party | 392,407 | Based on the parties' agreement | 2% |
| 1 | Yeong Shang Casting Iron Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Operating Revenue | 17,361 | Based on the parties' agreement | - |
| 1 | Yeong Shang Casting Iron Company | Bright Steel Fine Machinery Company | 3 | Operating Revenue | 185,061 | Based on the parties' agreement | 2% |
| 1 | Yeong Shang Casting Iron Company | Yeong Chen Asia Pacific Company | 3 | Operating Revenue | 1,109,486 | Based on the parties' agreement | 13% |
| 2 | Lu Lin Machine Tool Foundry Company | Yeong Shang Casting Iron Company | 3 | Account Receivable — Related Party | 267,890 | Based on the parties' agreement | 1% |
| 2 | Lu Lin Machine Tool Foundry Company | Bright Steel Fine Machinery Company | 3 | Account Receivable — Related Party | 46,898 | Based on the parties' agreement | - |
| 2 | Lu Lin Machine Tool Foundry Company | Yeong Chen Asia Pacific Company | 3 | Account Receivable — Related Party | 16,950 | Based on the parties' agreement | - |
| 2 | Lu Lin Machine Tool Foundry Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Account Receivable — Related Party | 27,890 | 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 | 44,239 | 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 | 415,088 | Based on the parties' agreement | 2% |
| 2 | Lu Lin Machine Tool Foundry Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Operating Revenue | 78,854 | Based on the parties' agreement | 1% |

| 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) |
| 2 | Lu Lin Machine Tool Foundry Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | $ 609,110 | Based on the parties' agreement | 7% |
| 2 | Lu Lin Machine Tool Foundry Company | Bright Steel Fine Machinery Company | 3 | Operating Revenue | 214,283 | Based on the parties' agreement | 2% |
| 2 | Lu Lin Machine Tool Foundry Company | Yeong Chen Asia Pacific Company | 3 | Operating Revenue | 75,634 | Based on the parties' agreement | 1% |
| 3 | Bright Steel Fine Machinery Company | Yeong Shang Casting Iron Company | 3 | Account Receivable — Related Party | 10,884 | Based on the parties' agreement | - |
| 3 | Bright Steel Fine Machinery Company | Yeong Chen Asia Pacific Company | 3 | Account Receivable — Related Party | 60,882 | Based on the parties' agreement | - |
| 3 | Bright Steel Fine Machinery Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Other Account Receivable —Related Party | 457,351 | Based on the parties' agreement | 2% |
| 3 | Bright Steel Fine Machinery Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Operating Revenue | 18,937 | Based on the parties' agreement | - |
| 3 | Bright Steel Fine Machinery Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | 20,849 | Based on the parties' agreement | - |
| 3 | Bright Steel Fine Machinery Company | Yeong Guan Holdings Co., Limited | 2 | Operating Revenue | 27,533 | Based on the parties' agreement | - |
| 3 | Bright Steel Fine Machinery Company | Yeong Chen Asia Pacific Company | 3 | Operating Revenue | 244,157 | Based on the parties' agreement | 3% |
| 4 | Dongguan Yeong Guan Mould Factory Company | Yeong Shang Casting Iron Company | 3 | Account Receivable — Related Party | 30,575 | Based on the parties' agreement | - |
| 4 | Dongguan Yeong Guan Mould Factory Company | Yeong Chen Asia Pacific Company | 3 | Account Receivable — Related Party | 57,135 | Based on the parties' agreement | - |
| 4 | Dongguan Yeong Guan Mould Factory Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Operating Revenue | 20,624 | Based on the parties' agreement | - |
| 4 | Dongguan Yeong Guan Mould Factory Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | 119,598 | Based on the parties' agreement | 1% |
| 4 | Dongguan Yeong Guan Mould Factory Company | Yeong Chen Asia Pacific Company | 3 | Operating Revenue | 253,958 | Based on the parties' agreement | 3% |
| 5 | Yeong Chen Asia Pacific Company | Yeong Guan Holdings Co., Limited | 3 | Other Account Receivable —Related Party | 167,726 | Based on the parties' agreement | 1% |
| 5 | Yeong Chen Asia Pacific Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | 17,785 | Based on the parties' agreement | - |
| 5 | Yeong Chen Asia Pacific Company | Yeong Guan Holdings Co., Limited | 3 | Operating Revenue | 17,815 | 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 | Yeong Guan Heavy Industry (Thailand) Company | Ningbo Yeong Chia Mei Trade Company | 3 | Other Account Receivable —Related Party | $ 46,568 | Based on the parties' agreement | - |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Yeong Shang Casting Iron Company | 3 | Account Receivable — Related Party | 38,864 | Based on the parties' agreement | - |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Bright Steel Fine Machinery Company | 3 | Account Receivable — Related Party | 79,070 | Based on the parties' agreement | - |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Yeong Chen Asia Pacific Company | 3 | Account Receivable — Related Party | 16,390 | Based on the parties' agreement | - |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | 97,265 | Based on the parties' agreement | 1% |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Bright Steel Fine Machinery Company | 3 | Operating Revenue | 368,111 | Based on the parties' agreement | 4% |
| 7 | Shanghai No. 1 Machine Tool Foundry Company | Yeong Chen Asia Pacific Company | 3 | Operating Revenue | 126,570 | Based on the parties' agreement | 1% |
| 8 | Ningbo Yeong Chia Mei Trade Company | Dongguan Yeong Guan Mould Factory Company | 3 | Operating Revenue | 15,998 | Based on the parties' agreement | - |
| 8 | Ningbo Yeong Chia Mei Trade Company | Shanghai No. 1 Machine Tool Foundry Company | 3 | Operating Revenue | 73,996 | Based on the parties' agreement | 1% |
| 8 | Ningbo Yeong Chia Mei Trade Company | Yeong Shang Casting Iron Company | 3 | Operating Revenue | 111,413 | Based on the parties' agreement | 1% |
| 8 | Ningbo Yeong Chia Mei Trade Company | Bright Steel Fine Machinery Company | 3 | Operating Revenue | 279,352 | Based on the parties' agreement | 3% |
| 8 | Ningbo Yeong Chia Mei Trade Company | Lu Lin Machine Tool Foundry Company | 3 | Operating Revenue | 97,762 | Based on the parties' agreement | 1% |
| 8 | Ningbo Yeong Chia Mei Trade Company | Yeong Guan Holdings Co., Limited | 3 | Operating Revenue | 26,831 | Based on the parties' agreement | - |

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, 2023**

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| Chang Hsien-Ming | 11,093,540 | 9.39% |
| Jiayuan Investment Co., Ltd. | 8,432,000 | 7.13% |

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.