

Stock Code: 3685



Tradetool Auto Co., Ltd.

2022 Annual Report

Notice to readers

This English version annual report is a summary translation of the Mandarin version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Mandarin version, the Mandarin version shall prevail.

Annual Report available at <http://mops.twse.com.tw>

Disclosure of the Annual Report available at <http://www.tradetools.com.tw>

Printed on April 2, 2023

I. The Spokesperson and Deputy Spokesperson of the Company

Spokesperson	Deputy spokesperson
Name: Chang, Ming-Hung	Name: Wang, Cheng-Wen
Title: General manager	Title: Deputy general manager
Tel: (04)2258-5821	Tel: (04)2258-5821
E-mail: fa@tradetools.com.tw	E-mail: fa@tradetools.com.tw

II. Address and Contact Number of the Headquarters, Branches and Plant

<u>Name</u>	<u>Address</u>	<u>Tel</u>
Headquarters	4F.-7, No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan	(04)2258-5821
Plant	2F., No. 51-2, Ln. 50, Sec. Jiulong, Zhongxing Rd., Longtan Dist., Taoyuan City, Taiwan	(04)2258-5821

III. Stock Transfer Agent

Name: Horizon Securities Corp.	Website: http : //www.honsec.com.tw
Address: 3F., No. 236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City, Taiwan	Tel: (02)2326-8818

IV. Auditors

CPAs: Huang, Yu-Ting, Huang, Tzu-Ping	
Accounting Firm: Ernst & Young, Taiwan	Website: http://ey.com/taiwan
Address: 26F, No.186, Shizheng N. 7th Road, Taichung City, Taiwan	Tel: (04)2259-8999

V. Overseas Securities Exchange

None.

VI. Corporate Website : <http://www.tradetools.com.tw>

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Chapter I. A Letter to Shareholders



Dear Shareholders,

Due to the efforts of the entire management team, the optical injection business division's continuous improvement in specifications and technology of automotive light guide plates, as well as the trend of increasing quantity and size of usage in automotive interior panels, the Company's operating revenue in 2022 has continued to grow. In addition to being officially mass-produced and used in electric buses, the Company is actively expanding other markets such as commercial vehicles and electric mobility scooters in terms of the automotive lamp. In the metal stamping business division, in 2022, due to the continued spread of the COVID-19 pandemic in China, frequent lockdowns, rising prices in raw materials, and shortage of chip supplies resulted in losses for the division. The performance was not as ideal as expected.

According to the China Association of Automobile Manufacturers (CAAM), it is estimated that the production and sales of automobiles in 2023 will be driven by China's strategy of expanding domestic demand and actively promoting the overall improvement of the economy through supporting policies. The total sales volume of China's automobile market is expected to be 27.6 million vehicles, with an annual growth rate of about 3%. Among them, the sales of new energy vehicles are estimated to reach 9 million vehicles, with an annual growth rate of 35%, which help provide good business expansion opportunities for automobile-related suppliers.

1. Operating Performance in 2022

Unit: NTD (in thousands)

Item	2022	2021	Increase (Decrease) Amount	Increase (Decrease) Rate
Net Sales	1,551,319	1,491,600	59,719	4%
Operating Costs	1,334,455	1,279,621	54,834	4%
Gross Profit	216,864	211,979	4,885	2%
Operating Expenses	262,573	218,621	43,952	20%
Operating Loss	(45,709)	(6,642)	(39,067)	588%
Non-operating Income (Expenses)	(20,102)	10,658	(30,760)	-289%
Profit before tax	(65,811)	4,016	(69,827)	-1739%
Tax Income (Tax Expense)	9,832	307	9,525	3103%
Net Profit for the period	(55,979)	4,323	(60,302)	-1395%
Net Profit for the period-Parent	(59,812)	3,795	(63,607)	-1676%

The consolidated net sales and operating costs of the Company in 2022 increased

by 4% compared to 2021. This was mainly due to the increased order for medium-large-sized automotive panels in the group's optical injection business division in 2022, as well as the completion of the inspection of orders for electric bus headlight molds. However, due to the outbreak and lockdowns caused by the COVID-19 pandemic in China, the metal stamping business division of the Group had a significant increase in overall operating costs in 2022, resulting in lower-than-expected gross profit growth. Additionally, the operating expenses in 2022 increased by 20% compared to 2021, mainly because the Group's automotive optical injection business division actively invested in the research and development of automotive lamp products and the metal stamping business division conducted completion test for several tooling and molds for new car models in 2022, leading to an increase in research and development related expenses.

In 2022, the non-operating income(expenses) decreased by 289% compared to 2021, mainly due to an increase in bank borrowings for operating capital needs in 2022, resulting in higher interest expenses compared to 2021. Additionally, the net foreign exchange loss caused by exchange rate fluctuations in 2022 increased compared to 2021.

In summary, the consolidated loss after tax of the Company in 2022 is NTD55,979,000, with net profit for the period-parent NTD59,812,000.

2. 2022 Financial Income and Expenditure and Profitability Analysis

Item	2022	2021
Debts ratio (%)	44.88	43.65
Current ratio (%)	132.73	156.74
Return on assets (%)	(1.56)	0.63
Return on equity-Parent(%)	(6.49)	0.40
Net Margin (%)	(3.61)	0.29
Earnings per share (NTD)	(0.75)	0.05

Note: The above calculations are prepared in accordance with International Financial Reporting Standards for the preparation of consolidated financial statements.

In 2022, the Company's debts ratio increased and the current ratio decreased compared to 2021. This was mainly due to an increase in bank borrowings for operating needs, which led to an increase in current liabilities compared to 2021 and affected the relevant financial ratios.

The Company's return on assets, return on equity, net margin, and earnings per share in 2022 have all performed worse than in the previous year, mainly due to losses in the metal stamping business operations, which have resulted in poor overall profitability for the group in the current period.

3. Budget implementation

The Company has not prepared financial forecasts 2022, therefore, it is not applicable.

4. Research and development status

To maintain the development of the core business, the Company not only continuously developed new customers in the optical injection parts for automotive displays and metal stamping parts for automotive bodies, but also actively invested in research and development in other areas of automotive optical injection parts, such as automotive LED headlight modules, as well as the optimization of metal stamping parts materials and manufacturing processes. In 2022, the group invested a total of NTD91,368,000 in research and development, accounting for approximately 6% of the net sales for 2022, representing a 49% growth compared to 2021.

5. Business Plan for 2023 and Development Strategy

The major economies have gradually raised interest rates to curb inflation since 2022, resulting in a significant slowdown in manufacturing activities worldwide. Additionally, the variables such as the ongoing Russia-Ukraine war and the resurgence of the US-China technology war continue to deepen concerns about the prospect of global economic. Therefore, the major international forecasting agencies consider that the global economic and trade growth rate is expected to slow down in 2023 compared to 2022. However, as China loosens the lockdown policies and implements related favorable economic measures, China's economic growth is expected to accelerate, which could drive global economic growth. The current global economy is facing complex challenges. Whether the global economic development or the development of the Chinese automotive market needs to be approached with caution.

The Company will be closely concerned about the global economic development situation, and make effort to seize the follow-up business opportunities. By adjusting production capacity planning at any time, continuously improving the optimization of the manufacturing process, and continuously carrying out improvement activities of various cost rationalization, the Company could perform better and increase efficiency and profitability, to give back to the shareholders for their support.

Wishing you good health and good luck

Chairman
Chiang, Kai-Liang



General manager
Chang, Ming-Huang



Chief accounting officer
Wang, Cheng-Wen



Chapter II. Company Profile

I. Date of establishment: September 27, 1983

II. Company History:

- September 1983 Established Jeng Shiang Industrial Co., Ltd. Engaged in the development of plastic molds and the manufacture and sales of camera plastic components. The capital was NTD1,000,000.
- August 1986 Cash capital increase of NTD1,800,000. The capital was NTD2,800,000.
- June 1988 Cash capital increase of NTD2,200,000. The capital amount was NTD5,000,000.
- August 1988 Cash capital increase of NTD10,000,000. The capital was NTD15,000,000. The factory area was 595 square meters.
- June 1992 The factory was relocated to Taichung Industrial Park. The factory area was 1,322 square meters.
- July 2004 Changed the Company name to Jeng Shiang Precision Ind. Co., Ltd. Introduced optical industry, and new business of developing, manufacturing and sales of light guide plates and backlight module.
- May 2005 Cash capital increase of NTD18,000,000. The capital was NTD 33,000,000. Successfully developed thin and high luminous LGP.
- August 2005 Cash capital increase of NTD18,000,000. The capital amount was NTD 51,000,000.
- August 2005 Cash capital increase of NTD38,539,000. The capital was NTD89,539,000. Established Jeng Shiang Precision Optronics (Suzhou) Co., Ltd.
- December 2005 Termination of general injection business. Transformed into a professional light guide plate injection factory, the factory area was expanded to 1,818 square meters.
- March 2006 Cash capital increase of NTD 2,648,000. Capital increase from capital surplus of NTD580,000. The capital was NTD92,767,000.
- April 2006 Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. passed ISO9001:2000 and ISO14001:2004 certification. The products were officially mass-produced and shipped.
- September 2006 Cash capital increase of NTD10,091,000. The capital was NTD102,858,000.
- December 2006 The Company passed ISO9001:2000 and ISO14001:2004 certification.
- December 2006 Cash capital increase of NTD163,000,000. The capital was NTD265,858,000.
- June 2007 Due to the cash capital increase on December 2006, which introduced professional external shareholders such as peers and venture capital. The shareholding structure was changed, and the Board of directors and management team were completely reorganized.
- December 2007 Cash capital increase of NTD35,000,000. The capital was NTD300,858,000.
- July 2008 The factory was relocated to Central Taiwan Science Park. Established Jeng Shiang Precision Optronics (Xiamen) Co., Ltd.
- August 2008 Cash capital increase of NTD20,000,000. The capital was NTD320,858,000.
- July 2009 Cash capital increase of NTD16,000,000. The capital was NTD336,858,000. Expanded the factory of Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. The

factory area was expanded to 12,231 square meters.

September 2009 The factory was relocated to Taichung City.

October 2009 Public offering of stock declaration became effective.

November 2009 Registered as a TPEX company.

May 2010 Issued private equity shares of NTD22,000,000. The capital was NTD358,858,000.

August 2010 Implemented the first stock option certificate in 2008 of NTD4,000,000. The capital was NTD362,858,000.

October 2010 Implemented the stock option certificate of 2008 and 2009 of NTD12,550,000. The capital was NTD375,408,000.

November 2010 Finished the liquidation of Jeng Shiang Precision Optronics (Xiamen) Co., Ltd. Expanding the factory of Jeng Shiang Precision Optronics (Suzhou) Co., Ltd., and the factory area was expanded to about 13,223 square meters.

December 2010 The stock of the Company is listed and traded on the OTC trading center of TPEX.

December 2011 Decreased in treasury stock and the capital reduction of NTD8,090,000. The capital was NTD 402,488,000.

July 2012 Passed the corporate governance system evaluation certification.

October 2013 Issuing Restricted Stock Award of NTD2,000,000. The capital was NTD 404,488,000.

July 2014 Decreased in Restricted Stock Award that was withdrawn, and capital reduction of NTD400,000. The capital was NTD404,088,000.

September 2014 Issuing private equity shares of NTD200,000,000. The capital was NTD604,088,000.

April 2015 Issuing private equity shares of NTD195,912,000. The capital was NTD800,000,000.

January 2016 Relocated the factory to Rm. 7, 4F., No. 213, Chaofu Rd., Xitun Dist., Taichung City 407609, Taiwan

February 2016 Finished the construction of Tan De Tech Co., Ltd. (hereinafter abbreviated to Tan De Tech), and required factory registration certificate. The factory area was 7,934 square meters.

March 2016 Tan De Tech passed the ISO9001:2015 certificate.

May 2016 More than half of the number of Directors were changed, resulting in a change in management rights. The Company changed its name to Tradetool Auto Co., Ltd., and planned to enter the auto parts industry.

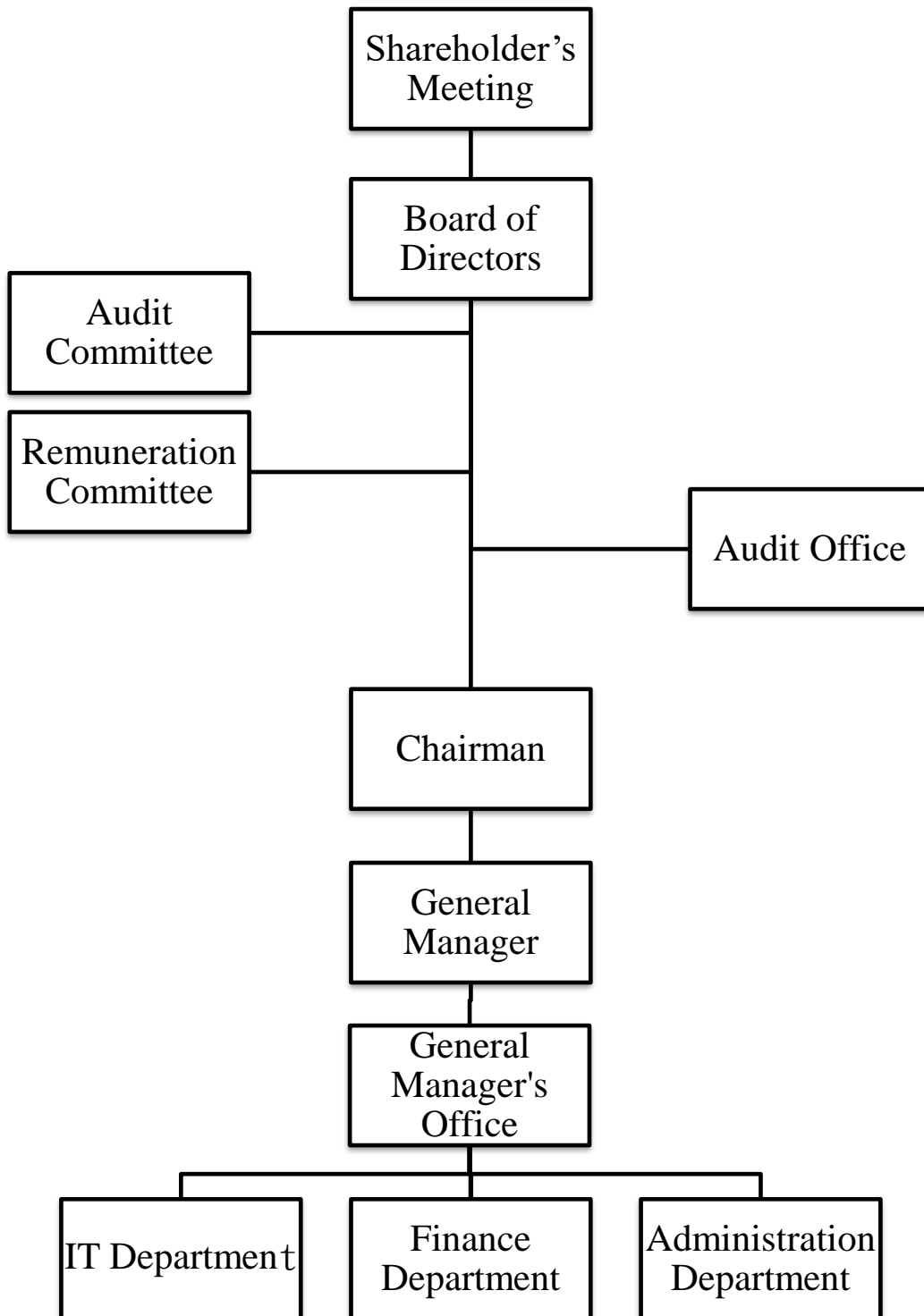
June 2016 Implemented short-form merger with Jing Hao Investment Co., Ltd. and Jing Zan Investment Co., Ltd., which were the 100% owned subsidiaries of the Company. After the merging, the Company is the remainder company.

July 2016	Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. submitted a liquidation application to the Suzhou Industrial Park Administrative Committee, and started liquidation.
August 2016	Tan De Tech passed the ISO/TS16949:2009 certificate.
April 2017	Decreased in Restricted Stock Award that was withdrawn, and capital reduction of NTD50,000. The capital was NTD799,950,000.
July 2017	Decreased in Restricted Stock Award that was withdrawn, and capital reduction of NTD 50,000. The capital was NTD799,900,000.
December 2017	Finished the liquidation of Jeng Shiang Precision Optronics (Suzhou) Co., Ltd., and repatriated the remaining investment funds.
January 2018	Indirectly held 50% equity of Hunan Baoyuan Automotive Parts Co., Ltd. through a third regional company, officially entering the China auto parts market.
April 2018	Indirectly holds 100% equity of Xiangyang Tradetool Automobile Parts Co., Ltd. Through the company in the third region.
August 2019	Indirect acquisition of control of Hunan Baoyuan Automotive Parts Co., Ltd. through a third-region company.
October 2019	Xiangyang Tradetool Tooling Co., Ltd. was established through the reinvestment of Xiangyang Tradetool Automobile Parts Co., Ltd. and obtained 100% equity.
March 2020	Reinvested 50% equity of Tradetool Green Energy Co., Ltd., and obtained the control of the Company.
December 2020	Indirectly obtained 2% equity of Henan Baoheyuan Auto Parts Co., Ltd. through Xiangyang Tradetool Automobile Parts Co., Ltd. The shareholding ratio increased from 49% to 51%, and then gained control of the Company.
October 2021	Tan De Tech applied for public offering of its stock became effective.
January 2022	Decreased in treasury stock and reduction in capital of NTD4,160,000. The capital was NTD795,740,000.
February 2022	Obtained 100% equity of Kaifeng Shengfayuan Auto Parts Co., Ltd. through Henan Baoheyuan Auto Parts Co., Ltd.
June 2022	Tan De Tech was registered as emerging company.
September 2022	Completed the registration of cancellation of Xiangyang Tradetool Tooling Co., Ltd.
November 2022	Completed the construction of self-owned factory, Xiangyang Tradetool Automobile Parts Co., Ltd., with the plant area of about 13,074 square meters.
January 2023	The Company and Tan De Tech passed the ISO14064-1:2018 Greenhouse Gas Verification.

Chapter III. Corporate Governance Report

I. Organization System

(I) Organizational Structure of the Company



(II) The function of each major department

Departments	Function
Audit Office	<ul style="list-style-type: none"> ◆ Assist the board of directors and managers to check whether the Company's internal control system is operating effectively. Provide suggestions for improvement to ensure operational effectiveness and efficiency. ◆ According to the instructions of the board of directors or its authorized person to carry out product audit. ◆ Review the annual internal control self-assessment results of each unit. ◆ Assist in the planning and establishment of the internal control system of each subsidiary within the group.
General Manager's Office	<ul style="list-style-type: none"> ◆ Planning of the Company's overall operation and strategy, formulation of business policies and objectives. ◆ Communication with external institution, relationship contact and maintenance. ◆ Responsible for shareholders' meeting, Board of directors and stock affairs. ◆ Responsible for fund dispatching. ◆ Execution of income and expenditure and financing operations, and exchange risk management.
IT Department	<ul style="list-style-type: none"> ◆ Assist and coordinate the integration and enhancement of the Company's information systems. ◆ Construct and provide communication and information technology services to ensure information security and quality. ◆ Assist each department in using data to improve operational efficiency and reporting speed.
Finance Department	<ul style="list-style-type: none"> ◆ Annual budget preparation and management. ◆ Establishment, evaluation and implementation of accounting system. ◆ Accounting processing, cost analysis, various tax planning and reporting. ◆ Preparation and analysis of financial statements. ◆ Periodic announcement or declaration of financial status. ◆ Financial and accounting management of foreign investment enterprises.
Administration Department	<ul style="list-style-type: none"> ◆ Arranging organizational structure and drafting of corporate management related systems and regulations. ◆ Planning and promoting human resource management policies. ◆ Execute administrative affairs and asset management. ◆ Patent rights management.

II. Information on Directors, Supervisors, General managers, Deputy general managers, Associates, Heads of Departments and Branches
(I) Directors and Supervisors

1. Information on Directors and Supervisors

April 4, 2023

Title	Nationality	Name	Gender /Age	Date Elected	Term(Y)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent Positions with the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Fu Ya Enterprise Co., Ltd. (Note 5)	—	2022/05/30	3	2015/06/18	18,344,076	22.93%	18,344,076	23.05%	—	—	—	—	—	—	—	—	—
	R.O.C	Representative: Chiang, Kai-Liang	Male 41~50	2022/05/30	3	2016/05/05	—	—	528,000	0.66%	—	—	—	—	Master's degree/ Department of business management, Institute of National Tsing Hua University.	(Note 4)	Director	Chiang, Ming-Huang	First-degree relative
Director	R.O.C	Chang, Ming-Hung	Male 51~60	2022/05/30	3	2016/05/05 (Note 1)	339,000	0.55%	389,000	0.49%	—	—	—	—	Master's degree/ Department of business management National Sun Yat-sun University. Deputy general manager/ Horizon Securities Capital Market Division Taichung Office. Concurrent position as lecturer/ Department of finance, Tunghai University. Senior manager/ First Securities Inc. Capital Market Division Taichung Office. Manager/ Jianhua (Hong) Securities and Capital Market Division Taichung Branch	(Note 4)	—	—	—
Director	R.O.C	Lin, Shrng-Chieh	Male 61~70	2022/05/30	3	2016/05/05 (Note 2)	439,000	0.55%	439,000	0.55%	—	—	—	—	Master's degree/ Department of business administration, National Chung Cheng University. Remuneration Committee member/ Cyber Power Systems, Inc. Assistant professor/ Asia University. Lecturer/ Overseas Chinese University. Chief/ PricewaterhouseCoopers Taiwan.	(Note 4)	—	—	—

Title	Nationality	Name	Gender /Age	Date Elected	Term(Y)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent Positions with the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Ai Po Technology Co., Ltd. (Note 6)	—	2022/05/30	3	2022/05/30	18,344,076	22.93%	16,492,076	20.73%	—	—	—	—	—	—	—	—	—
	R.O.C	Representative: Chiang, Ming-Huang	Male 61~70	2022/05/30	3	2015/06/18 (Note 3)	—	—	—	—	—	—	—	—	Hwa Hsia University of Technology	(Note 4)	Chairman	Chiang, Kai-Liang	First-degree relative
Independent Director	R.O.C	Chrn, Chun-Mao	Male 51~60	2022/05/30	3	2017/06/08	—	—	—	—	—	—	—	—	Master of law/ Soochow University. EMBA/ Fengchia University. Department of Mechanical Engineering/ National Cheng Kung University Concurrent position as lecturer/ Department of financial and economic law, Asia University. Special Assistant to the Chairman/ Mosa Industrial Corporation. Prosecutor/ Taiwan Taichung District Prosecutors Office. Prosecutor/ Taiwan Taoyuan District Prosecutors Office. Engineer/ Eva Airways Corporation Engineer/ Yeu Tyan Machinery MFG Co., Ltd.	(Note 4)	—	—	—

Title	Nationality	Name	Gender /Age	Date Elected	Term(Y)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent Positions with the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Liu, Te-Shou	Male 51~60	2022/05/30	3	2022/05/30	—	—	—	—	—	—	—	—	Studied/ Chung Yuan Christian University. Legal consultant/ Taoyuan Management Office, Irrigation Agency, Council of Agriculture Executive Yuan, Litigation counseling for military, Counseling lawyer/ Ministry of National Defense, R.O.C. Legal consultant/ Civil Affairs Office of Pingzhen District, Taoyuan. Legal consultant/ Department of Land Administration, Taoyuan. Clerk/ Taiwan Taoyuan District Court	(Note 4)	—	—	—
Independent Director	R.O.C	Lin, Yun-Shan	Female 41~50	2022/05/30	3	2022/05/30	—	—	—	—	—	—	—	—	Master of business management/ University of East Anglia. CPA/ Chia-Chung accounting firm Project director/ Audit plan for project of Environmental Protection Administration and local Department of Environmental Protection. Project manager/ BDO Taiwan. Financial manager/ Sports-Ace International Co., Ltd. Financial manager/ Taiwan Auto-Design Co. (TADC) Cost accounting deputy manager/ Formica Taiwan Corporation Audit deputy manager/ Deloitte	(Note 4)	—	—	—

Note 1: Director Chang, Ming-Hung first served as the director of the Company on May 5, 2016 as the representative of Fu Ya Investment Limited.

Note 2: Director Lin, Shmg-Chieh was first appointed as the Company's supervisor on May 5, 2016.

Note 3: Director Chiang, Ming-Huang first served as the director of the Company on June 18, 2015 as the representative of Fu Ya Investment Limited.

Note 4: Directors are currently holding positions in the Company and other companies, please refer to the table on the below table.

Note 5: The original name was Fu Ya Investment Limited, and changed its name to Fu Ya Enterprise Co., Ltd. on October 27, 2022. The following are expressed in the name of the company after the name change.

Note 6: The original name was Ai Po Investment Limited, and changed its name to Ai Po Technology Co., Ltd. on October 26, 2022. The following are expressed in the name of the company after the name change.

Title	Name	The positions currently holding in the Company and other companies
Director	Chiang, Kai-Liang	Chairman/ Tradetool Auto Co., Ltd., Chairman/ Tan De Technology Co., Ltd., Chairman/ Tan Cian Technology Co., Ltd., Chairman/ Bai Cian Technology Co., Ltd., Chairman/ Tradetool Green Energy Co., Ltd., Director/ Ching Way Industrial Co., Ltd. (Anguilla), Director/ Success Horizon Global Limited (Samoa), Director/ Samoa Jeng Shiang Investment Holdings Co., Ltd., Director/ Suzhou Tradetool Trading Co., Ltd., Director/ Xiangyang Tradetool Automobile Parts Co., Ltd., Director/ Hunan Baoyuan Automotive Parts Co., Ltd., Director/ Henan Baoheyuan Auto Parts Co., Ltd., Director/ Conserve & Associates, Inc., Supervisor/ Chyab Feng Xing Machinery Co., Ltd., Director/ Li Sheng Tooling Industrial Co., Ltd., Director/ Lifeng Co., Ltd., Director/ Yuanchuang Energy Co., Ltd., Director/ Weidian Power Co., Ltd., Director/ Vitron Power Co., Ltd., Director/ Vitron Co., Ltd., Director/ Xingxi Technology Co., Ltd., Director/ Aipulasih Technology Co., Ltd., Supervisor/ Fu Ya Enterprise Co., Ltd., Supervisor/ Ai Po Technology Co., Ltd., Director/ Chongqing Xingqiao Industry Co., Ltd., Director/ Hangzhou Xingqiao Industry Co., Ltd., Director/ Cosma Automotive Systems (Chongqing) Co., Ltd.
Director	Chang, Ming-Hung	General manager/ Tradetool Auto Co., Ltd., Chairman/ Suzhou Tradetool Trading Co., Ltd., Chairman and General manager/ Xiangyang Tradetool Automobile Parts Co., Ltd., Chairman and General manager/ Hunan Baoyuan Automotive Parts Co., Ltd., Chairman and General manager/ Henan Baoheyuan Auto Parts Co., Ltd., Chairman/ Kaifeng Shengfayuan Auto Parts Co., Ltd., Director/ Tan De Technology Co., Ltd., Director/ Bai Cian Technology Co., Ltd., Director/ King Metal Technology Co, Ltd., Director and General manager/ Tradetool Green Energy Co., Ltd.
Director	Lin, Sheng-Chieh	Office Director/ Wan Tai Certified Public Accountant, Director/ Tan Cian Technology Co., Ltd., Independent director/ Chu Yu Hsiang Co., Ltd., Supervisor/ King Metal Technology Co, Ltd., Supervisor/ Yong Ding Applied Material Co., Ltd., Supervisor/ Ysg Trade Co., Ltd., Supervisor/ Jiacheng Investment Co., Ltd.
Director	Chiang, Ming-Huang	Chairman/ Chyan Feng Tooling Industrial Co., Ltd., Director/ Hunan Yuanchuang Machinery Co., Ltd., Director/ Yuanchuang Machinery (Kaifeng) Co., Ltd., Director/ Yuanchuang Industrial (Zhengzhou) Co., Ltd., Director/ Hunan Tradetool Machinery & Technical Co., Ltd., Director/ Zhuzhou Tradetool Machinery & Technical Co., Ltd., Director/ Hainan Yuanchung Machinery Co., Ltd., Director/ Nanjing Tradetool Automobile Parts Co., Ltd., Director/ Hainan Yuanda Machinery Co., Ltd., Director/ Ysg Trade Co., Ltd., Director/ Li Sheng Tooling Industrial Co., Ltd., Director/ King Metal Technology Co, Ltd., Director/ Tradetool Green Energy Co., Ltd.
Independent director	Chen, Chun-Mao	Attorney-at-law/ Chang Yao Attorney at Law, Director/ Chain Yarn Co., Ltd.
Independent director	Liu, Te-Shou	Attorney-at-law/ Shou De Attorney at Law
Independent director	Lin, Yun-Shan	CPA/ EnWise CPAs & Co.

2. Directors and Supervisors are major shareholders of institutional shareholders

April 2, 2023

Name of institutional shareholder(Note1)	Dominant shareholders of institutional shareholders (Note 2)	Shareholding ratio(%)
Fu Ya Enterprise Co., Ltd.	Sky Lucky Development Limited (Hong Kong)	100.00%
Ai Po Technology Co., Ltd.	Jo Wi Investment Limited (Seychells)	100.00%

Note1: If the Director or Supervisor is the representative of an institutional shareholder, put down the name of the institution.

Note2: Put down the names of the dominant shareholders of this institutional shareholder (Top 10 by shareholding) and the proportion of shareholding. If the dominant shareholders are institutional shareholders, fill in the sheet below.

3. The major shareholders as exhibited in the abovementioned Table 2 are institutional shareholders, the major shareholders of these institutional shareholders.

April 2, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio(%)
Sky Lucky Development Limited (Hong Kong)	Chiang, Ming-Huang	100.00%
Jo Wi Investment Limited (Seychells)	Berkeley Enterprise Global Limited	63.50%

Source: Information provided by each company and the information listed in the business registration of Ministry of Economic Affairs.

4. Professional qualifications and independence of the Directors and Supervisors and disclosure of information on the independence of independent directors.

April 2, 2023

Name	Condition	Professional Qualifications and Experience	Independent Status	Number of public companies where the director concurrently serves as an independent director
Chairman: Fu Ya Enterprise Co., Ltd. Representative: Chiang, Kai-Liang		<p>1. Marketing technology, business management, work experience required for leadership decision-making and company business.</p> <p>2. Work experience: Chairman/ Tradetool Auto Co., Ltd., Chairman/ Tan De Tech Co., Ltd., Chairman/ Tan Cian Technology Co., Ltd., Chairman/ Bai Cian Technology Co., Ltd., Director/ Tradetool Green Energy Co., Ltd., Director/ Ching Way Industrial Co., Ltd. (Anguilla), Director/ Success Horizon Global Limited (Samoa), Director/ Samoa Jeng Shiang Investment Holdings Co., Ltd., Director/ Suzhou Tradetool Trading Co., Ltd., Director/ Xiangyang Tradetool Automobile Parts Co., Ltd., Director/ Hunan Baoyuan Automotive Parts Co., Ltd., Director/ Henan Baoheyuan Auto Parts Co., Ltd., Director/ Conserve & Associates, Inc., Supervisor/ Chyab Feng Xing Machinery Co., Ltd., Director/ Li Sheng Tooling Industrial Co., Ltd., Director/ Li Feng Tooling Industrial Co., Ltd., Director/ Yuanchuang Energy Co. Ltd., Director/ Weidian Power Co., Ltd., Director/ Vitron Power Co., Ltd., Director, Vitron Co., Ltd., Director/ Xingxi Technology Co., Ltd., Director/ Aipulasih Technology Co., Ltd., Supervisor/ Deruei Development Co., Ltd., Supervisor/ De Ling New Architecture Co., Ltd., Supervisor/ Fu Ya Enterprise Co., Ltd., Supervisor/ Ai Po Technology Co., Ltd., Director/ Chongqing Xingqiao Industry Co., Ltd., Director/ Hangzhou Xingqiao Industry Co., Ltd., Director/ Cosma Automotive Systems (Chongqing) Co., Ltd.</p> <p>3. None of any circumstances related to Article 30 of Company Law.</p>	—	0

Name Condition	Professional Qualifications and Experience	Independent Status	Number of public companies where the director concurrently serves as an independent director
Director: Chang, Ming-Hung	<p>1. Marketing technology, business management, work experience required for leadership, decision-making and company business.</p> <p>2. Work experience: Director and General manager/ Tradetool Auto Co., Ltd., Chairman/ Suzhou Tradetool Trading Co., Ltd., Chairman and General manager/ Xiangyang Tradetool Automobile Parts Co., Ltd., Chairman and General manager/ Hunan Baoyuan Automotive Parts Co., Ltd., Chairman and General manager/ Henan Baoheyuan Auto Parts Co., Ltd., Chairman/ Kaifeng Shengfayuan Auto Parts Co., Ltd., Director/ Tan De Technology Co., Ltd., Director/ Bai Cian Technology Co., Ltd., Director/ King Metal Technology Co, Ltd., Director and General manager/ Tradetool Green Energy Co., Ltd., Deputy General Manager/ Horizon Securities Capital Market Division Taichung Office, Concurrent position as lecturer/ Department of finance, Tunghai University. Senior manager/ First Securities Inc. Capital Market Division Taichung Office. Manager/ Jianhua (Hong) Securities and Capital Market Division Taichung Branch.</p> <p>3. None of any circumstances related to Article 30 of Company Law.</p>	—	0
Director: Lin, Sheng-Chieh	<p>1. A professional who passed the state examinations for accountants and have obtained certificates.</p> <p>2. Work experience: Office Director/ Wan Tai Certified Public Accountant, Director/ Tan Cian Technology Co., Ltd., Independent director/ Chu Yu Hsiang Co., Ltd., Supervisor/ King Metal Technology Co, Ltd., Supervisor/ Yong Ding Applied Material Co., Ltd., Supervisor/ Sunpex Technology Co., Ltd., Supervisor/ Ysg Trade Co., Ltd., Supervisor/ Jiacheng Investment Co., Ltd., Remuneration Committee member/ Cyber Power Systems, Inc., Assistant Professor/ Asia University, Lecturer/ Overseas Chinese University, Chief, PwC Taiwan.</p> <p>3. None of any circumstances related to Article 30 of Company Law.</p>	—	1
Director: Ai Po Technology Co., Ltd. Representative: Chiang, Ming-Huang	<p>1. Possess the required work experience in marketing technology, business management, leadership, decision-making and company business.</p> <p>2. Work experience: Chairman/ Chyan Feng Tooling Industrial Co., Ltd., Director/ Hunan Yuanchuang Machinery Co., Ltd., Director/ Yuanchuang Machinery (Kaifeng) Co., Ltd., Director/ Yuanchuang Industrial (Zhengzhou) Co., Ltd., Director/ Hunan Tradetool Machinery & Technical Co., Ltd., Director/ Zhuzhou Tradetool Machinery & Technical Co., Ltd., Director/ Hainan Yuanchung Machinery Co., Ltd., Director/ Nanjing Tradetool Automobile Parts Co., Ltd., Director/ Hainan Yuanda Machinery Co., Ltd., Director/ Ysg Trade Co., Ltd., Director/ Li Sheng Tooling Industrial Co., Ltd., Director/ King Metal Technology Co, Ltd., Director/ Tradetool Green Energy Co., Ltd.</p> <p>3. None of any circumstances related to Article 30 of Company Law.</p>	—	0

Name Condition	Professional Qualifications and Experience	Independent Status	Number of public companies where the director concurrently serves as an independent director
Independent director: Chen, Chun-Mao	<p>1.A professional who passed the state examinations for lawyers and accountants and have obtained certificates.</p> <p>2.Work experience: Attorney-at-law/ Ever Light International Law Firm, Director/ Chain Yarn Co., Ltd., Concurrent position as lecturer/ Department of financial and economic law of Asia University, Special Assistant to the Chairman/ Mosa Industrial Corporation, Prosecutor/ Taiwan Taichung District Prosecutors Office, Prosecutor/ Taiwan Taoyuan District Prosecutors Office, Engineer/ Eva Airways Corporation, Engineer/ Yeu Tyan Machinery Mfg Co., Ltd.</p> <p>3. None of any circumstances related to Article 30 of Company Law.</p>	<p>1.An Independent director that is qualified for independence. Including but not limited to the person, spouse, relatives within the second degree who are not Directors, Supervisors or employees of the Company or its affiliates.</p> <p>2.Not holding the shares of the Company.</p> <p>3.Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company.</p> <p>4. No business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years.</p>	0

Name	Condition	Professional Qualifications and Experience	Independent Status	Number of public companies where the director concurrently serves as an independent director
Independent Director: Liu, Te-Shou	<ol style="list-style-type: none"> 1. A professional who passed the state examinations for lawyers and have obtained certificates. 2. Work experience: Attorney-at-law/ Shou De Attorney at Law, Legal consultant/ Taoyuan Management Office, Irrigation Agency, Council of Agriculture Executive Yuan, Litigation counseling for military, Counseling lawyer/ Ministry of National Defense, R.O.C., Legal consultant/ Civil Affairs Office of Pingzhen District, Taoyuan, Legal consultant/ Department of Land Administration, Taoyuan, Clerk/ Taiwan Taoyuan District Court. 3. None of any circumstances related to Article 30 of Company Law. 	<ol style="list-style-type: none"> 1. An Independent director that is qualified for independence. Including but not limited to the person, spouse, relatives within the second degree who are not Directors, Supervisors or employees of the Company or its affiliates. 2. Not holding the shares of the Company. 3. Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company. 4. No business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 	0	

Name	Condition	Professional Qualifications and Experience	Independent Status	Number of public companies where the director concurrently serves as an independent director
Independent Director: Lin, Yun-Shan	<ol style="list-style-type: none"> 1. A professional who passed the state examinations for accountants and have obtained certificates. 2. Work experience: CPA/ EnWise CPAs & Co., CPA/ Chia-Chung accounting firm, Project director/ Audit plan for project of Environmental Protection Administration and local Department of Environmental Protection, Project manager/ BDO Taiwan, Financial manager/ Sports-Ace International Co., Ltd., Financial manager/ Taiwan Auto-Design Co. (TADC), Cost accounting deputy manager/ Formica Taiwan Corporation, Audit deputy manager/ Deloitte. 3. None of any circumstances related to Article 30 of Company Law. 	<ol style="list-style-type: none"> 1. An Independent director that is qualified for independence. Including but not limited to the person, spouse, relatives within the second degree who are not Directors, Supervisors or employees of the Company or its affiliates. 2. Not holding the shares of the Company. 3. Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company. 4. No business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 	0	

5. Diversity and independence of the Board.

(1) Diversity of the Board:

The Company values the diversity of the composition of the board of directors. To improve the corporate governance and promote sound composition and structure of the board of directors, the Article 20 of the Corporate Governance Best Practice Principle of the Company has stated that the Board of the Directors should possess the following capabilities: 1. Judgement in operation, 2. Accounting and financial analysis, 3. Corporate management, 4. Crisis management, 5. Industry knowledge, 6. International view of market, 7. Leadership, 8. Decision-making.

The members of the Company's board of directors possess diverse and complementary cross-industry capabilities. Also, all of them possess industry experience and related skills, such as law, accounting, finance, marketing, technology, corporate governance, professional skills and work experience related to the industry. To achieve the ideal goal of corporate governance, currently the implementation of the diversity policy by individual members of the board of directors of the Company is as follows:

Diversified core items Names of Directors	Composition					Professional qualification		Capabilities							
	Nationality	Gender	Serve as an employee of the Company, parent, subsidiary or brother company.	Tenure of Independent director		Accountant qualification	Lawyer qualification	Operational evaluation	Accounting and financial analysis capabilities	Management capability	Crisis management	Industrial knowledge	Global market perspective	Leadership	Decision-making
				Less than 9 years(included 9 years)	More than 9 years										
Chiang, Kai-Liang	R.O.C	Male	None					✓	✓	✓	✓	✓	✓	✓	✓
Chang, Ming-Hung	R.O.C	Male	Concurrently serving as the general manager of the Company					✓	✓	✓	✓	✓	✓	✓	✓
Lin, Sheng-Chieh	R.O.C	Male	None			✓		✓	✓	✓	✓	✓	✓	✓	✓
Chiang, Ming-Huang	R.O.C	Male	None					✓	✓	✓	✓	✓	✓	✓	✓
Chen, Chun-Mao (Independent director)	R.O.C	Male	None	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liu, Te-Shou (Independent director)	R.O.C	Male	None	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Yun-Shan (Independent director)	R.O.C	Female	None	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓

In order to implement the diversity policy of the composition of the board of directors to improve the Company's overall performance and, abide by Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and also consider gender equality in the composition of the board of directors to strengthen the corporate governance. The company underwent a complete election of 7 directors, including 3 independent directors, at the 2022 shareholders' meeting. The age range of the directors includes 2 directors aged 41-50, 3 directors aged 51-60, and 2 directors aged 61-70. Meanwhile, the independent directors have served for less than 9 years and the terms do not exceed three consecutive terms. One of the independent directors is a female.

(2) Independence of the Board:

The board of directors of the Company consists of 7 people, and 3 independent directors are included, which accounted for 42.86%. There are no such relations regulated in Paragraphs 3 and 4 under Article 26-3 of the Securities and Exchange Act between the board members of the Company. The Directors of the Company uphold a high degree of self-discipline. For those who have an interest in the proposals listed by the board of directors, themselves or the juridical person they represent should not participate in discussions or votes if the person might harm the interests of the Company during the board meeting's explanation on the important contents of one's interest. Moreover, one should also avoid discussions and votes, and shall not act on behalf of other Directors to execute their voting rights.

(II) Information on general managers, deputy general managers, senior managers and function heads and branch heads

April 2, 2023 Unit: shares;%

Title	Nationality	Name	Gender	Date Elected (Note1)	Shareholding when Elected		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent positions in other companies	Manager who is spouse or kindred within the 2nd tier		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General manager	R.O.C.	Chang, Ming-Hung	Male	2016/05/01	389,000	0.49%	—	—	—	—	Master's degree/ Department of business management, National Sun Yat-sun University Deputy general manager/ Horizon Securities Capital Market Division Taichung Office Concurrent position as lecturer/ Department of finance, Tunghai University Senior manager/ First Securities Inc. Capital Market Division Taichung Office Manager/ Jianhua (Hong) Securities and Capital Market Division Taichung Branch	(Note 2)	—	—	—
General manager/ Tan De Tech Co., Ltd.	R.O.C.	Li, Chao-Pei	Male	2005/03/18	1,487,000	1.87%	322,000	0.40%	—	—	Master's degree of Mechanical engineering/ New Jersey Institute of Technology Chairman/ the Company Chairman/ Tan De Tech Co., Ltd. Chairman/ Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. Senior engineer/ INNOLUX Senior engineer/ AUO Corporation	(Note 2)	—	—	—
Deputy general manager, CFO and corporate governance manager	R.O.C.	Wang, Cheng-Wen	Male	2013/10/01	25,703	0.03%	—	—	—	—	EMBA/ Department of International Business Studies, Jinan University Deputy manager/ KPMG Financial Manager of the Company	(Note 2)	—	—	—

Title	Nationality	Name	Gender	Date Elected (Note1)	Shareholding when Elected		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent positions in other companies	Manager who is spouse or kindred within the 2nd tier		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Deputy general manager/ Xiangyang Tradetool Automobile Parts Co., Ltd.	R.O.C.	Lin, San-Hsii	Male	2018/04/25	—	—	2,000	0.003%	—	—	Department of Mechanical Engineering/ Hungkuo Delin University of Technology Senior manager/ Lieh Kwan Enterprises Co., Ltd.	—	—	—	—
Deputy general manager/ Hunan Baoyuan Automotive Parts Co., Ltd.	R.O.C	Tseng, Wu-Chin	Male	2019/11/01	—	—	—	—	—	—	Department of Mechanical Drafting/ Ku Pao Senior High School Senior manager/ Taiwan Kai Yih Industrial Co., Ltd. Deputy general manager/ Yuanchuang Industrial (Zhengzhou) Co., Ltd.	—	—	—	—
Deputy general manager/ Henan Baoheyuan	P.R.C	Dong, Kan	Male	2022/10/26	—	—	—	—	—	—	Department of Automotive Engineering/ Shanghai University of Engineering Science, Supervisor/ Jiangsu Huaduei Metal Technology Co., Ltd. Commercial specialist/ Shanghai Yifong Mold	(Note 2)	—	—	—

Title	Nationality	Name	Gender	Date Elected (Note1)	Shareholding when Elected		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Experience (Education)	Concurrent positions in other companies	Manager who is spouse or kindred within the 2nd tier		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
											Manufacturing Co., Ltd.				
Senior manager	R.O.C	Wang, Pei-Fang	Female	2017/05/01	5,000	0.01%	—	—	—	—	Department of Accounting/ Tunghai University Manager/ KPMG	—	—	—	—
Assistant manager/ Audit office	R.O.C	Chuang, Shu-Wen	Female	2018/10/05	—	—	—	—	—	—	Department of Accounting/ Tunghai University Assistant manager/ KPMG	—	—	—	—

Note 1: The date of office is the date of inauguration of the Company.

Note 2: Positions Held Concurrently at the Company and other companies

Title	Name	Concurrent Positions with the Company and Other Companies
General manager	Chang, Ming-Hhung	Director and General manager/ Tradetool Auto Co. Ltd., Chairman/ Suzhou Tradetool Trading Co., Ltd., Chairman and General manager/ Xiangyang Tradetool Automobile Parts Co., Ltd., Chairman and General manager/ Hunan Baoyuan Automotive Parts Co., Ltd., Chairman and General manager/ Henan Baoheyuan Auto Parts Co., Ltd., Chairman/ Kaifeng Shengfayuan Auto Parts Co., Ltd., Director/ Tan De Tech Co., Ltd., Director/ Bai Cian Technology Co., Ltd., Director/ King Metal Technology Co, Ltd., Director and General manager/ Tradetool Green Energy Co., Ltd.
General manager/ Tan De Tech Co., Ltd	Li, Chao-Pei	Director and General manager/ Tan De Tech Co., Ltd.
Deputy general manager, CFO and corporate governance manager	Wang, Cheng-Wen	Supervisor/ Suzhou Tradetool Trading Co., Ltd. Supervisor/ Xiangyang Tradetool Automobile Parts Co., Ltd. Supervisor/ Tradetool Green Energy Co., Ltd.
Deputy general manager	Dong, Kan	General manager/ Fujian Baolu Auto Parts Co., Ltd., Supervisor/ Shanghai Huaduei Metal Limited, Supervisor/ Shanghai Yueding Automobile Parts Limited Supervisor/ Shanghai Siccyun Co., Ltd.

III. Remuneration to the Directors (Including Independent Directors), Supervisors, General Managers and Deputy General Managers in the Most Recent Year

(I) Remuneration to directors and independent directors (Disclose the name of each individual and the corresponding remuneration amount) (2022)

Unit: NTD (in thousands)/shares

Title	Name	Remuneration to directors								The sum of A, B, C and D in proportion to net income		Related payment in performing the duties as employees								The sum of A, B, C, D, E, F and G in proportion to net income (%)		Any payment from direct investee companies other than the subsidiaries or the parent company
		Remuneration (A)		Pension and severance payment (B)		Remuneration to Directors (C)		Professional allowances (D) (Note 2)				Salaries, bonus and special expense account (E)		Pension and severance payment (F) (Note1)		Remuneration to employees (G)						
		The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	Cash	Stock	Cash	Stock	The Company	Companies in the financial report	
Chairman	Fu Ya Enterprise Co., Ltd. Representative: Chiang, Kai-Liang	3,617	5,269	0	0	0	0	812	892	4,429 (7.40%)	6,161 (10.30%)	0	0	0	0	0	0	0	0	4,429 (7.40%)	6,161 (10.30%)	308
Director	Li, Chao-Pei (Note3)	0	0	0	0	0	204	40	80	40 (0.07%)	284 (0.47%)	0	1,994	0	45	0	0	0	0	40 (0.07%)	2,323 (3.88%)	0
Director	Chang, Ming-Hung (Note4)	0	0	0	0	0	0	80	150	80 (0.13%)	150 (0.25%)	3,759	4,911	108	108	0	0	0	0	3,947 (6.60%)	5,169 (8.64%)	0
Director	Lin, Sheng-Chieh (Note 5)	0	0	0	0	0	0	40	40	40 (0.07%)	40 (0.07%)	0	0	0	0	0	0	0	0	40 (0.07%)	40 (0.07%)	0
Director	Ai Po Technology Co., Ltd. Representative: Chiang, Ming-Huang (Note 5)	0	0	0	0	0	0	10	10	10 (0.02%)	10 (0.02%)	0	0	0	0	0	0	0	0	10 (0.02%)	10 (0.02%)	0

Independent director	Wei, Che-Chen (Note 6)	40	40	0	0	0	0	20	20	60 (0.10%)	60 (0.10%)	0	0	0	0	0	0	0	60 (0.10%)	60 (0.10%)	0
Independent director	Chen, Chun-Mao	240	240	0	0	0	0	120	120	360 (0.60%)	360 (0.60%)	0	0	0	0	0	0	0	360 (0.60%)	360 (0.60%)	0
Independent director	Liu, Te-Shou (Note 7)	141	141	0	0	0	0	60	60	201 (0.34%)	201 (0.34%)	0	0	0	0	0	0	0	201 (0.34%)	201 (0.34%)	0
Independent director	Lin, Yun-Shan (Note 7)	141	141	0	0	0	0	60	60	201 (0.34%)	201 (0.34%)	0	0	0	0	0	0	0	201 (0.34%)	201 (0.34%)	0

1. Specify the policy, system, standard and structure of the remuneration for independent directors, and the association between the duties performed, the risk, the commitment of time and related factors and the amount of payment:
The remuneration for the Company's independent directors is determined by the board of directors after considering the standards of peers and OTC companies. The Company pays fixed remuneration on monthly basis, and professional allowances shall follow the standard of Directors. In addition to paying and receiving fixed monthly remuneration, Directors' remuneration in accordance with the Company's articles of association shall not be paid. separately. According to Article 5 of the Company's "Rules Governing the Scope of Powers of Independent Directors" the remuneration of independent directors may be determined at a reasonable rate different from that of Directors

2. Further to the disclosure in the above table, the remuneration to the directors from all companies included in the financial statements for the service rendered (such as consultant of patent companies/all the companies in the financial report, which is not in the capacity as employee): None.

Note 1: There was no pension actual payments in 2022.

Note 2: The professional allowances in 2022 refers to transport expenses.

Note 3: The director's term was terminated after the re-election of the shareholders' meeting on May 30, 2022.

Note 4: The representative of corporate director was originally the juristic director representative of Fu Ya Enterprise Co., Ltd. and was re-elected as an individual director after the re-election of the shareholders' meeting on May 30, 2022.

Note 5: The representative of corporate director was newly-appointed after the re-election on the shareholders' meeting on May 30, 2022.

Note 6: The independent director resigned on February 28, 2022.

Note 7: The independent director has been dismissed on May 30, 2022.

Remuneration Scale

Remuneration to individual Directors along the payment scale	Name of Director			
	Sum total of the above 4 items (A+B+C+D)		Sum total of the above 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	Parent companies and all reinvested businesses
Less than NTD1,000,000	Li, Chao-Pei, Chang, Ming-Hung, Lin, Sheng-Chieh, Representative of Ai Po Technology Co., Ltd.: Chiang, Ming-Huang, Wei, Che-Chen, Chen, Chun-Mao, Liu, Te-Shou, Lin, Yun-Shan	Li, Chao-Pei, Chang, Ming-Hung, Lin, Sheng-Chieh, Representative of Ai Po Technology Co., Ltd.: Chiang, Ming-Huang, Wei, Che-Chen, Chen, Chun-Mao, Liu, Te-Shou, Lin, Yun-Shan	Li, Chao-Pei, Lin, Sheng-Chieh Representative of Ai Po Technology Co., Ltd.: Chiang, Ming-Huang, Wei, Che-Chen, Chen, Chun-Mao, Liu, Te-Shou, Lin, Yun-Shan	Lin, Sheng-Chieh, Representative of Ai Po Technology Co., Ltd.: Chiang, Ming-Huang, Wei, Che-Chen, Chen, Chun-Mao, Liu, Te-Shou, Lin, Yun-Shan
NTD1,000,000(inclusive)~ NTD2,000,000	—	—	—	—
NTD2,000,000(inclusive)~ NTD3,500,000	—	—	—	Li, Chao-Pei
NTD3,500,000(inclusive)~ NTD5,000,000	Representative of Fu Ya Enterprise Co., Ltd.: Chiang, Kai-Liang	—	Representative of Fu Ya Enterprise Co., Ltd.: Chiang, Kai-Liang, Chang, Ming-Hung	—
NTD5,000,000(inclusive)~ NTD10,000,000	—	Representative of Fu Ya Enterprise Co., Ltd.: Chiang, Kai-Liang	—	Representatives of Fu Ya Enterprise Co., Ltd.: Chiang, Kai-Liang, Chang, Ming-Hung
NTD10,000,000(inclusive)~ NTD15,000,000	—	—	—	—
NTD15,000,000(inclusive)~ NTD30,000,000	—	—	—	—
NTD30,000,000(inclusive)~ NTD50,000,000	—	—	—	—
NTD50,000,000(inclusive)~ NTD100,000,000	—	—	—	—
More than NTD100,000,000(inclusive)	—	—	—	—
Total	9	9	9	9

(II) Remuneration to supervisors (Disclosure of the names in relevant bracket of the payment scale) (2022)

Unit: NTD (in thousands)

Title	Name	Remuneration to supervisor						The sum of A, B, C in proportion to net income (%)		Any Remuneration from direct investee companies other than the subsidiaries or the parent
		Remuneration (A)		Compensation (B)		Professional allowances (C)(Note 1)		The Company	Companies in the financial report	
		The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report			
Supervisor	Chaing, Ming-Huang (Note 2)	0	0	0	0	0	0	0.00%	0.00%	0
Supervisor	Lin, Sheng-Chieh (Note 2)	0	0	0	0	40	40	40 (0.07%)	40 (0.07%)	0
Supervisor	Ai Po Technology Co., Ltd. Representative : Wu, Wen-Hsuan (Note 2)	0	0	0	0	10	10	10 (0.02%)	10 (0.02%)	0

Note 1: The professional allowances in 2022 refers to transportation allowances.

Note 2: The supervisor has been dismissed after the re-election on the shareholders' meeting on May 30, 2022.

Remuneration Scale

Remuneration to individual Supervisor along the payment scale	Name of Supervisor	
	Sum total of the above 3 remuneration (A+B+C)	
	The Company	All companies in the financial report
Less than NTD1,000,000.	Chiang, Ming-Huang, Lin, Sheng-Chieh, Representative of Ai Po Technology Co. Ltd.: Wu, Wen-Hsuan	Chiang, Ming-Huang, Lin, Sheng-Chieh, Representative of Ai Po Technology Co., Ltd.: Wu, Wen-Hsuan
NTD1,000,000(inclusive)-NTD2,000,000	—	—
NTD2,000,000(inclusive)-NTD3,500,000	—	—
NTD3,500,000(inclusive)-NTD5,000,000	—	—
NTD5,000,000(inclusive)-NTD10,000,000	—	—
NTD10,000,000(inclusive)-NTD15,000,000	—	—
NTD15,000,000(inclusive)-NTD30,000,000	—	—
NTD30,000,000(inclusive)-NTD50,000,000	—	—
NTD50,000,000(inclusive)-NTD100,000,000	—	—
More than NTD100,000,000(inclusive)	—	—
Total	3	3

(III) Remuneration to general managers and deputy general managers (disclosure of the names in relevant bracket of the payment scale) (2022)

Unit: NTD (in thousands)

Title	Name	Salaries (A)		Pension and severance payment (B) (Note 1)		Bonus and special expense account (C)		Amount of remuneration to employees (D)				The sum of A, B, C and D in proportion to net income(%)		Any remuneration from direct investee companies other than the subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash	Stock	Cash	Stock			
General manager	Chang, Ming-Hung	5,963	9,467	317	317	2,655	3,166	0	0	0	0	8,935 (14.94%)	12,950 (21.65%)	0
Deputy general manager, CFO, and corporate governance manager	Wang, Chrng-Wen													
Deputy general manager	Lin, San-Hsii													
Deputy general manager	Tsng, Wu-Chin													
Deputy general manager	Dong, Kan													

Note 1: The pension provision was NTD317,000 in 2022, and there was no actual retirement pension being paid.

Remuneration Scale

Remuneration to individual General manager and Deputy general manager along the payment scale	Name of General manager and Deputy general manager	
	The Company	Parent Company and all the reinvestment businesses
Less than NTD1,000,000	Tseng, Wu-Chin, Dong, Kan	Dong, Kan
NTD1,000,000(inclusive)-NTD2,000,000	Lin, San-Hsii	—
NTD2,000,000(inclusive)-NTD3,500,000	Wang, Cheng-Wen	Wang, Cheng-Wen, Lin, San-Hsii, Tseng, Wu-Chin
NTD3,500,000(inclusive)-NTD5,000,000	Chang, Ming-Hung	—
NTD5,000,000(inclusive)-NTD10,000,000	—	Chang, Ming-Hung
NTD10,000,000(inclusive)-NTD15,000,000	—	—
NTD15,000,000(inclusive)-NTD30,000,000	—	—
NTD30,000,000(inclusive)-NTD50,000,000	—	—
NTD50,000,000(inclusive)-NTD100,000,000	—	—
More than NTD100,000,000(inclusive)	—	—
Total	5	5

(IV) Managerial officers with the top five highest remuneration amounts in the Company (disclose their names and remuneration method) (2022)

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General manager	Chang, Ming-Hung	2,371	3,435	108	108	1,468	1,626	0	0	0	0	3,947 (6.60%)	5,169 (8.64%)	0
Deputy general manager, CFO, and corporate governance executive	Wang, Cheng-Wen	2,012	2,012	108	108	694	744	0	0	0	0	2,814 (4.70%)	2,864 (4.79%)	0
Deputy general manager	Lin, Ssn-Hsii	979	2,089	63	63	271	326	0	0	0	0	1,313 (2.20%)	2,478 (4.14%)	0
Deputy general manager	Tseng, Wu-Chin	601	1,932	38	38	222	470	0	0	0	0	861 (1.44%)	2,439 (4.08%)	0
Senior manager	Wang, Pei-Fang	1,411	1,411	87	87	265	265	0	0	0	0	1,763 (2.95%)	1,736 (2.95%)	0

(V) Names of managers with remuneration as employees and the disbursement:

March 2, 2023 Unit: NTD (in thousands)

	Title	Name	Stock (NTD)	Cash (NTD)	Total	The total amount in proportion to net income (%)
Managers	General manager	Chang, Ming-Hung	0	0	0	-
	Deputy general manager, CFO, and corporate governance executives	Wang, Cheng-Wen				
	Deputy general manager	Lin, San-Hsii				
	Deputy general manager	Tseng, Wu-Chin				
	Deputy general manager	Dong, Kan				
	Senior manager	Wang, Pei-Fang				

Note 1: The Company incurred losses in 2022. As a result, the decision of not issuing employee remuneration was made by the board of directors on March 2, 2023 withhold employee remuneration.

(VI) The total payment from the Company and all companies included in the financial statements to the directors, supervisors, general managers, and deputy general managers as remuneration in the last 2 years in proportion to the net income and related analysis, and explain the policy, standard and components of payment, the procedure for setting the amount of payment, and the association with the operation performance and the risks in the future:

1. The total payment from the Company and all companies included in the financial statements to the directors, supervisors, general managers, and deputy general managers as remuneration in the last two years in proportion to the net income.

Unit: NTD (in thousands)

Item	Year	2021		2022	
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Total remuneration to directors		5,330	7,210	5,421	7,467
Total remuneration to directors in proportion to the net income		140.45%	189.99%	(9.06%)	(13.34%)
Total remuneration to supervisors		126	126	50	50
Total remuneration to supervisors in proportion to the net income		3.32%	3.32%	(0.08%)	(0.08%)
Total remuneration to general manager and deputy general manager		9,349	13,261	8,935	12,950
Total remuneration to general manager and deputy general manager in proportion to the net income		246.35%	349.43%	(14.94%)	(21.65%)

2. The policy, standard and component of remuneration payment, the procedures for deciding remuneration, and the relation between business performance and future risks
- (1) The remuneration of the Directors and Supervisors of the Company mainly includes remuneration, transportation allowances and remuneration to Directors, and according to the regulation of “Remuneration to Directors and Supervisors and Remuneration Management Rules” of the Company, the payment will refer to the market standard. In terms of the remuneration to Directors. According to Article 26 of the "Articles of Association", less than 3% of surplus should be allocated to the Directors other than Independent directors as remuneration to Directors, if there is surplus in Company. And according to the degree of participation of individual Directors in the Company's operating activities, serving as the person in charge of the parent company or subsidiary, or the joint guarantor, etc., submitted to the Shareholders' Meeting for reporting after being reviewed by the Remuneration Committee and approved by the Board of directors. For Independent directors, they receive fixed remuneration on monthly basis regardless of the Company's operating profit or loss. But they will not be included in the abovementioned allocation of surplus.
 - (2) The appointment, dismissal and remuneration of the general manager and deputy general manager of the Company is subject to the resolution of the board of directors. The remuneration includes salaries and employee compensation. The salary payment standard is determined according to the degree of participation, contribution and future risk of the individual in the Company's operations and is determined with reference to the industry's standards in the market. Employee bonuses are assessed in accordance with the Company's "Employee Remuneration Management Measures" based on employees' rank, seniority and performance appraisal. Performance evaluation items include management and operation performance, communication and coordination, organizational planning, supervision and training, cost control, sense of responsibility, spirit of cooperation, knowledge level and innovation ability. When the Company has surplus, according to the provisions of Article 26 of the "Articles of Association", more than 10% of the surplus is allocated for employee remuneration, and according to the above evaluation criteria of individual managers, the result of assessment will be submitted to the Remuneration Committee for review and approval by the board of directors and then submitted to the Shareholders' Meetings for reporting.
 - (3) The Company's remuneration policy is based on the individual's ability, contribution to the Company, personal performance and the relevance of business performance. In addition, the Company has moderately controlled future risks when measuring business performance. The remuneration policy and future risks are interrelated.

IV. Operation of Corporate Governance

(I) Pursuit of corporate governance:

The Board of the Company convened for 8 times (A) in the previous (2021) period. The attendance of the Directors is specified below:

Title	Name	Actual Frequency Attendance 【B】	Frequency of Attendance by Proxy	Actual Attendance Rate 【B/A】 (%)	Remarks
Chairman	Fu Ya Enterprise Co., Ltd. Representative: Chaing, Kai-Liang	8	0	100.00	Re-elected on May 30, 2022
Director	Li, Chao-Pei	4	0	100.00	Re-elected on June 13, 2019; Discharged on May 30, 2022 The actual attendance requirement is 4 times.
Director	Fu Ya Enterprise Co., Ltd. Representative: Chang, Ming-Hung	4	0	100.00	Re-elected on June 13, 2019; Discharged on May 30, 2022 The actual attendance requirement is 4 times.
Director	Chang, Ming-Hung	4	0	100.00	Appointed on May 30, 2022 The actual attendance requirement is 4 times.
Director	Lin, Sheng-Chieh	4	0	100.00	Appointed on May 30, 2022 The actual attendance requirement is 4 times.
Director	Ai Po Technology Co., Ltd. Representative: Chiang, Ming-Huang	1	3	25.00	Appointed on May 30, 2022 The actual attendance requirement is 4 times.
Independent director	Wei, Che-Chen	1	0	100.00	Re-elected on June 13, 2019 Resigned on February 28, 2022 The actual

					attendance requirement is 1 times.
Independent director	Chen, Chun-Mao	8	0	100.00	Re-elected on May 30, 2022
Independent director	Liu, Te-Shou	4	0	100.00	Appointed on May 30, 2022 The actual attendance requirement is 4 times.
Independent director	Lin, Yun-Shan	4	0	100.00	Appointed on May 30, 2022 The actual attendance requirement is 4 times.

Additional information:

I. If any of the following applies to the Board in session, specify the date, the session of the meeting, the content of the motions, the opinions of all independent directors, and the response of the Company to the opinions of the independent directors:

(I) Particulars inscribed in Article 14-3 of the Securities and Exchange Act

Date of the Board Meeting /Session of the Board Meeting	Proposal Content and Follow-up Processing	Particulars Inscribed in Article 14-3 of the Securities and Exchange Act	Independent Directors' Objection or Reservations
2022/01/25 The 1 st meeting in 2022	Motion 5. Discussion on adding endorsement guarantee for Xiangyang Tradetool Automobile Parts Co., Ltd. and Henan Baoheyuan Auto Parts Co., Ltd.	✓	—
	Independent directors' opinions: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution result: After the Chairman consulted the opinions of independent directors, all Directors passed the proposal without objection.		
2022/03/14 The 2 nd meeting in 2022	Motion 9. Discussion on revising the Company's "Procedures for Endorsement and Guarantee".	✓	—
	Motion 10. Discussion on revising the Company's "Procedures for Endorsement and Guarantee".	✓	—
	Motion 11. Discussion on "Procedures for Acquisition or Disposal of Assets".	✓	—
	Motion 19. Discussion on the Company	✓	—

	reducing its shareholding ratio in Tan De Tech Co., Ltd. due to strategic alliance considerations.		
	Motion 22. Discussion on the endorsement guarantee case for adding Henan Baoheyuan Auto Parts Co., Ltd. and reducing Xiangyang Tradetool Automobile Parts Co., Ltd..	✓	—
	Motion 23. Discussion on the Company providing capital loan to the subsidiary, Xiangyang Tradetool Automobile Parts Co., Ltd.	✓	—
	Independent directors' opinion: None		
	The Company's handling of independent directors' opinions: None.		
	Resolution result: After the Chairman consulted the opinions of Independent directors, all Directors passed Motion 9, 10, and 11 without objection and submit to the shareholder's meeting for discussion; After the Chairman consulted the opinions of Independent directors, all Directors passed Motion 19 without objection and submit to the shareholder's meeting for reporting; After the Chairman consulted the opinions of Independent directors, all Directors passed Motion 22 and 23 without objection.		
2022/05/12 The 4 th meeting in 2022	Motion 2. Discussion on adding endorsement guarantee for Xiangyang Tradetool Automobile Parts Co., LTD. and Henan Baoheyuan Auto Parts Co., Ltd.	✓	—
	Independent directors' opinions: None.		
	The Company's handling of independent directors' opinions: None.		
	Resolution result: After the Chairman consulted the opinions of independent directors, all Directors passed the proposal without objection.		

The Company has established an audit committee after the election of the new board members at the shareholder's meeting on May 30, 2022. Therefore, the operation of board of directors after the establishment of audit committee, is not subject to the regulations of Article 14-3 of the Securities and Exchange Act. For more information, please refer to the operation status of the audit committee in the annual report.

(II) Aside from the above-mentioned matters, other resolutions of the board of directors meeting with objections or reservations of independent directors and records or written statements: None.

II. The implementation of Directors' recusal of proposals related to interests shall state the Director's name, content of the proposal, reasons for recusal of interests, and participation in voting:

Date/Session of shareholder's meeting	Name of Director	Content of proposal	Reasons for avoidance of interests	Participation in Voting
2022/01/25 The 1 st	Chang, Kai-Liang	Discussion on the amount of year-	The Director who attended the proposal, Chiang, Kai-	Have recused

meeting in 2022		end bonus to chairman in 2021.	Liang, was the recipient of the year-end bonus for this proposal. Therefore, he should recuse himself from the meeting. The Chairman appointed the Director Chang, Ming-Hung as the acting Chairman of this proposal. After the acting Chairman consulted the opinions of Independent directors, except for the Directors who have recused from the meeting, all the Directors passed the proposal without objection.	himself from participating in the voting.
2022/01/25 The 1 st meeting in 2022	Chang, Ming-Hung Li, Chao-Pei	Discussion on the amount of year-end bonus to the managers in 2021.	The Directors Chang, Ming-Hung and Li, Chao-Pei who attended the proposal, and the deputy general manager Wang, Cheng-Wen and Senior Manager Wang, Pei-Fang who attended the proposal were the recipients of the year-end bonus for this proposal. Therefore, they should recuse themselves from meeting. After the Chairman consulted the opinions of independent directors, except for the Directors who have recused from the meeting, all the Directors passed the proposal without objection.	Have recused himself from participating the voting.
2022/03/14 The 2 nd meeting in 2022	Chang, Ming-Hung Li, Chao-Pei	Discussion on the employee remuneration to managers in 2021.	The directors Chang, Ming-Hung and Li, Chao-Pei present in this proposal, as well as the deputy general manager Wang, Cheng-Wen and senior manager Wang, Pei-Fang are all employees of the Company. Therefore, they should recuse themselves from the meeting. After the chairman consulted the opinions of independent directors, except for the directors who have recused from the meeting, all the directors passed the proposal without objection.	Have recused himself from participating the voting.
2022/03/14	Chiang,	Discussion on the	The directors Chiang, Kai-	Have

The 2 nd meeting in 2022	Kai-Liang Chang, Ming-Hung Li, Chao-Pei	remuneration to individual Director and Supervisor in 2021.	Liang, Chang, Ming-Hung and Li, Chao-Pei who attended the proposal, and the supervisor Lin, Sheng-Chieh who attended the proposal were all principals. Therefore, they should recuse themselves from the meeting. The chairman appointed Chen, Chun-Mao as the acting chairman of this proposal. After the acting chairman consulted the opinions of independent directors, except for the Directors who have recused from the meeting, all the directors passed the proposal without objection.	recused himself from participating the voting.
2022/08/08 The 6 th meeting in 2022	Chen, Chun-Mao Liu, Te-Shou Lin, Yun-Shan	Discussion on the appointment of new members to the 5 th "Remuneration Committee" of the Company.	The case appointed independent directors Chen, Chun-Mao, Liu, Te-Shou, and Lin, Yun-Shan as members of the remuneration committee. Therefore, they should recuse themselves from the meeting and voting. After the acting Chairman consulted the opinions of directors, except for the independent directors who have recused from the meeting, all the directors passed the proposal without objection.	Have recused himself from participating the voting.
2022/11/11 The 7 th meeting in 2022	Chang, Ming-Hung	Discussion and approval of changes in the management personnel of the Company.	The director Chang, Ming-Hung who attended the proposal was principal. Therefore, they should recuse themselves from the meeting. After the acting Chairman consulted the opinions of independent directors, except for the directors who have recused from the meeting, all the directors passed the proposal without objection.	Have recused himself from participating the voting.
2023/01/12 The 1 st meeting in 2023	Chiang, Kai-Liang	Discussion on the amount of year-end bonus to chairman in 2022.	The Director who attended the proposal, Chiang, Kai-Liang, was the recipient of the year-end bonus for this proposal. Therefore, he should recuse himself from	Have recused himself from participating the voting.

			the meeting. The Chairman appointed the Director Chang, Ming-Hung as the acting Chairman of this proposal. After the acting Chairman consulted the opinions of Independent directors, except for the Directors who have recused from the meeting, all the Directors passed the proposal without objection.	
2023/01/12 The 1 st meeting in 2023	Chang, Ming-Hung	Discussion on the amount of year-end bonus to the managers in 2022.	The Directors Chang, Ming-Hung and Li, Chao-Pei who attended the proposal, and the deputy general manager Wang, Cheng-Wen and Senior Manager Wang, Pei-Fang who attended the proposal were the recipients of the year-end bonus for this proposal. Therefore, they should recuse themselves from meeting. After the Chairman consulted the opinions of independent directors, except for the Directors who have recused from the meeting, all the Directors passed the proposal without objection.	Have recused himself from participating the voting.

III. Implementation of self-assessment by the board of directors:

On January 20, 2020, the Company passed the resolution of the board of directors to formulate the performance evaluation method of the board of directors (The latest revision: November 2, 2020) The assessment of 2022 was completed on January 12, 2023.

Evaluation Cycle	Duration of evaluation	Scope of evaluation	Means of evaluation	Content of evaluation
In addition to the regular performance evaluation of the internal board of directors every year, it should be evaluated at least every three years by an external, professional, and independent	Duration of internal performance evaluation: 1 January 2022~ 31 December 2022 Duration of external performance evaluation: January 2022~ 31 December 2022	The internal performance evaluation includes: The board of director, individual board members and functional committee. The evaluation by an external, professional, and independent agency includes the board of directors (excluding functional	1. Internal self-assessment of the board of Director 2. Self-Assessment of the members of the Board 3. Self-Assessment of the members of the functional committee 4. Appointment of an external expert agency or experts to	1. Evaluation items of the board of directors: (1) The participation degree in operation of the Company. (2) Improve the quality of decision-making of the board of directors. (3) The composition and structure of the board of directors. (4) Election and Continuing Education of Directors. (5) Internal control 2. The assessment items of members of the board of directors (self-assessment or peer assessment): (1) The controlling of company goals and tasks. (2) Awareness of Directors' responsibilities. (3) The degree of participation in

agency or a team of external experts and scholars		committees such as the audit committee and remuneration committee).	carry out the evaluation	company operations. (4) Internal relationship management and communication. (5) Professional and continuing Education for Directors. (6) Internal control. 3.Evaluation items of the functional committee: (1) The degree of participation in company operations. (2) Awareness of functional committee responsibilities. (3) Improve the quality of decision-making of the board of directors. (4) The composition and election of the functional committee members of the board of directors. (5) Internal control.
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- IV. The goal of strengthening the function of the board of directors in the current year and the most recent year(e.g. Set up an Audit Committee, improve the transparency of information, etc.) and implementation status assessment:
- (I) The Audit Committee was established on May 30, 2022 and performed relevant duties in accordance with the Securities and Exchange Act, the Company Act, and other relevant laws and regulations. For information on the operation status of the audit committee, please refer to next page of the annual report.
 - (II)The Remuneration Committee was established on December 1, 2011. Formulate organizational regulations for the Remuneration Committee, and hold the meeting at least twice a year. Responsible for formulating and regularly evaluating policies, systems, standards and structures for Directors and managers' performance evaluation and remuneration. The Remuneration Committee held 3 meetings in 2022. During the meeting, all relevant personnel attended the consultation and discussion. The operation and communication were going well.
 - (III) The Company arranges training for Directors and Supervisors every year. The training courses cover relevant refresher courses on corporate governance topics. Conforms to the implementation points of training for Directors and Supervisors of TWSE/GTSM Listed Companies, and discloses the status of training in annual reports and public information observation stations.
 - (IV)To implement corporate governance and improve the Company’s function of the board of directors. The Company passed “Rules for Performance Evaluation of board of directors” on January 20, 2020, and implement the internal self-evaluation of the board of directors and the self-evaluation of board members have been carried out regularly every year according to the rule. Moreover, an external, professional, and independent agency or a team of external experts and scholars will carry out the evaluation at least every three years. The latest external evaluation has been completed in the first quarter of 2023.

(II) The operation of the Audit Committee or the participation of Supervisors in the operation of the board of directors.

1. The Company has established an audit committee after the election of the new board members at the shareholder's meeting on May 30, 2022. The Company convened a total of 3 (A) meetings in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B) 【B】	Actual attendance rate 【B/A】 (%)	Remarks
Independent director (Convenor and chairman)	Chen, Chun-Mao	3	100.00	Appointed on May 30, 2022
Independent director (Member)	Liu, Te-Shou	3	100.00	Appointed on May 30, 2022
Independent director (Member)	Lin, Yun-Shan	3	100.00	Appointed on May 30, 2022

Other items required to be stated:

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, content of independent director's dissenting opinion and reservation, or significant recommendation resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

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

Date/Session of the Audit Committee	Content of Proposal	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Content of Independent Director's Dissenting Opinion and Reservation, or Significant Recommendation Resolution
2022/08/08 1st term, 1st Meeting	Proposal 1. Discussion on the Company's consolidated financial statements for Q2 of 2022.	✓	—
	Proposal 2. Discussion on the Company's assessment of the independence and competence of the CPA who certified the Company's financial report.	✓	—
	Proposal 3. Discussion on the amendment to the Company's "Implementation Rules for Internal Audits".	✓	—
	Proposal 4. Discussion on the Amendment to the Company's "Internal Control Self-assessment Process."	✓	—
	Proposal 5. Discussion on the Amendment to the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".	✓	—
	Proposal 6. Discussion on the amendment to the Company's "The Management Regulations for Related-party	✓	—

	Transactions”.		
	Proposal 7. Discussion on the amendment to the Company’s “Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates.”	✓	—
	Proposal 8. Discussion on the amendment to the Company’s “Budget Management System”.	✓	—
	Proposal 9. Discussion on the amendment to the Company’s “Management Measures for the Compilation Process of Financial Statements”.	✓	—
	Proposal 10. Discussion on the Amendment to the Company’s “Codes of Ethical Conduct”.	✓	—
	Proposal 11. Discussion on the Amendment to the Company’s “Ethical Corporate Management Best Practice Principles”.	✓	—
	Proposal 12. Discussion on the Amendment to the Company’s “Procedures for Ethical Management and Guidelines for Conduct”.	✓	—
	Proposal 13. Discussion on the endorsement and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd.	✓	—
	Proposal 14. Discussion on the Company’s plan on providing a loan of RMB15,000,000 to its second-tier subsidiary, Henan Baoheyuan Automotive Parts Co., Ltd.	✓	—
	Resolution result of the Audit Committee: The Audit Committee unanimously approved the proposal with all attending members present.		
	The Company’s response to Audit Committee’s opinions: The proposal was passed unanimously by all members present, so this shall not apply.		
2022/11/11 1st term, 2 nd Meeting	Proposal 1. Discussion on the Company’s consolidated financial statements for Q3 of 2022.	✓	—
	Proposal 2. Discussion on the audit plan for 2023 of the Company.	✓	—
	Proposal 3. Discussion on amendment to the Company’s “Accounting system”.	✓	—
	Proposal 4. Discussion on amendment to the Company’s “Computer Processing Cycle”.	✓	—
	Resolution result of the Audit Committee: The Audit Committee unanimously approved the proposal with all attending		

	members present.		
	The Company's response to Audit Committee's opinions: The proposal was passed unanimously by all members present, so this shall not apply.		
2022/12/15 1 st term, 3 rd Meeting	Proposal 1. Discussion on the endorsement and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd.	✓	—
	Resolution result of the Audit Committee: The Audit Committee unanimously approved the proposal with all attending members present.		
	The Company's response to Audit Committee's opinions: The proposal was passed unanimously by all members present, so this shall not apply.		
2023/01/12 1 st term, 4 th Meeting	Proposal 1. Discussion on the Company's plan on loaning funds to its second-tier subsidiary, Henan Baoheyuan Auto Parts Co., Ltd., for RMB7.2 million (or other equivalent currencies).	✓	—
	Resolution result of the Audit Committee: The Audit Committee unanimously approved the proposal with all attending members present.		
	The Company's response to Audit Committee's opinions: The proposal was passed unanimously by all members present, so this shall not apply.		
2023/03/02 1 st term, 5 th Meeting	Proposal 1. Discussion on the Company's Statement on Internal Control for 2022.	✓	—
	Proposal 2. Discussion on the Company's draft of financial statements (including parent company only financial statements and consolidated financial statements) for 2022 and independent auditor's report.	✓	—
	Proposal 3. Discussion on the Company's business report for 2022.	✓	—
	Proposal 4. Discussion on the Company's loss off-setting for 2022.	✓	—
	Proposal 5. Discussion on the change of the Company's CPA due to its internal adjustment.	✓	—
	Proposal 6. Discussion on the Company's-assessment of the independence and competence of the CPA who certified the Company's financial report.	✓	—
	Proposal 7. Discussion on the Amendment to the Company's "Rules Governing Financial and Business Matters Between this	✓	—

	Corporation and its Affiliated Enterprises”.		
	Proposal 8. Discussion on the Amendment to the Company’s “Budget Management System”.	✓	—
	Proposal 9. Discussion on formulating the general policy for pre-approval of non-assurance services by the CPA firm of the Company.	✓	—
	Proposal 10. Discussion on the addition of the endorsements and guarantees for Henan Baoheyuan Automotive Parts Co., Ltd. and the reduction of the endorsements and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd..	✓	—
	Resolution result of the Audit Committee: The Audit Committee unanimously approved the proposal with all attending members present.		
	The Company’s response to Audit Committee’s opinions: The proposal was passed unanimously by all members present, so this shall not apply.		

(II) In addition to the above matters, matters resolved by over two-thirds of the Board of Directors but not yet resolved by the Audit Committee: Not applicable.

II. With respect to independent directors excusing themselves in the case of conflict of interest, the independent directors’ names, contents of motion, reasons for conflict of interest and votes should be specified: None.

III. Independent communication status between independent directors, audit supervisors and CPAs (which should include major events, methods and results of communication on the Company's financial and business conditions, etc.)

(I) The Company's internal audit head presents the findings of all audit reports and communicates follow-up reports with independent directors during the Audit Committee’s quarterly meetings and semi-annually separate meeting.

The internal audit supervisor submits audit reports to each independent director on a monthly basis, and if any independent director raises questions, immediate discussion and communication will take place. The audit supervisor also presents reports to the Audit Committee and the board of directors regarding significant findings related to the Company's internal control management. The supervisor then follows the instructions given by the Audit Committee and the board of directors as the basis for execution.

(II) In accordance with the Audit Standard No. 39 "Communication with the Governance Unit of the Auditee," the auditor shall, on a quarterly basis, communicate governance-related matters related to the audit or review of the company's consolidated financial statements (which includes individual financial statements for the year). After compiling these matters, the auditor shall conduct written or in-person communication with the Audit Committee. to Statement of Auditing Standards No. 39“communicate with those charged with governance of an audited entity” and the governance communication items related to the audit or review of the consolidated financial statements (including parent company only financial statements) for each quarter shall be summarized and communicated in writing or in person to the Audit Committee.

2. The participation of Supervisors in the operation of the board of directors:

The Company has established an audit committee to replace supervisors after the election of the new board members at the shareholder's meeting on May 30, 2022. The Company convened a total of 4 (A) meetings in 2022. The attendance of the supervisor was as follows:

Title	Name	Attendance in Person (B) 【B】	Actual attendance rate 【B/A】 (%)	Remarks
Supervisor	Chiang, Ming-Huang	0	0.00	Re-elected on June 13, 2019 Discharged on May 30, 2022
Supervisor	Lin, Sheng-Chieh	4	100.00	Re-elected on June 13, 2019 Discharged on May 30, 2022
Supervisor	Ai Po Technology Co., Ltd. Representative: Wu, Wen-Hsuan	1	25.00	Re-elected on June 13, 2019 Discharged on May 30, 2022

Other items required to be stated:

I. Component and responsibilities of Supervisors:

(I) Communication between Supervisors and employees of the Company and shareholders:

When the Supervisors execute their power, the Company will convene meetings if it is necessary to exchange opinions for facilitating the inspection and communication of Supervisors

(II) Communication between Supervisors, internal audit Supervisors and CPAs:

Supervisors attend the board of directors, review audit reports, and review financial statements on a regular basis; The Supervisor may communicate with the CPAs face to face or in writing on the financial situation if necessary. The three-party communication channel is smooth and unimpeded, and the communication situation is good.

II. If Supervisors have stated opinions in the board of directors, the date of the board meeting, the terms of the board of directors, the content of the proposal, the result of board resolution and the Company's handling of the Supervisor's statement: None.

(III) Differences between Company policy and Corporate Governance Best-Practice Principles for TSE/ GTSM Listed Companies and reasons for differences

Items	The pursuit		Summary Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established and its Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies”, which has been amended and approved by the board of directors, and has been disclosed the principles on the Company’s website and the Market Observation Post System.	No significant difference.
II. Equity structure and shareholder equity of the Company				
(I) Has the Company established the internal operation procedures for responding to the suggestion, queries, disputes and lawsuits of the shareholders, and proceed with the procedures?	✓		The Company has a spokesperson and acting spokesperson system, and external handling of shareholder suggestions and other matters. The Company complies with the regulations on information disclosure, and regularly disclose the Company's financial and business information in the Market Observation Post System for shareholders' reference.	No significant difference.
(II) Has the Company kept list of the dominant shareholders actually controlling the Company, and the list of ultimate controlling parties of these dominant shareholders?	✓		The Company keeps abreast of the shareholding status of Directors, Supervisors, managers and major shareholders holding more than 10% of the shares. Report to the Market Observation Post System every month in accordance with relevant laws and regulations. After the Shareholders’ Meeting held every year and the ex-rights (dividend) is closed, the Company has a list of major shareholders and ultimate controllers based on the list of shareholders provided by the stock affairs agency.	No significant difference.

Items	The pursuit			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Explanation	
(III) Is there any control and firewall mechanisms established between the Company and its affiliates with proper execution?	✓		The asset management, finance and accounting among affiliated companies of the company are operated independently, and are being audited by the relevant departments of the Company. The Company's internal control system has stipulated the "Subsidiary Supervision Operation Measures" and "Related Operation Standards for Financial Business between Related Enterprises" to control the risks between the Company and its affiliates, and set up appropriate firewall.	No significant difference.
(IV) Has the Company instituted related internal rules and regulations for prohibiting the use of undisclosed information in market by insiders for trading of securities?	✓		The Company has established the "Insider's new employment (discharge) information reporting procedures", "Integrity Management Code", "Ethical Behavior Standards" and "Internal Major Information Handling Operational Procedures" related operating procedures. The content regulated that insiders are not allowed to use unpublished information that has a significant impact on their stock prices to buy or sell securities. Promote to insiders at least once a year, and educate and train employees to implement the controlling internal transactions mechanism. On March 2, 2023, the board of directors of the Company revised the " Corporate Governance Best Practice Principles ", requiring insiders not to trade stocks during the closed period of 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements.	No significant difference.

<p>(IV) Does the Company regularly evaluate the independence of CPAs? ✓</p>		<p>1. Based on the "Statement of Independence" provided by certified accountants every year, and concerning the content of the "The Norm of Professional Ethics for Certified Public Accountant No. 10", the finance department of the Company conducts a preliminary assessment of the certified accountants' independence and suitability, and submits it to the Audit Committee for review. After the review by the Audit Committee, the finance department submits it to the board of directors for approval. The company's assessment items are as follows. The assessment results have not been found any violation of independence. The board of directors discussed and passed the assessment of the independence and suitability of certified accountants on August 8, 2022 and March 2, 2023.</p> <table border="1" data-bbox="949 571 1787 1382"> <thead> <tr> <th data-bbox="949 571 1637 635">Evaluation item</th> <th data-bbox="1637 571 1787 635">Independence</th> </tr> </thead> <tbody> <tr> <td data-bbox="949 635 1637 703">1. The appointed CPAs have not provided audit services for the Company for seven consecutive years.</td> <td data-bbox="1637 635 1787 703">Yes</td> </tr> <tr> <td data-bbox="949 703 1637 895">2. The appointed CPAs and their spouse or dependents or members of the audit team do not served as the company's directors, managers, or positions that have a significant impact on audit cases currently or in the past two years; it is also confirmed that they will not hold the above-mentioned relevant positions in the future audit period.</td> <td data-bbox="1637 703 1787 895">Yes</td> </tr> <tr> <td data-bbox="949 895 1637 1054">3. The appointed CPAs and members of the audit team have not accepted endowments of great value or gifts from the Company, directors, supervisors, and managers of the Company (the value of which does not exceed the general social etiquette standard).</td> <td data-bbox="1637 895 1787 1054">Yes</td> </tr> <tr> <td data-bbox="949 1054 1637 1123">4. The appointed CPAs do not have relationship with the Company in joint investment or benefit sharing.</td> <td data-bbox="1637 1054 1787 1123">Yes</td> </tr> <tr> <td data-bbox="949 1123 1637 1192">5. The appointed CPAs do not get involved in management of decision-making of the Company.</td> <td data-bbox="1637 1123 1787 1192">Yes</td> </tr> <tr> <td data-bbox="949 1192 1637 1260">6. The appointed CPAs do not have direct or material indirect financial interest relationship with the Company.</td> <td data-bbox="1637 1192 1787 1260">Yes</td> </tr> <tr> <td data-bbox="949 1260 1637 1329">7. The appointed CPAs has no financing or guarantee activities with the Company or the directors of the Company.</td> <td data-bbox="1637 1260 1787 1329">Yes</td> </tr> <tr> <td data-bbox="949 1329 1637 1382">8. The appointed CPAs do not have close business relationship or potential employment with the Company.</td> <td data-bbox="1637 1329 1787 1382">Yes</td> </tr> </tbody> </table>	Evaluation item	Independence	1. The appointed CPAs have not provided audit services for the Company for seven consecutive years.	Yes	2. The appointed CPAs and their spouse or dependents or members of the audit team do not served as the company's directors, managers, or positions that have a significant impact on audit cases currently or in the past two years; it is also confirmed that they will not hold the above-mentioned relevant positions in the future audit period.	Yes	3. The appointed CPAs and members of the audit team have not accepted endowments of great value or gifts from the Company, directors, supervisors, and managers of the Company (the value of which does not exceed the general social etiquette standard).	Yes	4. The appointed CPAs do not have relationship with the Company in joint investment or benefit sharing.	Yes	5. The appointed CPAs do not get involved in management of decision-making of the Company.	Yes	6. The appointed CPAs do not have direct or material indirect financial interest relationship with the Company.	Yes	7. The appointed CPAs has no financing or guarantee activities with the Company or the directors of the Company.	Yes	8. The appointed CPAs do not have close business relationship or potential employment with the Company.	Yes	<p>No significant difference.</p>
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<p>IV. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance Supervisor responsible for corporate governance matters (including but not limited to providing information for Directors and Supervisors to perform their duties, assisting Directors and Supervisors with regulatory compliance, handling matters related to Board Meetings and Shareholders' Meetings, and preparing proceedings for Board Meetings and Shareholders' Meetings)?</p>	<p>✓</p>	<p>On 12 August 2021, the Company complied with the regulations of the "Main Points of Matters to be Followed by the Board of Directors of OTC Companies to Executing their Powers", The resolution of appointing WANG, CHENG-WEN, the deputy general manager, as the Director of corporate governance has been approved. He possesses more than ten years of experience in financial management of public offering companies, and the major responsibilities includes:</p> <ol style="list-style-type: none"> 1. Handle matters related to meetings of the board of directors and shareholders' meetings 2. Prepare proceedings of Board Meetings and Shareholders' Meetings 3. Assist Directors in their appointment and continuing education. 4. Evaluate and take out "Directors and Officers Liability Insurance" 5. Handle matters related to the Company's industrial and commercial change registration. <p>Continuing education for corporate governance Supervisors in 2022:</p> <p style="text-align: right;">Unit: hour</p> <table border="1" data-bbox="945 845 1787 1241"> <thead> <tr> <th>Date</th> <th>Name of course</th> <th>Course hour</th> </tr> </thead> <tbody> <tr> <td>2022/04/11</td> <td>Analysis of relevant legal responsibilities and case in the competition for company management rights</td> <td>3</td> </tr> <tr> <td>2022/05/23</td> <td>Analysis of legal responsibilities and practical cases of business secret protection</td> <td>3</td> </tr> <tr> <td>2022/05/31</td> <td>How to play the function of corporate governance supervisor effectively--also talking about the manager's legal responsibility</td> <td>3</td> </tr> <tr> <td>2022/07/27</td> <td>Sustainable development roadmap industry theme propaganda conference</td> <td>2</td> </tr> </tbody> </table>	Date	Name of course	Course hour	2022/04/11	Analysis of relevant legal responsibilities and case in the competition for company management rights	3	2022/05/23	Analysis of legal responsibilities and practical cases of business secret protection	3	2022/05/31	How to play the function of corporate governance supervisor effectively--also talking about the manager's legal responsibility	3	2022/07/27	Sustainable development roadmap industry theme propaganda conference	2	<p>No significant difference.</p>
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Items	The pursuit			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
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V. Does the Company establish channels for communications with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up a section for stakeholders at its official website with proper response to stakeholders on issues of corporate social responsibility for their concern?	✓		The Company has set up employees, investors, communities, non-governmental organizations, customers and suppliers and other stakeholders services. The contact information has been put on the Company website as a communication channel between the Company and stakeholders.	No significant difference.									
			<table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Important issues of concern</th> <th>Communication channel and responses</th> </tr> </thead> <tbody> <tr> <td>Shareholders and investors</td> <td>Operating performance Corporate governance Shareholders' equity</td> <td> <ul style="list-style-type: none"> ● Disclose the Company's financial performance regularly through the stock exchange website and annual report. Review and analyze operating conditions and data. ● Hold Shareholders' Meetings on regular basis. Explain operating performance to investors and respond to related concerns. ● Simultaneously publish important real-time information on the Market Observation Post System of the Taiwan Stock Exchange and the Company's website. ● Set up an email address and contact numbers on the Company's website to set up a smooth communication channel for investors. </td> </tr> <tr> <td>Communities /Non-government organization services</td> <td>Community Participation Environmental protection</td> <td> <ul style="list-style-type: none"> ● Participate in social welfare activities ● social welfare activities </td> </tr> </tbody> </table>		Stakeholder	Important issues of concern	Communication channel and responses	Shareholders and investors	Operating performance Corporate governance Shareholders' equity	<ul style="list-style-type: none"> ● Disclose the Company's financial performance regularly through the stock exchange website and annual report. Review and analyze operating conditions and data. ● Hold Shareholders' Meetings on regular basis. Explain operating performance to investors and respond to related concerns. ● Simultaneously publish important real-time information on the Market Observation Post System of the Taiwan Stock Exchange and the Company's website. ● Set up an email address and contact numbers on the Company's website to set up a smooth communication channel for investors. 	Communities /Non-government organization services	Community Participation Environmental protection	<ul style="list-style-type: none"> ● Participate in social welfare activities ● social welfare activities
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Items	The pursuit			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Explanation	
VI. Does the Company commissioned a professional investor service agent to handle matters pertinent to the Shareholders Meeting?	✓		The Company appointed Horizon Securities Co., Ltd. to handle affairs related to the shareholders' meeting.	No significant difference.
VII. Transparency of information (I) Does the Company establish a website for the disclosure of information on the financial position and business of the Company?	✓		The Company’s website: http://www.tradetools.com.tw Regularly update and maintain the financial business and corporate governance related information on the website.	No significant difference.
(II) Does the Company adopt other means of information disclosure (such as set up websites in English language, appointment of designated person to collect and disclose information for the Company, proper pursuit of the system of spokesman, and the upload the record on the entire process of institutional investors conferences to the Company website)?	✓		The Company designates a dedicated person to be responsible for the collection and disclosure of company information, and the spokesperson and acting spokesperson will speak on behalf of the Company to ensure that the information that may affect the decision-making of shareholders and interested parties can be disclosed in a timely and appropriate manner.	No significant difference.
(III) Does the Company disclose and declare its annual financial reports within two months after the end of the fiscal year, and declares its financial reports in Q1, Q2, and Q3, and the monthly business reports before respective deadlines at regular intervals?		✓	The Company's annual financial report cannot be announced in advance within two months after the end of the fiscal year due to internal operations. However, the Company's quarterly financial reports and monthly operating conditions are announced and reported on the day before the deadline stipulated by the competent authority.	Although there was a slightly different from the provisions of the Corporate Governance Best Practice Principles for TWSE Listed and TPEX Listed Companies, we still complete the declaration within the time limit stipulated by the law.

Items	The pursuit		Summary Explanation	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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VIII. If there any important information that helps to under the pursuit of corporate governance of the Company (including but not limited to employee rights, employee care, investor relation, supplier relation, stakeholder right, continuing education of the Directors, risk management policy and risk assessment standard in action, customer policy in action, taking professional liability insurance for the protection of the Directors)?	✓		<ol style="list-style-type: none"> 1. The Company has always treated its employees with integrity, and established a good relationship with them through various welfare measures and education and training. 2. The Company holds shareholders' meetings every year following the Company Act and relevant laws and regulations, giving shareholders sufficient opportunities to ask questions and make proposals. Additionally, the Company has a spokesperson system to deal with shareholders' suggestions and doubts. The Company discloses company information honestly in accordance with laws and regulations to protect the basic rights and interests of investors and fulfill the corporate responsibilities to shareholders. 3. The communication channels between the Company and suppliers are smooth and the interaction is well. 4. The investment relationship, supplier relationship and the rights of interested parties are all implemented in accordance with the Company's internal control system and management measures. And in accordance with the relevant laws and regulations to fulfill the responsibility of the enterprise to the society. 5. The Company's Directors and Supervisors participate in corporate governance courses in accordance with regulations. The Company holds at least one Board Meeting every quarter. More than half of the Directors are present at each board meeting. When convening the Board of directors, Supervisors are invited to attend and supervise the operation of the Board of directors, and express opinions in due course. 	No significant difference.

Items	The pursuit			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Explanation	
			<p>6. The implementation of risk management policies and risk measurement standards is based on job duties and responsibilities. In case of any special situation, it will be reported to the Board of directors at any time. The Company's Directors and Supervisors will attend the Board Meeting to evaluate and measure the risks of the Company's operations. In case of any special situation, it will be reported to the Board of directors at any time. The Company understands, analyzes and makes decisions on various major businesses. In addition, the Company has established a complete internal control system in accordance with relevant laws and regulations and implemented it effectively. Conduct risk assessments properly for major banks, customers and suppliers to reduce credit risks, and keep the seamless flow of communication channel.</p> <p>7. Good communication with customers, and business units solve customers' problems at any time.</p> <p>8. The Company has purchased liability insurance for Directors and Supervisors.</p>	
<p>IX. Explain the corrective action taken in response to the evaluation result released by Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous period, and special attention and additional effort on issues that needed to be addressed to at top priority: (Those who are not included in the rated company do not need to fill in)</p> <p>The 2022 corporate governance evaluation results of the Company is listed as 6%~20% of OTC companies. Considering the improvement of unscored items in the previous period and the new and revised indicators this year, the Company conducts self-assessment on the latest corporate governance evaluation indicators, and review the reasons for the discrepancies between the evaluation results and the self-evaluation. Furthermore, improve the unscored self-assessment items according to the degree of difficulty to meet the requirements of corporate governance.</p>				

The education and training of Directors and Supervisors in 2022:

Title	Name	Date of appointment	Date of study		Organizer	Name of course	Study hours	Whether the raining meet the regulation or not (Note1)
			Date of course (Start)	Date of course (End)				
Chairman/ Representative of judicial person	Chiang, Kai-Liang	2022/05/30	2022/10/06	2022/10/06	TPEX	2022 OTC companies - release of guidelines for independent directors and audit committees to exercise powers and directors and supervisors publicity meeting	3	Yes
			2022/10/19	2022/10/19	Accounting Research and Development Foundation	Read the TCFD report: grasp the key points of information	3	Yes
Director	Chang, Ming-Hung	2022/05/30	2022/07/27	2022/07/27	TPEX	Sustainable development roadmap industry theme propaganda conference	2	Yes
			2022/08/25	2022/08/25	TPEX	Insider shareholding propaganda seminar for OTC companies and emerging companies	3	Yes
			2022/10/06	2022/10/06	TPEX	2022 OTC companies - release of guidelines for independent directors and audit committees to exercise powers and directors and supervisors publicity meeting	3	Yes
Director	Lin, Sheng-Cheieh	2022/05/30	2022/10/06	2022/10/06	TPEX	2022 OTC companies - release of guidelines for independent directors and audit committees to exercise powers and directors and supervisors publicity meeting	3	Yes
			2022/10/31	2022/10/31	Accounting Research and Development Foundation	The latest policy development of “ESG sustainability” “self-compilation of financial statements” and internal control management practices (virtual class)	3	Yes
Representative of judicial person	Chiang, Ming-Huang	2022/05/30	2022/09/01	2022/09/01	Accounting Research and Development Foundation	Types of common disputes when enterprises sign business contracts and internal control management practices	6	Yes
Independent director	Chen, Chun-Mao	2022/05/30	2022/09/05	2022/09/05	Securities & Futures Institute	The latest development trend and countermeasures of international carbon tariffs	3	Yes
			2022/10/06	2022/10/06	TPEX	2022 OTC companies - release of guidelines for independent directors and audit committees to exercising powers and directors and supervisors publicity meeting	3	Yes
Independent director	Liu, Te-Shou	2022/05/30	2022/08/04	2022/08/04	Accounting Research and Development Foundation	Practice of enterprise fraud detection and prevention	6	Yes
			2022/09/02	2022/09/02	Accounting Research and Development Foundation	The latest amendments to regulations governing of internal control systems and cyber security compliance and fraud prevention practices	6	Yes
Independent director	Lin, Yun-Shan	2022/05/30	2022/09/29	2022/07/27	Accounting Research and Development Foundation	Continuous professional development of principal accounting officers of issuers, securities firms, and securities exchanges	12	Yes
			2022/10/06	2022/08/25	TPEX	2022 OTC companies - release of guidelines for independent directors and audit committees to exercising powers and directors and supervisors publicity meeting	3	Yes

Note 1: Refers to whether it meets the number of training hours, training scope, training system, training arrangement, and information disclosure stipulated in the “Directions for the Implementation of Continuing Education for directors and supervisors of TWSE Listed and TPEX Listed Companies”.

The education and training of managers in 2022:

Title	Name	Date of study		Organizer	Name of course	Study hours
		Start	End			
Deputy general manager, CFO, and corporate governance manager	Wang, Cheng-Wen	2022/02/23	2022/02/23	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and setting up "corporate governance personnel" to audit compliance practices	6
		2022/02/24	2022/02/24	Accounting Research and Development Foundation	Practical analysis of "sustainability report" under corporate governance 3.0 policy	3
		2022/04/11	2022/04/11	Accounting Research and Development Foundation	Analysis of relevant legal responsibilities and case in the competition for company management rights	3
		2022/05/23	2022/05/23	Accounting Research and Development Foundation	Analysis of legal responsibilities and practical cases of business secret protection	3
		2022/05/31	2022/05/31	Accounting Research and Development Foundation	How to play the function of corporate governance supervisor effectively--also talking about the manager's legal responsibility	3
		2022/07/27	2022/07/27	TPEX	Sustainable development roadmap industry theme propaganda conference	2
		2022/09/21	2022/09/21	Accounting Research and Development Foundation	Tax regulations and practices of controlled foreign company (CFC)	3
Senior Manager	Wang, Pei-Fang	2022/02/23	2022/02/23	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and setting up "corporate governance personnel" to audit compliance practices	6
		2022/02/24	2022/02/24	Accounting Research and Development Foundation	Practical analysis of "sustainability report" under corporate governance 3.0 policy	3
		2022/09/21	2022/09/21	Accounting Research and Development Foundation	Tax regulations and practices of controlled foreign company (CFC)	3

(IV) If the Company has established a Remuneration Committee, the composition, responsibilities and operation should be disclosed:

After a complete board of directors election by the shareholders' meeting on May 30, 2022, the members of the 5th Remuneration Committee were appointed by the Board of directors on August 8, 2022.

1. Information on members of Remuneration Committee

April 2, 2023

Identity	Condition Name	Professional qualification and Work experience	Independence status	Number of public companies where the independent director also holds positions as the member of remuneration Committee	Remarks
Independent director Convenor	Chen, Chun-Mao	<ul style="list-style-type: none"> ● Please refer to the disclosure of Directors and Independent directors on Page 13 of the annual report. 		—	The 4 th and 5 th
Independent director	Liu, Te-Shou			—	The 5 th
Independent director	Lin, Yun-Shan			—	The 5 th
Independent director	Wei, Che-Chen (Note 1)	<ul style="list-style-type: none"> ● Possess work experience in capital market related financial regulations, corporate governance, and investment evaluation. ● Work experience: Independent director, Eps Bio Technology Corp. Independent director, Cryomax Cooling System Corp. Independent director, Sysgration Ltd. Independent director/ Team leader of trading department and listing department, TWSE Chairman, Jinding Securities Investment Consultant Co., Ltd. ● Nothing in connection with the paragraphs under Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● An Independent director that is qualified for independence. Including but not limited to the person, spouse, relatives within the second degree who are not Directors, Supervisors or employees of the Company or its affiliates. ● The person, spouse, kindred within the 2nd tier (or in the name of a third party) do not hold any shares issued by the Company. ● Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent directors and Compliance Matters of Public Companies.) ● No business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 	3	The 4 th

Identity	Condition	Professional qualification and Work experience	Independence status	Number of public companies where the independent director also holds positions as the member of remuneration Committee	Remarks
	Name				
Others	Chiou, Gwo-Jen	<ul style="list-style-type: none"> ● More than 20 years of work experience as lecturers in public and private colleges and universities in business, legal affairs, finance, accounting or related materials required by the Company's business, and possesses over 20 years of work experience. ● Currently serve as an associate professor of the department of Electrical Engineering, National Formosa University. ● Served as the Lecturer in the department of Electrical Engineering Technology, National Formosa University. ● Electric engineer, Taiwan Power Research Institute, Taiwan Power Company. ● Nothing in connection with the paragraphs under Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● The person, spouse, kindred within the 2nd tier does not hold position as Director, Supervisor or employee of the Company or its affiliates. ● The person, spouse, kindred within the 2nd tier (or in the name of a third party) do not hold any shares issued by the Company. ● Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent directors and Compliance Matters of Public Companies.) ● No business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 	—	The 4 th

Note 1 : The independent director Wei, Che-Chen resigned on February 28, 2022.

2. Information on the operation of the Remuneration Committee:

(1) The Company's 4th Remuneration Committee consists of 3 members.

The 5th Remuneration Committee consists of 3 members.

(2) Tenure of the 4th Remuneration Committee members: From June 13, 2019 - May 30, 2022

The Remuneration Committee convened for 2 times(A) in the most recent year (2022) (A)

The eligibility of the members and attendance to committee sessions of the members are specified below:

Title	Name	Actual frequency of attendance (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener (Independent director)	Wei, Che-Chen	1	0	100.00	Re-elected on June 13, 2019 Resigned on February 28, 2022 After his resignation, Chen, Chun-Mao becomes the convener and his actual attendance should be at least once.
Member	Chiou, Gwo-Jen	2	0	100.00	Re-elected on June 13, 2019 Removed from the position on May 30, 2022

Member (Independent director)	Chen, Chun-Mao	2	0	100.00	Re-elected on June 13, 2019 Removed from the position on May 30, 2022
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(3) Tenure of the 5th Remuneration Committee members: From 8 August 2022- 29 May 2025.
The Remuneration Committee convened for 1 time (A) in the most recent year (2022) (A).
The eligibility of the members and attendance to committee sessions of the members are specified below:

Title	Name	Actual frequency of attendance (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convenor (Independent director)	Chen, Chun-Mao	1	0	100.00	Re-elected on August 8, 2022
Member (Independent director)	Liu, Te-Shou	1	0	100.00	Newly appointed on August 8, 2022
Member (Independent director)	Lin, Yun-Shan	1	0	100.00	Newly appointed on August 8, 2022

The operation of Remuneration Committee for 2022 is as follow:

Date of the session	Content of the motions and follow-up action	Resolutions	Response of the Company to the opinions of the Remuneration Committee
The 4 th Remuneration Committee The 8 th meeting 2022/01/25	1. Discuss the amount of chairman 's year-end bonus in 2021. 2. Discuss the amount of manager's year-end bonus in 2021.	Passed by all members in common consent.	After the Chairman consulted the opinions of independent directors, all Directors had no objection and passed the proposal in accordance with the suggestion of the Remuneration Committee, except for the Directors or the personnel who had recused themselves from the interests.
The 4 th Remuneration Committee The 9 th meeting 2022/03/14	1. Discuss "The Regulation Governing Remuneration and Remuneration to Directors" of the Company. 2. Discuss the revision to the Company's "The Regulation Governing the Reward to Employees". 3. Discuss the Company's remuneration to employees, directors and supervisors in 2021. 4. Discuss the Company's employee remuneration for managers in 2021. 5. Discuss the Company's remuneration to individual directors and supervisors in 2021. 6. Discuss the adjustment to the content and amount of remuneration and rewards for managers.	Passed by all members in common consent.	After the Chairman consulted the opinions of independent directors for the first proposal, all Directors had no objection and passed the proposal in accordance with the suggestion of the Remuneration Committee. And submitted to the shareholders' regular meeting for reporting. After the Chairman consulted the opinions of independent directors for the second to sixth proposal, all Directors had no objection and passed the proposal in accordance with the suggestion of the Remuneration Committee, except for the Directors who had recused themselves from the interests.
The 5 th Remuneration Committee The 1 st meeting 2022/11/11	1. Discuss the adjustment to the content and amount of remuneration for managers. 2. Discuss the revision to the Company's "Remuneration Committee Charter".	Passed by all members in common consent.	After the Chairman consulted the opinions of independent directors, all Directors had no objection and passed the proposal in accordance with the recommendation of the Remuneration Committee, except for the Directors who had recused themselves from the interests.

Additional information:

- I. If the Board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the Board, the content of the motion, the resolution of the Board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the Board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.
- II. If there is any adverse opinion or qualified opinion on record or in written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, content of the motion, opinions of all members and response to the opinions of the members: None.

3. Responsibilities of Remuneration Committee

The Company's Remuneration Committee should exercise good faith and fulfill the following duties with due care, and submit its suggestions to the Board of directors:

- (1) Regularly review the Company' Remuneration Committee Charter and propose modify suggestions.
- (2) Formulate and regularly review the Company's policies, systems, standards and structures for performance evaluation and remuneration to directors and managers.
- (3) Regularly evaluate the achievement status of performance targets of directors and managers and formulate their individual remuneration content and amount.

(V) The advocacy of sustainable development and variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEX Listed Companies, and the reason:

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I.Does the Company establish a governance structure to promote sustainable development, and set up dedicated (part-time) position to promote sustainable development, which is authorized by the board of directors to handle Senior Manager, and the board of directors supervises the situation?	✓		<p>At present, the chairman and of the Company cooperate with the heads of various departments to jointly review the Company's core competencies. The Company holds regular meetings and sets up taskforces according to different issues, identifies sustainable issues related to the Company's operations and stakeholders' concerns, and formulates goals and work guidelines. The Company reports the results of sustainable development and future work plans to the board of directors before the end of each year. The board of directors is responsible for the supervision of the Company's sustainable development strategy, goal formulation and review measures.</p> <p>On November 11, 2022, a report was presented to the board of directors regarding the implementation of sustainable development in 2022. The proposal included:</p> <ol style="list-style-type: none"> 1. Focusing on environmental protection issues, promoting greenhouse gas inventory, and continuously reducing carbon emissions. 2. Implementing workplace safety and creating a good working environment. 3. Implementing corporate governance and emphasizing on communication with stakeholders. 	No significant difference.

<p>II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?</p>	<p>✓</p>	<p>The Company's organizational structure for supervising, planning and implementing related risk management affairs include the general manager's office, internal audit and each responsible unit. The Company formulates the following year's operational goals and directions every year, covering the risk assessment of environmental, social and corporate governance issues related to operations.</p> <table border="1" data-bbox="1025 443 1715 1404"> <thead> <tr> <th data-bbox="1025 443 1205 507">Major issues</th> <th data-bbox="1205 443 1413 507">Risk evaluation items</th> <th data-bbox="1413 443 1715 507">Policy on risk management</th> </tr> </thead> <tbody> <tr> <td data-bbox="1025 507 1205 991">Environment</td> <td data-bbox="1205 507 1413 991">Environmental protection</td> <td data-bbox="1413 507 1715 991"> <ul style="list-style-type: none"> ● Passed ISO14001 Environmental Management System Certification ● Preventive measures for COVID-19 to reduce the impact of the virus on company operations ● Greenhouse gas inventory, continuously promoting carbon reduction to reduce carbon emissions. </td> </tr> <tr> <td data-bbox="1025 991 1205 1404">Society</td> <td data-bbox="1205 991 1413 1404">Safe and healthy workplace</td> <td data-bbox="1413 991 1715 1404"> <ul style="list-style-type: none"> ● Regular employee health check ● Regularly implement occupational safety education and training courses to ensure that the Company provides a safe workplace for employees. ● Handle fire safety equipment maintenance and </td> </tr> </tbody> </table>	Major issues	Risk evaluation items	Policy on risk management	Environment	Environmental protection	<ul style="list-style-type: none"> ● Passed ISO14001 Environmental Management System Certification ● Preventive measures for COVID-19 to reduce the impact of the virus on company operations ● Greenhouse gas inventory, continuously promoting carbon reduction to reduce carbon emissions. 	Society	Safe and healthy workplace	<ul style="list-style-type: none"> ● Regular employee health check ● Regularly implement occupational safety education and training courses to ensure that the Company provides a safe workplace for employees. ● Handle fire safety equipment maintenance and 	<p>No significant difference.</p>
Major issues	Risk evaluation items	Policy on risk management										
Environment	Environmental protection	<ul style="list-style-type: none"> ● Passed ISO14001 Environmental Management System Certification ● Preventive measures for COVID-19 to reduce the impact of the virus on company operations ● Greenhouse gas inventory, continuously promoting carbon reduction to reduce carbon emissions. 										
Society	Safe and healthy workplace	<ul style="list-style-type: none"> ● Regular employee health check ● Regularly implement occupational safety education and training courses to ensure that the Company provides a safe workplace for employees. ● Handle fire safety equipment maintenance and 										

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>declaration in accordance with regulations. The Company regularly hold fire safety drills to enhance the awareness of disaster prevention and disaster response capabilities of colleagues.</p> <p>Corporate governance</p> <p>Socioeconomic and legal compliance, enhancing the function of the board of directors.</p> <ul style="list-style-type: none"> ● Implement internal control mechanisms to ensure that company’s personnel and operations comply with laws and regulations. ● Plan training courses for directors to enhance the knowledge of the latest laws and regulations and systems. ● periodic communications between CPAs and the and audit managers and independent directors to strengthen corporate governance. 	

<p>III. Environmental issue</p> <p>(I) Does the Company establish proper environmental management system based on its industrial characteristics?</p>	<p>✓</p>	<p>(I) The Company's "Production Cycle" of internal control system has formulated environmental protection safety and sanitation rules in the regulations. The Company complies with the "Labor Safety and Health Act", "Pollution Control Act", "Air Pollution Control Act, "Noise Control Act" and other related laws and regulations. The Company's China subsidiary obtained ISO14001(note 1) "environmental management system certification" and ISO45001 (Note1) "Occupational Safety and Health Management Systems" Subsidiaries in China conduct multi-faceted management for environment and occupational safety and comply with domestic environmental, safety and health regulations to reduce the operation risks related to environmental protection.</p> <p>(Note 1) Object imported ISO14001 and ISO45001: Xiangyang Tradetool Parts and Henan Baoheyuan</p> <p>The Company's product manufacturing process includes a cleaning process. The cleaning agent used in the process avoids using of domestically or internationally controlled substances, such as ozone depleting substances, and replacing those substances with other less toxic substances to reduce the impact on the environment, and lower the possibility of exposing the operators to hazardous chemicals. The related domestic sewage is sent to the sewage treatment plant through pipelines.</p>	<p>No significant difference.</p>
<p>(II) Does the Company make effort in upgrading energy efficiency and using regenerated materials for mitigating the impact on the environment?</p>	<p>✓</p>	<p>(II) In order to integrate and promote the Company's environmental protection, safety and sanitation, energy saving and other related work, we are committed to improving the utilization efficiency of various resources and reducing the negative impact on the environment. In terms of environmental safety and health, we are committed to becoming a sustainable development enterprise.</p>	<p>No significant difference.</p>

<p>(III) Does the Company assess the potential risk and opportunity to the enterprise bring about by climate change, and take appropriate measures in responding to climate change issues?</p>	<p>✓</p>	<p>1. The Company has set up recycling bins for resource classification. The Company also advocates the social responsibility of recycling to employees from time to time.</p> <p>2. The Company also avoids the use of disposable culteries.</p> <p>3. The waste oil generated during the operation of the machine is treated by a waste disposal company with a qualified license commissioned bt the Company before being disposed of.</p> <p>(III) In the face of global climate risk issues, the Company's assessment of potential risks of climate change includes Rising price levels, which leads to an increase in raw material costs and production costs, extreme weather such as typhoons and floods, which cause operational interruptions, affect employees' lives, and supply interruptions from suppliers, greenhouse gas reduction and net-zero emission trends, which increase the company's operating costs. To reduce the aforementioned potential risks, the Company adopts the following adaption strategies, such as building solar photovoltaic systems and promoting energy-saving and carbon-reduction measures and development. Since 2018, the Company has voluntarily disclosed the status of carbon emissions and reviewed its carbon management capabilities. In 2022, the Company followed the ISO14064-1 standard procedures to conduct greenhouse gas inventory, data collection, and emission calculations in each factory, and passed the ISO14061-1 (Note 2) external verification company verification.</p> <p>(Note 2) The company obtained ISO14061-1 verification: Tradetool Auto Co., Ltd. and Tan De Technology.</p>	<p>No significant difference.</p>
<p>(IV) Does the Company keep statistical data on the greenhouse gas emission volume, water consumption capacity and weight of solid wastes in the past two years, and make</p>	<p>✓</p>	<p>(IV) The Company's greenhouse gas emissions, water consumption and total waste weight in 2022 and 2021 are as follows:</p> <p>1. Greenhouse gas :</p>	<p>No significant difference.</p>

policies of energy saving and carbon reduction, greenhouse gas reduction, efficient use of water or the management of solid wastes?

The Company conducted a greenhouse gas emissions inventory. The greenhouse gas inventory of each factory in Taiwan (Tradetool Auto Co., Ltd. and Tan De Technology) has passed the ISO14064-1 (greenhouse gas inventory) verification to ensure the accuracy of the inventory data.

Item	2022	2021
Scope 1	371.53	320.62
Scope 2	5,408.28	5,204.13

Unit: tonnes

2. Water consumption of the two years:

Unit: tonnes

Item	2022	2021
Tap water consumption	27,302	22,019

3. Total weight of waste for these two years :

Unit: tonnes

Item	2022	2021
General waste	34	26
General industrial waste	2,377	1,455

(Note) The above data of the Company includes statistical data of each subsidiary.

In response to the low-carbon environment, the Company continues to promote energy-saving and carbon-reduction related measures, including:

1. Energy-saving management and greenhouse gas reduction: Purchase equipment with environmental protection and energy-saving labels. Our factories only use the elevator when shipping goods, and takes the stairs at other times. Our offices and factories ceiling lamps use LED energy-saving lamps. We use sunshade curtains in sunny places to reduce solar radiation heat. We turn off lights in some public areas during lunch break and off-duty time, and promote the habit of turning off lights and

			<p>unplugging, only turning on the air conditioner/heater of the office when the room temperature is above 26 degrees / below 16 degrees. We install solar lighting and promote electronic processes towards paperless operation to reduce the use of paper and toner. Company vehicles are gradually being replaced by electric cars instead of gasoline cars.</p> <p>2. Water resource management :</p> <p>(1) The bathroom sinks use sensor faucets to save water resources.</p> <p>(2) The factory signed a user waste (sewage) water commissioned treatment contract with the Industrial Development Bureau, Ministry of Economic Affairs. The process wastewater and domestic sewage generated by the factory are both discharged to the sewage discharge facilities. To meet the emission standard, the commissioner sends personnel to the Company's factory to collect water samples for testing regularly.</p> <p>Under the premise of technology, economy and feasibility, the company promotes water saving, energy saving and pollution prevention and control and prevention work of the whole company. The Company includes these standards as annual reduction goals. review the performance of the year at every year-end, and set the goals for the next year.</p>	
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<p>IV. Social issues</p> <p>(I) Does the Company establish related policies and procedures in accordance with applicable legal rules and the International Conventions on Human Right?</p>	<p>✓</p>	<p>(I) In order to protect the rights and interests of all workers, the Company abides by the Labor Standards Act and related laws and regulations. The Company complies with various international human rights conventions such as the International Bill of Human Rights, The United Nations Global Compact, and the International Labor Organization Convention as the standards for internal management to safeguard the human rights of employees and discloses on the Company's website.</p>	<p>No significant difference.</p>
<p>(II) Does the Company establish and pursue reasonable employee benefit policies (including remunerations, leaves and other benefits), and reflect operation performance or result appropriated in the remuneration to employees?</p>	<p>✓</p>	<p>(II) The Company knows that the employees are the important assets of the company and provides a competitive overall salary system and multiple welfare measures. The relevant measures are as follows:</p> <ol style="list-style-type: none"> 1. Employees' remuneration: The Company's Articles of Association has stipulated that if there are profits in the year, no less than 2% and no more than 10% should be allocated as employee remuneration. The Remuneration Committee is in charge of setting up and reviewing the performance evaluation and policies, systems, and standards on remuneration to Directors and managers. 2. The Company and its subsidiaries have established performance appraisal measures and employee reward as well as punishment management measures to standardize remuneration and performance appraisal. In addition to determining the appropriate salary based on the employee's academic background, professional knowledge and skills, and seniority experience, aside from year-end bonus, the Company also distributes performance bonuses based on employee performance appraisal results. Employee remuneration will not vary due to factors such as gender, race, religion, marital status, political affiliation, etc. 	<p>No significant difference.</p>

<p>(III) Does the Company provide a safe and healthy environment for the employees at workplace, and provided education on safety and health at regular intervals?</p>	<p>✓</p>	<p>3. Employee welfare measures: The company has set up an employee welfare committee, which is responsible for planning and providing various benefits for employees, such as marriage, childbirth, funeral subsidies, employee travel subsidies, and other welfare measures.</p> <p>(III) The Company and our affiliates provide good working environments and pay attention to employee safety and health education, and the relevant measures are as follows:</p> <ol style="list-style-type: none"> 1. During the new employee orientation, new employees are educated and trained on the working environment, safety regulations, etc. so they know more about the hazards and dangers that may occur in their working environment. For current employees, the factory sets up occupational safety and health training personnel to give occupational safety education training course regularly, to make sure that we provide a safe working environment for employees. 2. The factory handles the maintenance and declaration of fire safety equipment in accordance with the regulations. It regularly holds fire safety drills to enhance employees' disaster prevention awareness and disaster response capabilities. 3. The Company and its affiliated companies have strict access control, and are equipped with 24-hour guards. The Company implements regular security inspections to prevent illegal personnel from entering, and make sure the personal safety protection of each office area and factory. 	<p>No significant difference.</p>
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		<p>4. For factory machinery and equipment, regular inspections are conducted to confirm that the relevant equipment is operating normally. Relevant operators are required to wear earplugs, goggles, gloves and steel-toed shoes to ensure work safety. A total of 14 occupational accidents occurred in the Company and its subsidiaries in 2022, accounting for 3.19% of the total number of employees in the group. When an accident occurs, an investigation team will be organized by the personnel of the environmental safety and relevant departments of each factory to discuss and review the cause of the accident and issue an accident investigation report. For occupational accidents, in addition to strengthening employee safety propaganda and education and training, protective fences are also added to areas where accidents occur for effective protection.</p> <p>5. The Company's subsidiaries China (Xiangyang Yuanchuang and Henan Baoheyuan) have obtained ISO45001:2018 Occupational health and safety management systems certification.</p>	
<p>(IV) Does the Company establish effective career development planning and training program for the employees?</p>	<p>✓</p>	<p>(IV)The Company plans an "education and training plan" every year according to the needs of employees' capabilities. The training courses include orientation training, professional capacity training, etc., to help employees improve their skills.</p>	<p>No significant difference.</p>
<p>(V) Regarding customer health and safety, customer privacy, marketing and labeling of product and services, dos the Company complied with applicable legal rules and international standards, and established the policies for the protection of consumer or customer rights and procedure for complaints?</p>	<p>✓</p>	<p>(V) The Company implements the IATF quality system to ensure quality and environmental protection. And the Company will carry out labeling and other operations according to customer's Green Products Standard(GP), to comply with relevant laws and regulations and international standards. The Company and its affiliates attach importance to the maintenance of customer relationship, and</p>	<p>No significant difference.</p>

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(VI) Does the Company establish policies for the management of suppliers and required suppliers to comply with applicable rules and regulations governing environmental protection, occupational safety and health, or human rights of the labor, and the pursuit of these policies?	✓		<p>provide relevant operating procedures to handle customer complaints. We put emphasis on product quality and consumer rights, with written regulations on "Customer Complaint Handling Procedures" to try to solve and deal with customer complaints as soon as possible. If customers have comments or complaints, they can submit their opinions through the "Stakeholders Zone" on the Company's website. For accepted cases, the Company handles them in accordance with relevant regulations and procedures.</p> <p>(VI)The Company maintains good interactive relationships with suppliers, and safeguard the reasonable rights and interests of both parties on the basis of mutual trust and reciprocity. The Company established a "supplier management program" to ensure that the supplier's delivery date, quality and price meet the Company's needs. The materials entering the Company premises comply with national laws and regulations and the Company's own safety and health requirements. The Company has implemented procedures to require suppliers to provide certificates related to the environment; the transaction will be terminated if one fails to provide any certificate.</p>	No significant difference.

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>When our factory purchases raw materials, we regularly obtain external inspection reports, SDS safety data sheets, etc. from suppliers. In this way, we can make sure the products do not contain hazardous ingredients.</p> <p>The relationship between the Company and suppliers upholds the principle of good faith and mutual benefit. Therefore, there is no mention in the contract of violating the relevant clauses of the corporate social responsibility policy. We will consider improving corporate social responsibility together by cooperating with suppliers at appropriate timing.</p>	
V. Does the Company consult the internationally adopted standard or guide in compiling its Sustainability Report for disclosure of non-financial information on the Company? Has the aforementioned reports been accredited or guaranteed by a third party accreditation institution?		✓	The Company will disclose the implementation of advocating sustainability development.	The Company has not yet complied with the Code of Practice for Sustainable Development of Listed OTC Companies has not yet meet Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies. We will conduct reviews and make continuous improving.
VI. If the Company has established the Sustainable Development Best Practice Principles in accordance with the “Sustainable Development Best Practice Principles for TWSE Listed and TPEX Listed Companies”, specify the variation between the practice and the principles: The Company has not yet established the Sustainable Development Best Practice Principles.				
VII. Any other vital information that helps to under the pursuit of sustainability better: None.				

(VI) Practice of ethical corporate government and the variation with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Items	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies
	Yes	No	Summary explanation	
I. Establishment of the ethical corporate management policy and action plans				
(I) Does the Company make policies of ethical corporate management passed by the board, and explicitly stated the ethical corporate management policy and related action plans, and the commitment of the Board and the senior management in the proper pursuit of the ethical corporate management policy?	✓		(I) The Company has stipulated the "Corporate Governance Best Practice Principles", "Codes of Ethical Conduct" and "Integrity Management Operation Procedures and Guidelines for Conduct" which have been approved by the board of directors. The contents clearly set forth the ethical corporate management policies to advocate to the board of directors, management and employees, all of which can uphold the principle of integrity.	No significant difference.
(II) Does the Company develop the mechanisms for the assessment of the risk of unethical practices, and conducted analysis and assessed the kind of business activities vulnerable to the risk of unethical practices within the scope of operation at regular intervals, and mapped out the solution for preventing such practices covering at least the preventive measures as stated in Paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies"?	✓		(II) The Company's "Corporate Governance Best Practice Principles" includes the preventive measures under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies". All employees are required to uphold the principle of faith when conducting business dealings, and suppliers or other partners are asked to engage in transactions with honesty. In the event of any failure to comply with the principle, the Company will immediately report and disclose it on the Company's website after verification.	No significant difference.

Items	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies
	Yes	No	Summary explanation	
(III) Does the Company map out the solution for preventing unethical practices, and specified the operation procedures, code of conduct, penalty on violation and the system for complaints in the solutions, and properly implemented the plans with routine review and revision of the aforementioned solutions	✓		(III)The Company has formulated the related regulations, such as “Procedures for Ethical Management and Guidelines for Conduct”, “Measures for the Report on Illegal, Unethical and Dishonest Conducts” that dishonest behaviors, such as offering or taking bribes, engaging in fraud to make profit, and insider trading, are prohibited. The Company has set up a clear disciplinary system, and promote information to employees on a regular basis.	No significant difference.
II. Practice of ethical corporate management				
(I) Does the Company assess the record of integrity on the counterparties of trade, and explicitly stated the integrity clause in the contracts binding the counterparties and the Company?	✓		(I) The Company's trading partners have any records of dishonest behavior. The Company will perform due diligence and evaluation before engaging in transactions to avoid dishonest behavior that damages the Company's rights and interests.	No significant difference.
(II) Does the Company establish a designated body charged with the advocacy of business integrity under ethical corporate management on a full-time (part-time) basis under the direct supervision of the Board, and report to the Board of the ethical corporate management policy and the plans for prevention of unethical practices with monitoring on the enforcement of the plans at regular intervals (at least once a year)?	✓		(II) The Company is currently a part-time unit that is responsible for promoting corporate ethical governance by the general manager's office. The auditing unit is responsible for supervising the implementation and reporting the implementation of integrity management to the board of directors once a year. It reported to the board of directors the 2022 implementation of ethical governance on November 11, 2022. The contents of implementation include:	No significant difference.

Items	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies
	Yes	No	Summary explanation	
(III) Does the Company establish the policies for the prevention of the conflict of interest and appropriate channels for expression, and properly pursued these policies?	✓		<p>1. Promotion of Ethic Policy awareness and training.</p> <p>2. Establish an "Employee Opinion and Complaint Mailbox" for employees and related personnel to report any improper behaviors. In 2022, we did not receive any complaint.</p> <p>(III) The Company has set forth policies for the prevention of conflict of interest and provided appropriate channels to voice opinions and implement the policies strictly.</p> <p>1. The Company has expressly provided in the "Corporate Governance Best Practice Principles" and "Regulations Governing Procedure for Board of Directors Meetings" that directors, supervisors, managers and other interested parties who attend or are present at the board meeting shall not use their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children or others. Those who submit proposals on the board meeting agenda that may benefit themselves or the juridical person they represent which may cause harm to the interests of the Company may state their opinions and answer questions, but will not participate in discussion or voting.</p>	No significant difference.

<p>(IV) For the proper pursuit of ethical corporate management, has the Company established an effective accounting system and internal control system, with related audit plans designed by the internal audit function on the basis of the findings of the assessment on the risk of unethical practices basing on which audit on prevention of unethical practice will be conducted, or CPAs will be delegated for conducting the audit?</p>	<p>✓</p>		<p>2. The Company has expressly provided in the “Management of Employee Integrity” and “Social Responsibility and Business Ethics Management Regulations” that employees shall strictly abide by the code of conduct for recusing oneself to avoid conflict of interests.</p> <p>(IV) The Company has set up effective accounting system and internal control system. The Company has no overseas accounts or secret accounts, and shall review the system at any time to ensure that the design and implementation of the system continue to be effective. The Company has established an audit unit under the Company's board of directors to perform internal audits. Auditors interview relevant personnel and collect relevant supporting materials when inspecting information related to integrity management. The Company appoints an accounting firm to conduct financial and tax compliance audit. Also, the Company conducts internal control tests for the Company to evaluate the effectiveness of the implementation of the internal control system.</p>	<p>No significant difference.</p>
<p>(V) Does the Company organize internal and external training on ethical corporate management at regular intervals?</p>	<p>✓</p>		<p>(V) The Company promotes employee integrity and asks employees to sign the "Employee Integrity Guarantee" during the employee orientation when they first join the Company, so the employees are able to understand more about the Company’s ethical policies and complaint channels. A total of 6 hours of education and training on integrity management have been arranged in 2022.</p>	<p>No significant difference.</p>

Items	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies
	Yes	No	Summary explanation	
<p>III. The functioning of the informing and complaint system of the Company</p> <p>(I) Does the Company establish the informing and complaint system and channels for facilitating informing and complaint, and appointed designated personnel to appropriately handle the personnel accused of unethical practice?</p>	✓		<p>(I) The Company has stipulated whistleblowing and reward measures in the “Anti-corruption and Bribery and Moral Improvement Measures”.</p> <p>Depending on the object of the whistleblowing, the General manager or the Director of the factory affairs department is the dedicated person in charge of handling whistleblowing. The Company has provided whistleblowing channels on the Company’s website. The identity of whistleblower and the contents of whistleblowing are kept confidential. For those who violate the ethical conduct, depending on the seriousness of the case, punishment or dismissal will be given in accordance with relevant laws or "Reward and Punishment Management Measures”, or deal with the whistleblowing through the court system.</p>	No significant difference.
<p>(II) Does the Company establish the standard operation procedure for processing reports and complaints, the actions to be taken after the investigation, and the mechanisms of confidentiality?</p>	✓		<p>(II) The Company has set up standard operating procedures for the investigation of reported matters and the follow-up measures to be taken after the investigation is completed and related confidentiality mechanisms in “Integrity Management Guidelines”.</p>	No significant difference.
<p>(III) Does the company take measures to protect whistleblowers from being improperly dealt with due to whistleblowing?</p>	✓		<p>(III) The Company has promised to protect the whistleblowers from being improperly treated due to the whistleblowing, which is stipulated in Article 21 of the “Procedures for Ethical Management and Guidelines for Conduct”.</p>	No significant difference.

Items	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies
	Yes	No	Summary explanation	
IV. Improve information disclosure (I) Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?	✓		(I)The Company’s website: http://www.tradetools.com.tw The Company has disclosed the content of our Ethical Corporate Management Best Practice Principle. No record on violation of ethical corporate management by the Company.	No significant difference.
V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies”, specify the practice and variation from the principles: No significant difference.				
VI. Any other vital information that help to understand the practice of ethical corporate management better: (e.g.: review and revise the Ethical Corporate Management Best Practice Principles): Regularly arrange Directors to participate in relevant corporate governance courses to enhance their supervision and governance Capabilities. Improve the effectiveness of corporate governance and the implementation of honest management.				

(VII) If the Company has stipulated Corporate Governance Principles and related rules and regulations, the inquiry of those regulations should be disclosed:

1. The Company has established in accordance with relevant laws and regulations “Procedures for Handling Material Inside Information”, “Rules of Procedure for Shareholders Meetings”, “Procedures for Acquisition or Disposal of Assets”, “Procedures for Endorsement and Guarantee”, “Procedure for Lending Funds to Other Parties”, “Codes of Ethical Conduct”, “Remuneration Committee Charter”.
2. Inquiry means: The Company’s website: <http://www.tradetools.com.tw>

(VIII) Any other vital information that helps to understand the pursuit of corporate governance by the Company better: None.

(IX) Internal Control System Execution Status

1. Statement of Internal Control System

Tradetool Auto Co., Ltd.
Statement of Internal Control System



March 2, 2023

Based on the findings of a self-assessment, Tradetool Auto Co., Ltd. states the following with regard to its internal control system during the year 2022:

- I. Tradetool Auto Co., Ltd.'s board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Tradetool Auto Co., Ltd. takes immediate remedial actions in response to any identified deficiencies.
- III. Tradetool Auto Co., Ltd. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations
- IV. Tradetool Auto Co., Ltd. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations
- V. Based on the findings of such evaluation, Tradetool Auto Co., Ltd. believes that, on 31 December 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations
- VI. This Statement is an integral part of Tradetool Auto Co., Ltd.'s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law
- VII. This Statement was passed by the Board of directors in their meeting held on 2 March 2023, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Tradetool Auto Co., Ltd.

Chairman: Chiang, Kai-Liang



General manager: Chang, Ming-Hung



2. If a CPA is appointed to conduct a dedicated audit on the internal control system, disclose the Auditor's Report: None.

(X) The Company and insiders were punished under the law, or punished due to the violation of internal control system by insiders in the previous period to the date this report was printed, the major defect and the status of rectification: None.

(XI) Major resolutions of the Shareholders' Meetings and the Board in the previous period to the date this report was printed:

Date	Major resolutions	Resolution result/Implementation status																																
2022/05/30	<p>Acknowledgments:</p> <ol style="list-style-type: none"> Acknowledged the proposal of the business report and financial report of 2021. Acknowledged the proposal of the appropriation of retained earnings of 2021. <p>Discussion items:</p> <ol style="list-style-type: none"> Discussion on the revision to “Articles of Incorporation” of the Company. Discussion on the revision to “Operational Procedures for Endorsements/Guarantees” of the Company. Discussion on the revision to ”Operational Procedures for Loaning Funds to Other”. Discussion on the revision to ” Regulations Governing the Acquisitionand Disposal of Assets” of the Company. Discussion on the revision to “Rules of Procedure for ShareholderMeetings”. Discussion on the revision to “Regulation Governing the Remuneration to Directors and Supervisors” <p>Election: The Company reelected all the directors.</p> <p>Other matters: 1.Lifted the restriction on the non-competition of new directors.</p>	<p>Approved the resolution. In accordance with the resolution of the shareholders' meeting, the Company retained all the distributable surplus and would not distribute dividends in 2021.</p> <p>Approved the resolution. Approved the resolution.</p> <p>Approved the resolution.</p> <p>Approved the resolution.</p> <p>Approved the resolution. Approved the resolution.</p> <p>List of elected directors:</p> <table border="1" data-bbox="1400 895 2114 1358"> <thead> <tr> <th>Candidate</th> <th>Voting</th> <th>Election status</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>Fu Ya Investment Ltd. Representative: Chiang, Kai-Liang</td> <td>121,144,872</td> <td>v</td> <td></td> </tr> <tr> <td>Chang, Ming-Hung</td> <td>48,734,215</td> <td>v</td> <td></td> </tr> <tr> <td>Lin, Sheng-Chieh</td> <td>44,813,970</td> <td>v</td> <td></td> </tr> <tr> <td>Ai Po Investment Ltd.</td> <td>44,489,934</td> <td>v</td> <td></td> </tr> <tr> <td>Chen, Chun-Mao</td> <td>36,493,679</td> <td>v</td> <td>Independent director</td> </tr> <tr> <td>Liu,De-Shou</td> <td>26,345,480</td> <td>v</td> <td>Independent director</td> </tr> <tr> <td>Lin,Yun-Shan</td> <td>25,748,164</td> <td>v</td> <td>Independent director</td> </tr> </tbody> </table> <p>Approved the resolution.</p>	Candidate	Voting	Election status	Remark	Fu Ya Investment Ltd. Representative: Chiang, Kai-Liang	121,144,872	v		Chang, Ming-Hung	48,734,215	v		Lin, Sheng-Chieh	44,813,970	v		Ai Po Investment Ltd.	44,489,934	v		Chen, Chun-Mao	36,493,679	v	Independent director	Liu,De-Shou	26,345,480	v	Independent director	Lin,Yun-Shan	25,748,164	v	Independent director
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Date	Term of the board	Resolutions
2022/01/25	The 1 st meeting in 2022	<ol style="list-style-type: none"> 1. Approved the Company's 2022 operations plan and budget. 2. Approved(proposed by the Remuneration Committee) the amount of Chairman's year-end bonus of 2021. 3. Approved(proposed by the Remuneration Committee) the amount of managers' year-end bonus of 2021. 4. Discussion on the Company considered to reduce the shareholding ratio of Tan De Tech Co., Ltd. due to strategic alliance, there was no resolution on the discussion. 5. Approved adding the endorsement guarantee for the subsidiaries Xiangyang Tradetool Automobile Parts Co., Ltd.and Henan Baoheyuan Auto Parts Co., Ltd. 6. Approved the Company's "Procedures and policies on risk management" .
2022/03/14	The 2 nd meeting in 2022	<ol style="list-style-type: none"> 1. Approved(proposed by the Remuneration Committee) the Company's 2021 remuneration to employees , Directors, and Supervisors. 2. Approved(proposed by the Remuneration Committee) the Company's employee remuneration to manages. 3. Passed(proposed by the Remuneration Committee) the Company's 2021 remuneration to individual Director and Supervisor. 4. Approved the Company's 2021 Statement of Internal Control System. 5. Approved the Company's 2021 financial statement (Parent Only Financial Statements and Consolidated Financial Reports" included) and the manuscript of Audit Report by an independent certified public accountant. 6. Approved the Company's 2021 Business Report. 7. Approved the Company's 2021 surplus distribution. 8. Approved the Company's Articles of Incorporation. 9. Approved the Company's "Procedures for Endorsement and Guarantee". 10. Approved the Company's "Procedure for Lending Funds to Other Parties and or Guarantee". 11. Approved the revision to the Company's "Procedures for Acquisition or Disposal of Assets". 12. Approved the revision to the Company's "Rules of Procedure for Shareholders Meetings". 13. Approved(proposed by the Remuneration Committee) the revision to the Company's "Directors' Remuneration and Remuneration Management Measures". 14. Approved the revision to the Company's(proposed by the Remuneration Committee) "Employee Remuneration Management Measures". 15. Approved(proposed by The Remuneration Committee) the attendance fee for the next term of independent directors of the Company to attend the functional committee. 16. Approved the Company's re-election for Directors. 17. Approved the removal of non-competition restrictions for new Directors. 18. Approved the liability insurance contract for Directors, Supervisors and managers. 19. Approved the Company's reduction on the shareholding ratio of Tan De Tech Co., Ltd. due to strategic alliance considerations. 20. Approved the convening of 2022 Shareholders' Meeting.

Date	Term of the board	Resolutions
		21. Discussion on the nomination list of 7 Directors (including 3 Independent Directors) candidates for the 2022 Shareholders' Meeting, and there was no resolution to the discussion. 22. Approved the endorsements and guarantees for Henan Baoheyuan Auto Parts Co., Ltd. and reducing Xiangyang Tradetool Automobile Parts Co., Ltd. 23. Approved the proposal of the Company planning to provide loaning of funds to the subsidiary Xiangyang Tradetool Automobile Parts Co., Ltd.
2022/04/15	The 3 rd meeting in 2022	1. Approved the nomination list of 7 Directors (including 3 independent Directors) candidates for the 2022 Shareholders' Meeting. 2. Approved the ratification of dismissal of managers of the Company. 3. Approved the revision to the Company's "Rules of Procedure for Shareholders Meetings".
2022/05/12	The 4 th meeting in 2022	1. Approved the financing from financial intuitions. 2. Approved the endorsements and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd. and Henan Baoheyuan Auto Parts Co., Ltd.
2022/05/30	The 5 th meeting in 2022	1. Passed the appointment of the chairman.
2022/08/08	The 6 th meeting in 2022	1. Approved (proposed by The Audit Committee) the Company's consolidated financial reports for Q2. 2. Approved (proposed by The Audit Committee) the Company's the Company's financial statement and the assessment of the independence and competence of CPAs. 3. Approved (proposed by The Audit Committee) the revision to the Company's "Internal Audit Implementation Rules". 4. Approved (proposed by The Audit Committee) the revision to the Company's "Internal Control Self-assessment Process. 5. Approved (proposed by The Audit Committee) the revision to the Company's "Rules Governing Financial and Business Matters Between Affiliated Companies". 6. Approved (proposed by The Audit Committee) the revision to the Company's "Regulations Governing Transactions with Related Parties". 7. Approved (proposed by The Audit Committee) the revision to the Company's "Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates." 8. Approved (proposed by The Audit Committee) the revision to the Company's "Budget Management System". 9. Approved (proposed by The Audit Committee) the revision to the Company's "Regulations Governing Financial Statements Preparation Process". 10. Approved (proposed by The Audit Committee) the revision to the Company's "Codes of Ethical Conduct". 11. Approved (proposed by The Audit Committee) the revision to the Company's "Ethical Corporate Management Best Practice Principles". 12. Approved (proposed by The Audit Committee) the revision to the Company's "Code of Conduct and Ethical Operating Procedures". 13. Approved the revision to the Company's "Regulations Governing Procedure for Board of Directors Meetings". 14. Approved the revision to the Company's "Audit Committee Charter".

Date	Term of the board	Resolutions
		15. Approved the revision to the Company’s “Rules Governing the Exercise of Rights and Participation in Resolutions by Juristic Person Shareholders With Controlling Power”. 16. Approved the revision to the Company’s “Internal Personnel New Appointment (Resignation) Information Declaration Operation Procedure”. 17. Approved (proposed by The Audit Committee) the endorsements and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd. 18. Approved (proposed by The Audit Committee) the Company’s loan of funds to its second-tier subsidiary, Henan Baoheyuan Auto Parts Co., Ltd. of CNY15,000,000. 19. Approved the appointment of new committee member to the Company’s 5 th Remuneration Committee. 20. Approved the dismissal of the Company’s managers.
2022/11/11	The 7 th meeting in 2022	1. Approved (proposed by The Audit Committee) the Company’s consolidated financial reports for Q3. 2. Approved (proposed by The Audit Committee) the Company’s audit plan for 2023. 3. Approved (proposed by The Audit Committee) the revision to the Company’s accounting system. 4. Approved (proposed by The Audit Committee) the revision to the Company’s electronic computer processing cycle. 5. Approved (proposed by The Audit Committee) the revision to the Company’s “Remuneration Committee Charter”. 6. Approved (proposed by The Audit Committee) the revision to the Company’s “Regulations Governing Cases of Reporting Illegal and Unethical Integrity Behaviors.” 7. Approved the revision to the Company’s “Standard Operating Procedures for Handling Requests Made by Directors”. 8. Approved the revision to “Rules Governing the Scope of Powers of Independent Directors”. 9. Approved the revision to “Corporate Governance Best-Practice Principles”. 10. Approved the revision to “Procedures for Handling Material Inside Information”. 11. Approved the revision to “Regulations Governing Procedure for Board of Directors Meetings”. 12. Approved the changes in the Company’s managers. 13. Approved allowing managers to lift the restriction on non-competition. 14. Approved the remuneration to managers.
2022/12/15	The 8 th meeting in 2022	1. Approved (proposed by The Audit Committee) the endorsements and guarantees for Xiangyang Tradetool Automobile Parts Co., Ltd.
2023/01/12	The 1 st meeting in 2023	1. Approved (proposed by The Remuneration Committee) the amount of 2022 year-end bonus to the chairman. 2. Approved (proposed by The Remuneration Committee) the amount of 2022 year-end bonus to the managers. 3. Approved (proposed by The Audit Committee) the Company’s plan of loaning funds to its second-tier subsidiary, Henan Baoheyuan Auto Parts Co., Ltd. of CNY7,200,000 (or other equivalent currency).
2023/03/02	The 2 nd meeting in 2023	1. Approved the Company’s 2023 operations plan and budget. 2. Approved (proposed by the Remuneration Committee) the Company’s 2022 remuneration to employees who are managers. 3. Approved (proposed by the Audit Committee) the Company’s 2022 Statement of Internal Control System. 4. Approved (proposed by the Audit Committee) the Company’s 2022 financial statement (Parent Only Financial Statements and Consolidated Financial Reports included) and the manuscript of Audit Report by an independent certified public

Date	Term of the board	Resolutions
		<p>accountant.</p> <ol style="list-style-type: none"> 5. Approved (proposed by the Audit Committee) the Company's 2022 Business Report. 6. Approved (proposed by the Audit Committee) the Comapny's 2022 loss off-setting proposals. 7. Approved (proposed by the Audit Committee) the Company's replacement of certified accountants due to internal adjustments and rotations. 8. Approved (proposed by the Audit Committee) the assessment of independence and suitability the Company's certified accountants for financial statement. 9. Approved (proposed by the Audit Committee) amendment of "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company. 10. Approved (proposed by the Audit Committee) amendment of "Budget Management System" of the Company. 11. Approved (proposed by the Audit Committee) establishment of "approval of general principles in certified accounting firm non-assurance service policy in advance." of the Company. 12. Approved amendment of "Corporate Governance Best Practice Principles" of the Company. 13. Approved directors and managers liability insurance contract. 14. Approved the convention of 2023 regular shareholders' meeting. 15. Approved (proposed by the Audit Committee) increase in endorsement / guarantee for Henan Baoheyuan Auto Parts Co., Ltd. decrease in endorsement / guarantee for Xiangyang Tradetool Auotomobile Parts Co., Ltd..

(XII) Adverse opinions from the Directors or Supervisors over the resolutions of the board on record or in written declaration, in the previous period to the date this report was printed, and the summary of the content: None.

(XIII) The resignation or dismissal of related personnel of the Company (including the Chairman, general manager, chief accounting officer, chief financial officer, head of internal audit, head of corporate governance, and head of R&D) in the previous period to the date this report was printed: None.

V. Information on Fee for CPAs Service

Unit: NTD(in thousands)

Name of CPA firm	Name of CPA	CPA Audit period	Auditing fee	Non-auditing fee (Note)	Total	Remarks
EY	Huang, Yu-Tin	2022/01/01~2022/12/31	1,120	270	1,390	-
	Huang, Tzu-Ping					

(Note) : The non-auditing fee refers to tax compliance audit fees and English translation fees.

(I) If the amount of the non-audit fees paid to the CPAs, accountants' firm, and its affiliates is more than a quarter of the audit fee, the amount of audit fee and non-audit fee, and the contents of non-audit services should be stated: None.

(II) If the accounting firm was replaced and if the audit fees paid for the fiscal year in which such replacement took place are lower than those for the previous year: None.

(III) If the auditing fee reduced by more than 10% from the same period of the previous year: None.

VI. Information on Replacement of CPAs : None.

VII. In Case where the Chairman, General Manager or Manager Responsible for Financial or Accounting Matters of the Company, who has Worked for the Firm of the CPA or its Affiliated Companies in the Most Recent Year: None.

VIII. Transfer of Shareholding and Pledge of Shareholding by Directors, Supervisors, Managers and Shareholders Holding More Than 10 Percent of the Shares During the Latest Year and up to the Date of Printing of the Annual Report

(I) Changes in shareholding of Directors, Supervisors, managers, and major shareholders

Unit: Shares

Title	Name	2022		From 2023 as of April 2	
		Holding Increase (Decrease)	Pledged Holding	Holding Increase (Decrease)	Pledged Holding
			Increase (Decrease)		Increase (Decrease)
Chairman	Fu Ya Enterprise Co., Ltd.	0	0	0	0
	Representative: Chiang, Kai-Liang	0	0	0	0
Director	Chang, Ming-Hung (Note 1)	(10,000)	0	0	0

Title	Name	2022		From 2023 as of April 2	
		Holding Increase (Decrease)	Pledged Holding	Holding Increase (Decrease)	Pledged Holding
			Increase (Decrease)		Increase (Decrease)
Director	Li, Chao-Pei (Note 2)	(1,198,000)	0	0	0
Director	Lin, Sheng-Chieh (Note 3)	0	0	0	0
Director	Ai Po Technology Co., Ltd.	(1,852,000)	0	0	0
	Representative: Chiang, Ming-Huang (Note 4)	0	0	0	0
Independent director	Wei, Che-Chen (Note 5)	0	0	0	0
Independent director	Chen, Chun-Mao	0	0	0	0
Independent director	Liu, Te-Shou (Note 6)	0	0	0	0
Independent director	Lin, Yun-Shan (Note 6)	0	0	0	0
Supervisor	Ai Po Technology Co., Ltd.	(1,852,000)	0	0	0
	Representative: Wu, Wen-Hsuan (Note 7)	0	0	0	0
General manager	Chang, Ming-Hung	(10,000)	0	0	0
Deputy general manager	Wang, Cheng-Wen	0	0	0	0
Deputy general manager	Wang, Tung-Yuan (Note 8)	0	0	0	0
Deputy general manager	Lai, Cheng-Zhi (Note 9)	0	0	0	0
Deputy general manager	Lin, San-Hsii	0	0	0	0
Deputy general manager	Tseng, Wu-Chin	0	0	0	0
Deputy general manager	Tseng, Wu-Chin	0	0	0	0
Deputy general manager	Dong, Kan (Note 10)	0	0	0	0
Senior manager	Wang, Pei-Fang	0	0	0	0
Major shareholders	Fu Ya Enterprise Co., Ltd.	0	0	0	0
Major shareholders	Ai Po Technology Co., Ltd.	(1,852,000)	0	0	0

(Note 1) Mr. Chang, Ming-Hung was originally the representative of the juridical director of Fu Ya Enterprise Co., Ltd. and was elected as an individual director after the complete re-election of the shareholders' meeting on May 30, 2022.

(Note 2) Mr. Li, Chao-Pei was discharged in advance after the complete re-election of the shareholders' meeting on May 30, 2022.

(Note 3) Mr. Lin, Sheng-Chieh was originally a supervisor, and was elected as an individual director after the complete re-election of the shareholders' meeting on May 30, 2022.

(Note 4) Mr. Chiang, Ming-Huang was originally a supervisor, and after a complete re-election at the shareholders' meeting on May 30, 2022, he became the representative of the juridical directors of Ai Po Technology Co., Ltd.

(Note 5) Mr. Wei, Che-Chen resigned on February 28, 2022.

(Note 6) Mr. Liu, Te-Shou and Ms. Lin, Yun-Shan were newly appointed after the complete re-election at the shareholders' meeting on 30 May 2022.

(Note 7) Mr. WU, WEN-HSUAN was discharged in advance after the complete re-election at the shareholders' meeting on May 30, 2022.

(Note 8) Mr. Wang, Tung-Yuan has resigned on May 11, 2022.

(Note 9) Mr. Lai, Cheng-Zhi has resigned on March 10, 2022.

(Note 10) Mr. Dong, Kan was appointed on October 26, 2022.

(II) Directors, Supervisors, managers, and major shareholders' shares trading with Related Parties: None.

(III) Directors, Supervisors, managers, and major shareholders' shares pledge with Related Parties: None

IX. The Top 10 Shareholders by Proportion of Shareholding are Related Parties, Spouse, Kindred within the 2nd Tier to One Another

April 2, 2023 Unit: Shares

Name	Current Shareholding		Spouse & Minors Shareholdings		Shares Held in the Name of a Third Party		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
Fu Ya Enterprise Co., Ltd. Representative: Chiang, Ming-Huang	18,344,076	23.05%	—	—	—	—	Ai Po Technology Co., Ltd. Chiang, Kai-Liang	The same chairman. Supervisor	—
Ai Po Technology Co., Ltd. Representative: Chiang, Ming-Huang	16,492,076	20.73%	—	—	—	—	Fu Ya Enterprise Co., Ltd. Chiang, Kai-Liang	The same Chairman. Supervisor	—
Hsu, Jih-Hsin	4,931,000	6.20%	—	—	—	—	—	—	—
Shengyi Investment Co., Ltd. Representative: Wang, Wei-Si	1,798,000	2.26%	—	—	—	—	—	—	—
Chen, Wen-Tang	1,716,000	2.16%	—	—	—	—	—	—	—
Li, Chao-Pei	1,487,000	1.87%	322,000	0.40%	—	—	—	—	—
Hong, Su-Zhen	1,106,000	1.39%	—	—	—	—	—	—	—
Chiang, Ke-Pei	533,000	0.67%	—	—	—	—	—	—	—
Chiang, Kai-Liang	528,000	0.66%	—	—	—	—	Chiang, Ming-Huang	First-degree relative	—
Hsu, Yun-Chi	515,000	0.65%	—	—	—	—	—	—	—

X. The Quantity of Shares Issued by Particular Investee Company Held Jointly by the Directors, Managers, and Direct or Indirect Controlled Entity of the Company, and the Proportion of Shares Under Joint Holding

April 2, 2023 Unit: thousand shares; %

Affiliated Enterprise (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Tan De Tech	12,908	51.63%	4,692	13.41%	17,610	50.32%
Jeng Shiang Samoa	50	100.00%	—	—	50	100.00%
Ching Way Anguilla	2,069	100.00%	—	—	2,069	100.00%
Success Horizon Global	10,682	100.00%	—	—	10,682	100.00%
Tradetool Green Energy	250	50.00%	5	1.00%	255	51.00%
Suzhou Tradetool	—	—	—	100.00%	—	100.00%
Xiangyang Tradetool Parts	—	—	—	100.00%	—	100.00%
Hunan Baoyuan	—	—	—	51.00%	—	51.00%
Henan Baoheyuan	—	—	—	51.00%	—	51.00%
Kaifeng Shengfayuan	—	—	—	100.00%	—	51.00%

Note: The Company adopted investment under equity method.

Chapter IV. Status of Fundraising

I. Capital Stock and Shares

(I) Sources of capital

1. History of share capital formation

April 2, 2023 Unit: 1,000 shares/ NTD (in thousands)

Month, year	Offering price (NTD)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares	Amount	Quantity of shares	Amount	Sources of capital	Non-cash investment in kind	Others
September, 1983	10	100	1,000	100	1,000	Share capital established	None	—
August, 1986	10	280	2,800	280	2,800	Cash capital increase of NTD1,800,000	None	—
June, 1988	10	500	5,000	500	5,000	Cash capital increase of NTD2,200,000	None	—
August, 1988	10	1,500	15,000	1,500	15,000	Cash capital increase of NTD10,000,000	None	—
May, 2005	10	3,300	33,000	3,300	33,000	Cash capital increase of NTD18,000,000.	None	Note 1
August, 2005	10	20,000	200,000	5,100	51,000	Cash capital increase of NTD18,000,000.	None	Note 2
August, 2005	13.48	20,000	200,000	8,954	89,539	Cash capital increase of NTD38,539,000.	None	Note 3
March, 2006	10	20,000	200,000	9,277	92,767	Cash capital increase of NTD2,648,000. Capitalization of capital reserve into new shares amounting to NTD580,000.	None	Note 4
September, 2006	11	20,000	200,000	10,286	102,858	Cash capital increase of NTD10,091,000.	None	Note 5
December, 2006	11.25	40,000	400,000	26,586	265,858	Cash capital increase of NTD163,000,000	None	Note 6
December, 2007	20	40,000	400,000	30,086	300,858	Cash capital increase of NTD35,000,000	None	Note 7
August, 2008	22	40,000	400,000	32,086	320,858	Cash capital increase of NTD20,000,000	None	Note 8
July, 2009	12.50	40,000	400,000	33,686	336,858	Cash capital increase of NTD16,000,000	None	Note 9
May, 2010	31.70	50,000	500,000	35,886	358,858	Private placement of cash capital increase of NTD22,000,000	None	Note 10
August, 2010	10.5	50,000	500,000	36,286	362,858	Conversion of employee share options into ordinary shares amounting to NTD4,000,000	None	Note 11
October, 2010	10.48	50,000	500,000	37,541	375,408	Conversion of employee share options into ordinary shares amounting to NTD12,550,000	None	Note 12
December, 2010	25.5	50,000	500,000	41,058	410,578	Cash capital increase of NTD35,170,000	None	Note 13

December, 2011	10	50,000	500,000	40,249	402,488	Reducing capital of NTD8,090,000 through cancellation of treasury shares	None	Note 14
October, 2013	10	50,000	500,000	40,449	404,488	Capitalization of restricted employee rights into new shares amounting to NTD2,000,000	None	Note 15
July, 2014	10	50,000	500,000	40,409	404,088	Reducing capital of NTD400,000 on cancellation of new shares with restricted staff rights recovered	None	Note 16
October, 2014	13.39	80,000	800,000	60,409	604,088	Private placement of cash capital increase of NTD200,000,000	None	Note 17
May, 2015	24.32	80,000	800,000	80,000	800,000	Private placement of cash capital increase of NTD195,912,000	None	Note 18
May, 2016	10	200,000	2,000,000	80,000	800,000	Raising authorized capital of NTD2,000,000,000	None	Note 19
April, 2017	10	200,000	2,000,000	79,995	799,950	Reducing capital of NTD50,000 on cancellation of new shares with restricted staff rights recovered	None	Note 20
July, 2017	10	200,000	2,000,000	79,990	799,900	Reducing capital of NTD50,000 on cancellation of new shares with restricted staff rights recovered	None	Note 21
January, 2022	10	200,000	2,000,000	79,574	795,740	Reducing capital of NTD4,160,000 through cancellation of treasury shares	None	Note 22

Note 1: Approved under Ministry of Economic Affairs, 20th June 2005, Letter No. 09432297020
Note 2: Approved under Ministry of Economic Affairs, 18th August 2005, Letter No. 09432687300
Note 3: Approved under Ministry of Economic Affairs, 2nd September 2005, Letter No. 09432755650
Note 4: Approved under Ministry of Economic Affairs, 1st May 2006, Letter No. 09532114370
Note 5: Approved under Ministry of Economic Affairs, 18th October 2006, Letter No. 09533004320
Note 6: Approved under Ministry of Economic Affairs, 5th January 2007, Letter No. 09631500670
Note 7: Approved under Ministry of Economic Affairs, 18th February 2008, Letter No. 09731736130
Note 8: Approved under Central Taiwan Science Park, 5th May 2008, Letter No. 0970017347
Note 9: Approved under Central Taiwan Science Park, 22nd July 2009, Letter No. 0980014652
Note 10: Approved under Ministry of Economic Affairs, 11th May 2010, Letter No. 09932026690
Note 11: Approved under Ministry of Economic Affairs, 23rd August 2010, Letter No. 09932487000
Note 12: Approved under Ministry of Economic Affairs, 22nd October 2010, Letter No. 09932744820
Note 13: Approved under Ministry of Economic Affairs, 23rd December 2010, Letter No. 09933010400
Note 14: Approved under Ministry of Economic Affairs, 19th December 2011, Letter No. 10032873780
Note 15: Approved under Ministry of Economic Affairs, 8th October 2013, Government Grant No. 10208452720
Note 16: Approved under Ministry of Economic Affairs, 8th October 2013, Government Grant No. 10307611500
Note 17: Approved under Ministry of Economic Affairs, 8th October 2014, Letter No. 10301205080
Note 18: Approved under Ministry of Economic Affairs, 13th May 2015, Letter No. 10401087220
Note 19: Approved under Ministry of Economic Affairs, 16th May 2016, Letter No. 10501096230
Note 20: Approved under Ministry of Economic Affairs, 13th April 2017, Letter No. 10601046100
Note 21: Approved under Ministry of Economic Affairs, 18th July 2018, Letter No. 10601097340
Note 22: Approved under Ministry of Economic Affairs, 17th January 2022, Letter No. 11101006620

2. Type of Stock

April 2, 2023 Unit: share

Share Type	Authorized share capital			Remark
	Issued Shares (Note)	Unissued shares	Total Shares	
Registered ordinary shares	79,574,000	120,426,000	200,000,000	Of which 3,000,000 shares were reserved for the conversion of subscription warrants, preferred shares featured subscription warrants, or corporate bonds featured subscription rights.

Note: The shares are listed at TPEX.

3. Information on the Shelf Registration System: Not applicable.

(II) Shareholder Structure

April 2, 2023

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Juridical person	Domestic Natural Persons	Foreign institutions & Natural Persons	Total
Number of Shareholders	—	1	43	7,629	12	7,685
Shareholdings	—	113,000	37,277,837	41,804,158	379,005	79,574,000
Shareholding Ratio	—	0.14%	46.85%	52.53%	0.48%	100.00%

(III) Dispersion of shareholding:

1. Dispersion of shareholdings in common shares

April 2, 2023
Nominal value per share: NTD10

Level of shareholding	Number of shareholders	Shareholding (Shares)	Percentage
1 to 999	4,532	26,387	0.03%
1,000 to 5,000	2,275	4,793,004	6.02%
5,001 to 10,000	383	3,081,523	3.87%
10,001 to 15,000	138	1,816,150	2.28%
15,001 to 20,000	86	1,598,000	2.01%
20,001 to 30,000	80	2,078,929	2.61%
30,001 to 40,000	38	1,371,298	1.72%
40,001 to 50,000	30	1,372,000	1.73%
50,001 to 100,000	56	4,205,818	5.29%
100,001 to 200,000	37	5,264,091	6.62%
200,001 to 400,000	13	3,423,000	4.30%
400,001 to 600,000	10	4,669,648	5.87%
600,001 to 800,000	0	0	0.00%
800,001 to 1,000,000	0	0	0.00%
1,000,001 and above	7	45,874,152	57.65%
Total	7,685	79,574,000	100.00%

2. Dispersion of shareholdings in preferred shares: Not applicable.

(IV) List of Substantial Shareholders:

April 2, 2023 Unit: share

Names of Substantial Shareholders	Shareholdings	Shares	Percentage
Fu Ya Enterprise Co., Ltd.		18,344,076	23.05%
Ai Po Technology Co., Ltd.		16,492,076	20.73%
Hsu, Jih-Hsin		4,931,000	6.20%
Shengyi Investment Co., Ltd.		1,798,000	2.26%
Chen, Wen-Tang		1,716,000	2.16%
Li, Chao-Pei		1,487,000	1.87%
Hong, Su-Zhen		1,106,000	1.39%
Chiang, Ke-Pei		533,000	0.67%
Chiang, Kai-Liang		528,000	0.66%
Hsu, Yun-Chi		515,000	0.65%

(V) Information on market price, net value, earnings, dividends per share and related information for the last two years:

Unit: NTD

Item		Year		As at 2 April 2023 (Note 2)	
		2021	2022		
Market price per share	Highest Market Price		47.50	38.85	23.55
	Lowest Market Price		18.90	18.25	
	Average Market Price		35.87	30.64	
Net Value per Share (Note 3)	Before Distribution		11.84	11.34	Not applicable
	After Distribution		11.84	11.34	
Earnings per Share	Weighted Average Shares (thousand shares)		79,574	79,574	
	Earnings per share	Before Adjustment	0.05	(0.75)	
		After Adjustment	0.05	(0.75)	
Dividend per Share (Note 1)	Cash Dividends		—	—	
	Stock Dividends	Stock Dividend from Retained Earnings	—	—	
		Stock Dividend from Capital Reserve	—	—	
	Accumulated Undistributed Dividends		—	—	
Analysis of return on investment	Price / Earnings Ratio		599.23	(36.34)	
	Price / Dividend Ratio		—	—	
	Cash Dividend Yield Rate		—	—	

Note 1: The loss off-setting proposal for 2022 has been approved by the Board of directors on March 2, 2023, but has not yet been resolved by the shareholders' meeting.

Note 2: The net value per share and earnings per share should be shown for the most recent quarter as at the date of printing of the annual report, which has not yet been reviewed by the CPA as at the date of printing of the annual report for the first quarter of 2023; the remaining columns should be shown for the current year as at the date of printing of the annual report.

Note 3: Net value per share (NTD) = (equity - non-controlling interests)/(number of common shares + number of preference shares (under equity) + number of shares approximately issued for prepayment (under equity) - number of treasury shares of the parent held by the parent and subsidiaries - number of equity shares to be cancelled)

(VI) Status of the Company's Dividend Policy and Implementation

1. Dividend policy:

In accordance with Article 26-1 of the Company's Articles of Incorporation, if there is any surplus in the annual balance of the Company, it shall first be set aside for tax purposes to cover accumulated tax losses, and then 10% shall be appropriated as legal reserve, except when the

legal reserve has reached the amount of the Company's paid-in capital. The Board of directors shall prepare an appropriation of earnings for distribution to the shareholders if there is any unappropriated earnings at the beginning of the period, and shall distribute the earnings in accordance with the Company's business situation and legal requirements.

The amount of dividends to be distributed is determined based on the Company's current year's earnings and accumulated retained earnings from previous years, taking into account the Company's profitability, capital structure and future operating requirements; Dividends will be paid in the form of stock dividends or cash dividends, depending on factors such as capital requirements and the dilution of earnings per share, and will be distributed at a rate of 10% to 80% of distributable earnings for the year, with cash dividends paid at a rate of no less than 20% of the amount of dividends paid for the year.

The aforementioned dividend distribution ratio is only a guideline in principle. The Company may determine the appropriate dividend policy based on the actual operating conditions of the year and take into account the capital budget planning for the following year.

2. Circumstances of the proposed distribution of dividends at the Shareholders' Meeting:

The company did not make a profit in 2022, and planned to give priority to making up for losses not to distribute dividends. The Company's net income after tax for fiscal 2022 was NTD59,812,044, after adding NTD25,688,192 in unappropriated retained earnings and deducting deficit yet to be compensated – at the end of 2022 NTD34,123,852, and proposed to cover the losses with NTD18,824,598 in legal reserve and NTD15,299,254 in special reserve. The loss to be made up after execution is NTD0.

3. Material changes expected to be made to the dividend policy: Not applicable.

(VII) The influence of the stock dividend proposed to this session of the Shareholder Meeting for release on the operation performance and earnings per share of the Company: Not applicable.

(VIII) Remunerations to employees, Directors and Supervisors:

1. The percentage and scope of remunerations to the employees, Directors and Supervisors of the Company as stated in the Articles of Incorporation:

If the Company has a profit for the year, it shall contribute not less than 2% and not more than 10% to the remuneration to the employees and not more than 3% to the remuneration to the Directors and Supervisors. However, the Company shall appropriate for covering carryforwards loss, where applicable. The aforementioned employees are paid in shares or cash, including employees of subsidiaries who meet certain criteria.

2. The basis for estimating the amount of remuneration to employees, Directors and Supervisors for the period, the basis for calculating the number of shares for remuneration to employees distributed in shares and the accounting treatment if the actual amount distributed differs from the estimated amount.

The company had net loss after tax in 2022, therefore, the employees' and directors' reward has not been estimated. If there is a difference between the actual distribution amount and the estimated amount, it will be dealt according to the change in accounting estimate, and it will be adjusted and recorded in the current year of the resolution of the shareholders' meeting.

3. Circumstances of distribution of remuneration approved by the Board:

(1) Amount of remuneration to employees and remuneration to Directors and Supervisors distributed in cash or shares:

The company had net loss after tax in 2022, therefore, the board of directors decided to make up for the loss first, and not to pay employees' and directors' reward.

(2) Amount of remuneration to employees distributed in shares and its proportion to the aggregate of the parent only or individual financial statements after tax and total remuneration to employees for the period: Not applicable.

4. The actual distribution of remuneration to employees, Directors and Supervisors in the previous year (including the number of shares distributed, the amount and the price of the shares), the difference between the distribution and the recognition of remuneration to employees, Directors and Supervisors, and the amount of the difference, the reasons for the difference and the treatment of the difference: None.

(IX) Buy-back of Treasury Stock (Repurchases already completed):

April 2, 2023

Buyback term	1 st in 2018
Purpose of buyback	Transfer of shares to employees
Buyback period	9 th November 2018 to 8 January 2019
Price range for buyback	28.95 to 45.15
Types and quantity of shares repurchased	Ordinary shares; 416,000 shares
Value of shares repurchased (in NT\$ thousands)	NTD17,887
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	83.20%
Shares sold/transferred	416,000 shares
Accumulated number of company shares held	0 share
Percentage of total company shares held (%)	0.00%

(Note) The Company has completed the cancellation of treasury shares on January 17, 2022.

II. Corporate Bonds
Not applicable.

III. Preferred Shares
Not applicable.

IV. Overseas Depository Receipts
Not applicable.

V. Employee Stock Option

(I) Status of the Company's outstanding employee share options and the impact on shareholders' equity: None.

(II) Names of managers and top ten employees who have acquired employee share options cumulatively as at the date of printing of the annual report and the status of acquisition: None.

VI. Restrictions on the Issue of New Shares of Employee Rights
None.

VII. Merger or Acquisition of Shares in Other Companies for the Issue of New Shares
None.

VIII. Information on the Implementation of the Capital Utilization Plan
None.

Chapter V. Operational Highlights

I. Business Content

(I) Business scope

1. Main areas of business operations

The Company's business content is recorded as follows according to the information registered by the Ministry of Economic Affairs:

C805050 Industrial Plastic Products Manufacturing

CC01040 Lighting Equipment Manufacturing

CC01080 Electronics Components Manufacturing

CC01110 Computer and Peripheral Equipment Manufacturing

CC01120 Data Storage Media Manufacturing and Duplicating

CE01030 Optical Instruments Manufacturing

CQ01010 Mold and Die Manufacturing

CD01030 Motor Vehicles and Parts Manufacturing

CD01040 Motorcycles and Parts Manufacturing

F113020 Wholesale of Electrical Appliances

F119010 Wholesale of Electronic Materials

F401010 International Trade

I501010 Product Designing

F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories

IG02010 Research and Development Service

H201010 Investment

ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue distribution

Unit: NTD (in thousands)

Item	Year	2022	
		Amount	Percentage (%)
Metal stamping parts		982,239	63.32
Injection Parts		412,638	26.60
Tooling		143,818	9.27
Others		12,624	0.81
Total		1,551,319	100.00

3. The Company's current products and items

The main business items of the Company are the manufacturing and sales of automotive optics

parts such as the light guide plates, frames, auto motive Lens, automotive lamp assembly, and welding parts, and the development and sales of relevant tooling.

4. New products development

- (1) New LED lighting devices for cars, motorcycles and electric bicycles
- (2) Development for the welding process of high strength steel plates
- (3) Increase the proportion of mass production of self-made stamping dies
- (4) Research and development of hot stamping process technology to cope with the supply of high strength steel plate components.

(II) Industry overview

1. Industry overview and development

(1) Automotive industry development:

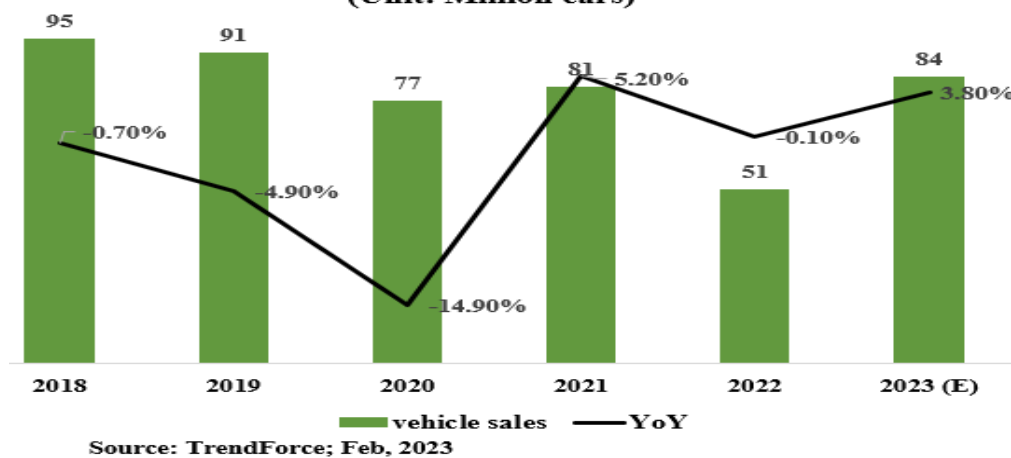
The global automotive industry has developed from the 19th century to the present, and the automotive industry is undergoing a revolution. Automobiles are developing rapidly in the direction of intelligence, comfort, energy saving and eco-friendly. However, in recent years, due to the fluctuation of international oil prices, the extension of automobile' service life, and the saturation of the automotive market, etc., the problem that the automotive industry facing now and in the future is how to improve performance, including the comfort of cars, energy saving and new energy for environmental protection, etc. to stimulate consumers to replace their cars. On the other hand, with the increasingly serious air pollution and oil shortage problems, governments all over the world are advocating the research on hybrid and electric vehicles.

The International Energy Agency (IEA) released the " Net Zero by 2050: A Roadmap for the Global Energy Sector " in 2021, pointing out that countries should stop selling internal combustion engine vehicles in 2035, and the proportion of electric vehicles in global car sales should increase to over 60% in 2030. By 2050, all cars on the roads of the world should be electric or fuel cell vehicles. The latest report of the investment institution PIPER SANDLER predicts that by 2040, more than 90% of global new car sales will be electric vehicles. According to the latest sales statistics, ROC's electric vehicles account for only 1.4% of new car sales, and electric vehicles account for less than 10% of new car sales. Obviously, it is challenging to keep up with international requirements in less than 10 years. All countries are expected to realize the transition to electric vehicle policies within 30 to 50 years. Even if gasoline vehicles cannot be completely eliminated, when the sales of electric vehicles account for 80, 90%, the scale and growth momentum of the entire electric vehicle market will be unlimited.

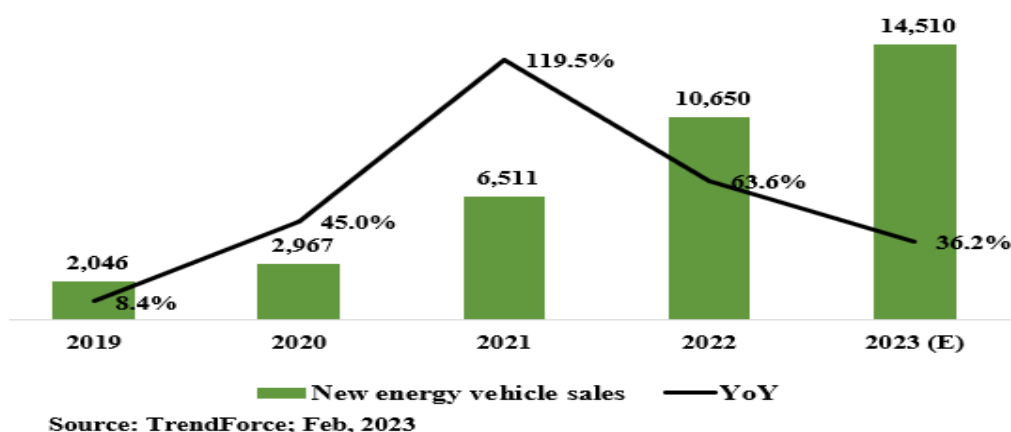
According to the statistics of TrendForce, global vehicle sales in 2022 will be 81.05 million vehicles, an annual decline of 0.1%, which is almost the same as in 2021. It is estimated that the global vehicle market sales will have a chance to resume growth in 2023, reaching 84.1 million vehicles, an annual increase of 3.8%. In 2022, the global sales volume of new energy vehicles (NEV), including battery electric vehicles, plug-in hybrid electric vehicles, and hydrogen fuel cell vehicles, reached approximately 10.65 million vehicles, with a annual growth of 63.6%. Among them, battery electric vehicles (BEV) accounted for 7.89 million vehicles, with a annual growth of 68.7%. The plug-in hybrid electric vehicles (PHEV) accounted for 2.74 million vehicles, with a growth of 50.8%. China and Western Europe are still the two major markets. However, the difference in market share continued to widen, with China accounting for 63% and Western Europe accounting for 29%. Looking ahead to this year, the sales of new energy vehicles are expected to continue to rise, with an estimated sales volume of 14.51 million vehicles, representing a annual growth of 36.2%. TrendForce also announced that the automotive production process will gradually improve in 2023, and the impact of the pandemic will recede. The increase in consumer demand for travel, work, and

other outdoor activities will be beneficial to car sales. New energy vehicles will still continue to rise, with sales estimated to reach 14.51 million vehicles in 2023, representing an annual growth of 36.2%.

Global car sales and annual growth rate from 2018 to 2023
(Unit: Million cars)



Global new energy car sales and annual growth rate from 2019 to 2023
(Unit: thousand cars):



In China's automotive market, according to China Association of Automobile Manufacturers, in 2022, the Chinese automotive market was also affected by the COVID-19 pandemic, fluctuating demand, tight supply of semiconductors, and rising raw material prices. However, the production and sales volume still reached 27.02 million and 26.86 million units respectively, representing a slight growth of 3.4% and 2.1% from the previous year, and maintained the position as the world's largest automotive market for 14 consecutive years. Regarding new energy, in 2022, the new energy vehicles continued to experience explosive growth, with production and sales reaching 7.058 million and 6.887 million vehicles respectively, representing an annual growth of 96.9% and 93.4%, and market share rises to 25.6%. This marks a gradual entry into a fully commercialized expansion period, welcoming the new development and growth stages for the industry. Additionally, under the promotion of China's strategy of expanding domestic demand and actively promoting the overall improvement of the economy through supporting policies, the China Association of Automobile Manufacturers (CAAM) predicts that the total sales volume of China's automobile market is expected to be 27.6 million vehicles, with an annual growth rate of about 3%. Among them, the sales of new energy vehicles are estimated to reach 9 million vehicles, with an annual growth rate of 35%, which help provide good business expansion opportunities for automobile-related suppliers.

(2) Automotive display panel industry:

The products developed and produced by the Company are light guide plates and frame for automotive liquid-crystal display backlight module, which are important components that affect optical efficiency. Liquid crystal display(LCD) is a non-luminous display device, which needs a backlight module to provide a uniform area light source for display. The backlight module is comprised of light-emitting diode (LED) 、light guide plates, diffuser, prism sheet, reflector, frame and other components. The function of light guide plates is to convert the point source of light emitted by the light-emitting diode into a uniformly luminous point source of light. Then atomize and adjust the perspective through other components, so that the backlight module can provides a uniform area light source for LCD. A light guide plate is a clear optical component and its optical structure is composed of millions of tiny structures, and has different density distributions depending on the distance from the light source to display a uniform area light source. Light guide plates and frame are produced by dies and injection molding machines.

Benefiting from the steady recovery of the global economy and the continuous improvement of car design specifications, the automakers not only improve safety, but put more emphasis on comfort and various entertainment devices. While pursuing differences, the automakers are making car interiors into more futuristic digital user experiences with displays. In this way, consumers can obtain more entertainment, information and media content on high-definition displays than ever. Few years ago, only luxury cars are available to be equipped with high-definition and large screen displays. Nonetheless, these high-quality displays have entered into the general RV market as panel prices drop and consumer demand increases with the decrease in panels. In addition, the automakers from different brands have started to increase the installation of high-definition displays, expecting to create more values. According to the survey from IHS, the main impetus for the development of automotive display systems is due to the improvement of technology and production capacity of the supply chain.

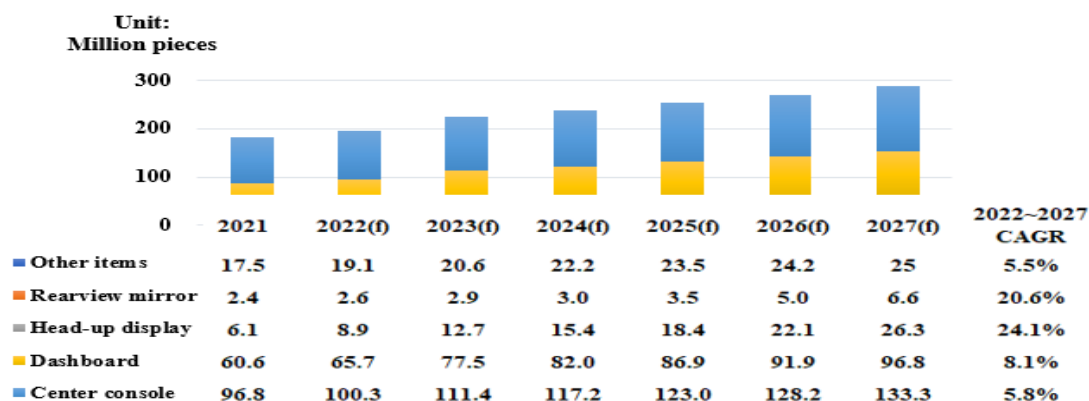
The automotive market has grown steadily in recent years, which has drawn various panel industries to actively enter the TFT-LCD automotive high-end panel product market that requires high technical thresholds. Moreover, these panel industries formed the design concept of integrating automotive panels with touch sensors and systems, which successfully attracted Japanese, European, American, Korean and China automakers to introduce and adopt the system.

In order to realize technological appearance and various smart service circumstances, the development of automotive panels can be regarded as the biggest change in recent years. Consumer demand for cars will gradually change from simple transportation tools to the so-called “third living space”. With the development of smart cockpit, the stimulation of electric vehicles and self-driving cars and as the number of panels installed on a single car continues to rise, the global market scale of automotive panels will increase from USD7.7 billion in 2021 to USD10 billion in 2024, with CAGR of 8.1%. The shipments will be dominated by the center console, followed by the dashboard. The panel specifications will develop in the direction of over 10 inches and higher definition. The manufacturers are actively developing integrated panel products at this stage, integrating the dashboard and the center console in driver’s seat and the entertainment panel in passenger seat in order to provide immersive experience for drivers. For example, Mercedes-Benz has announced a 56-inch cross panel consisting of a 12-inch digital dashboard, a 17.7-inch central touch screen, and a 12.3-inch passenger touch screen, making it the largest in the industry. BMW has announced a panel using integrated curved screen for the iDrive system, combining a 12.3-inch dashboard and a 14.9-inch central screen. The curved design provides drivers with a better visual experience and creates a progressive aesthetic that incorporates futuristic and ergonomic design.

With the development of the smart cockpit concept and the promotion of electric and self-

driving cars, the recovery of the automotive panel industry is much faster than that of the overall automobile industry. According to a DIGITIMES Research survey, the global demand for car panels reached 189 million pieces in 2022, exceeding previous levels, and is expected to continue growing steadily with a CAGR of 5.4% in the future. The research institution, Omdia, has not only raised its annual output value forecast for the global car display market to USD9.5 billion in 2023 but also estimated that it will grow to USD123.23 billion by 2026.

Global automotive display shipment and forecast from 2021 to 2027



Source : Digitimes Research

(3)Automotive lighting industry:

The Company continues to make use of its core technical capabilities to actively develop other new value-added products such as Lens and important key components of automotive lighting modules. According to a study by TrendForce, as LED headlights become more prevalent and advanced technologies such as intelligent headlights, indicator light, and intelligent atmosphere light continue to develop, it is estimated that the global automotive lighting market will reach USD34.314 billion in 2023, with an annual growth rate of 5%. Automotive lighting is moving towards personalization, communication display, driving assistance, and safety upgrades, which will drive the overall compound annual growth rate of the automotive lighting market to reach 4.7% in 2026.

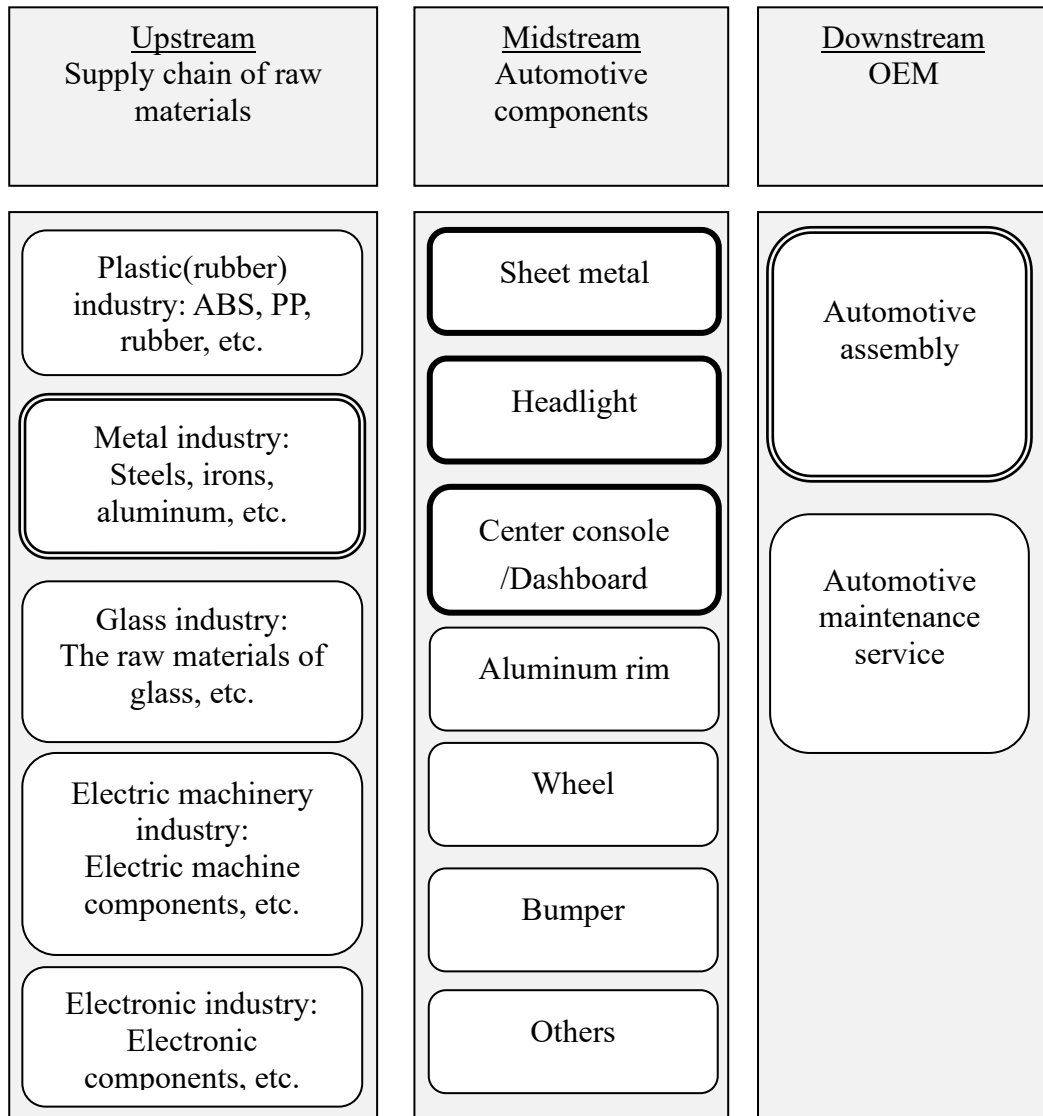
The main advantages of Micro LED in Adaptive Driving Beam Headlamp (ADB) are lower system cost, smaller system volume, and higher efficiency. LED modules are used in the adaptive headlights instead of traditional bulbs. The characteristics of high brightness, low energy consumption, long lifespan, and low replacement rate of LEDs also fulfill energy-saving and environmental protection requirements. According to TrendForce's analysis, the market penetration rate of Adaptive Driving Beam Headlights was only 3.2% in 2022, and it is expected to reach 13.2% by 2026.

With the trend of electrification in various modes of transportation, in addition to LED lighting for automobiles, the Company also assists in the development of similar products for bicycles and motorcycles. To accelerate the transition to a net-zero carbon society and increase the proportion of electric motorcycles in Taiwan, the Executive Yuan announced subsidies for electric motorcycles and energy-saving equipment at the end of 2022, providing continued incentives for people to purchase electric motorcycles. For example, in 2023, there will be subsidies for purchasing new electric motorcycles, as well as additional carbon credit incentives for scrapping old motorcycles and replacing them with new ones. This also represents a potential market for the Company's future development.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain

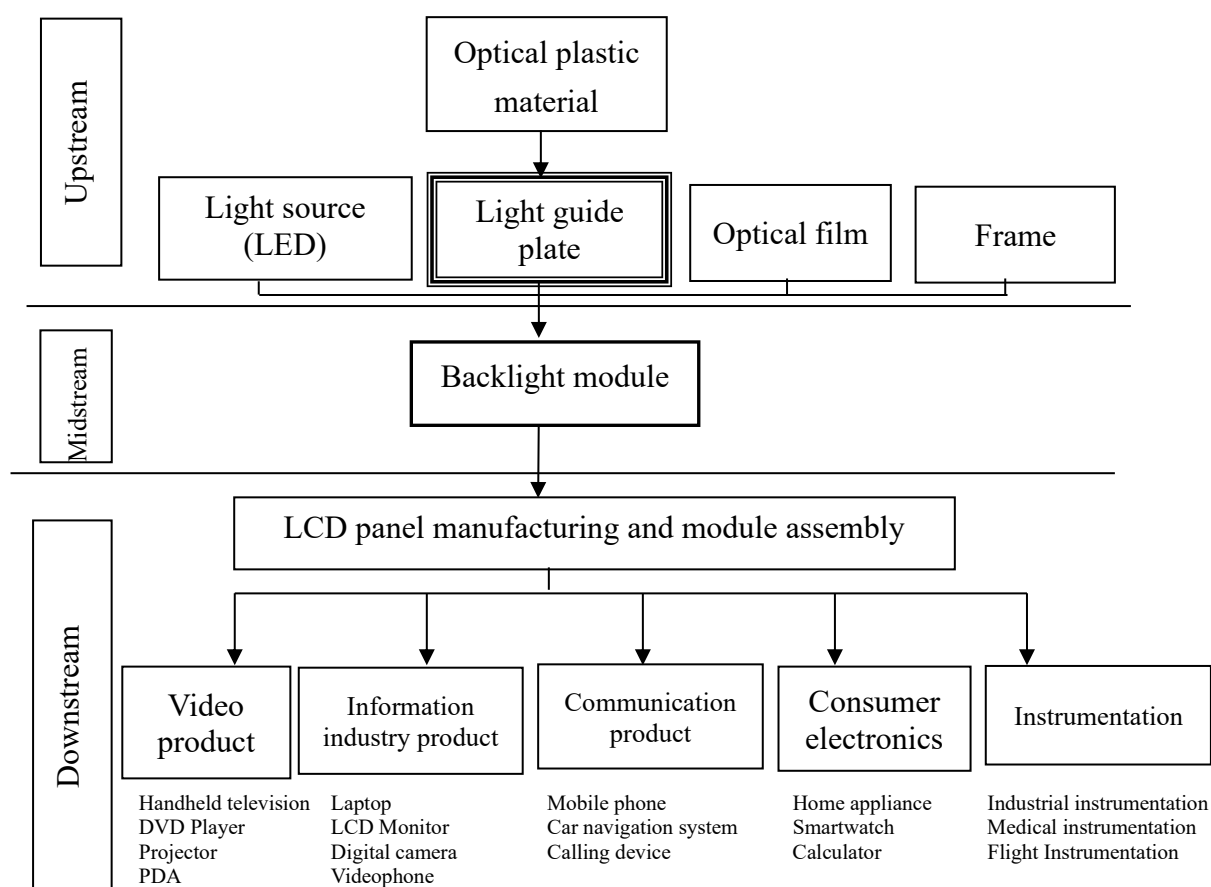
(1) Automotive industry

Due to the wide scope of the automotive industry, the industrial chain formed by the mutual cooperation between relevant satellite manufacturers and various industries is extremely extensive. From the system design of upstream, providing raw material to downstream OEM for assembly and after-sales maintenance are all included in the scope of the automotive industry. The upstream, midstream, and downstream of the automotive components in the automotive industry are shown in the figure below. For the suppliers of the Company's sheet metal products, steel and other metal parts are purchased from the upstream suppliers, and they are delivered to downstream OEMs after stamping and welding processes.



(2) Automotive liquid crystal display industry

The mainstream display technology for the development of automotive liquid crystal display industry is the thin film transistor liquid crystal display (TFT-LCD). The upstream of LCD includes the suppliers of chemical materials, back light, mask, ITO conductive substrate, plastic frame, prism sheet, diffuser film, brightness enhancement film, light guide plate, backlight module and driver IC; The midstream of LCD includes the suppliers of liquid crystal panel, display module assembly and relevant production process and inspection equipment; The downstream of LCD includes the suppliers of various flat panel display applications such as laptops , LCD monitor, LCD TV and smartphone. For the suppliers of the Company's injection part products, the optical plastic materials are purchased from the upstream suppliers, and after the injection molding process, they are delivered to the downstream suppliers such as backlight module factories or panel factories.



Source: PIDA

(3) Automotive lighting industry:

Due to the wide scope of the automotive industry, the industrial chain formed by the mutual cooperation between relevant satellite manufacturers and various industries is extremely extensive. From the system design of upstream, providing raw material to downstream OEM for assembly and after-sales maintenance are all included in the scope of the automotive industry. The upstream, midstream, and downstream of the automotive components in the automotive industry are shown in the figure on P.99. The Company's headlights are mainly purchase plastic (rubber) rubber, metal, electronic components, etc. from upstream, and after being assembled into headlights, they are delivered to downstream OEMs. For the suppliers of the Company's headlight products, the plastic (rubber), metal and electronic components, etc. are mainly purchased from the upstream suppliers, then they will be delivered to the downstream OEMs after being assembled into headlights.

3. The development trends and competition for the Company's products

(1) Various development trends of products

Metal stamping parts

A. New stamping processing technology:

Hot stamping technology, progressive die stamping technology, multi-station stamping technology

B. Mold development:

Use the digitalized system management technology to conduct immediate detection of relevant processing parameters during mold manufacturing process, improve the initial precision of the mold and reduce the time spending on subsequent benchwork and mold manufacturing process.

C. New material development trends:

Under the energy-saving and environmental protection trend of lightweight vehicles, using high strength steel sheet can reduce the weight of the car body and have been used for the components of vehicle structure and reinforcements such as A-pillar, B-pillar, and C-pillars or body panel. Furthermore, there is also aluminum alloy body or magnesium alloy body that might come into existence in the future. The manufacturing of different materials will have different process and production parameters.

Injection parts

Regarding the automotive display, due to the stable growth of the automotive market and the trend of automotive electrification, the number of automotive display equipped in cars is expected to continue to increase. In addition to the central unit, dashboard, head-up display, and automotive entertainment device, the trend of cameras replacing automotive rearview mirror is becoming more obvious. Therefore, it is estimated that the demand for automotive display will continue to show a high growth trend in the future. According to TrendForce, based on the sales of vehicles, the market demand for automotive display is estimated. According to data from IHS Markit, the market for smart cockpit (including domain controller, automotive display, HUD, automotive entertainment system, and other smart cockpit components) According to TrendForce, it is expected to reach 241 million units in terms of automotive display shipments by 2026, with a compound annual growth rate of 7% from 2022 to 2026.

In terms of new technologies for automotive display, the original light source technology used edge type backlight module. To improve brightness and contrast, various panel manufacturers have tried using Mini LED direct type backlight module, combined with Adaptive Driving Beam technology, hoping to be used in high-level vehicles. In the future, electric vehicles will drive the demand for automotive display, as electric vehicles will require more display panels, including central display, head-up display, and even displays for rear seat entertainment, all of which are expected by consumers and related manufacturers. With consumers increasingly pursuing entertainment and intelligent service needs while driving, high-resolution automotive display will become mainstream products with higher penetration rates in the future. In terms of panel size, it can be observed that products with 10 inches or more in both the central unit and dashboard have a rapidly increasing penetration rate, especially in the central unit, which may reach a penetration rate of over 50% in the future.

Automotive lighting

The LED luminous efficacy has been improved and the cost has been reduced, making automotive headlights start to use LED as the main light source one after another. The competition of product function has also transformed the low and high beams from

monocular projection optical system to matrix. Moreover, the shape of the headlights of the top models is gradually developing in the direction of slender design, which further drives other automakers to imitate the type of design. Observing the electric vehicles that have been released by various automakers, it can be clearly seen that this trend has become the mainstream of automotive lighting. In response to the future development trend of automotive lighting in the direction of flat and streamlined shapes, minimized LED high/low beams are required for making the appearance more technological and futuristic. Additionally, with the increasing popularity and affordability of LED light sources, there is a trend towards using micro high, dipped beam headlights in low-level motorcycles.

Automobile manufacturers constantly innovate the design and additional features of automotive headlights to be different from the competition. For example, micro structure optical are being used in signal light such as position light in back light assembly, which compared to the current mainstream design with diffusion plate, this approach provides more uniformity and reduces power consumption. The trend of the tail light is more slender to match the overall car design. Ordinary tail light design uses a string of LEDs with diffusion plate, but to achieve better energy efficiency and meet design requirements, LED edge type with light guide component is now being employed. The research and development of lighting using hyperbolic lenses can solve the problems of color dispersion, long forming time and high costs associated with thick traditional lighting lenses. Additionally, different lighting can be integrated into a single unit, such as combining the function of front fog lamp and headlight into a lamp, which further reduces manufacturing costs.

As the issue of safe driving continues to be discussed globally, in addition to Adaptive Driving Beam Headlamp(ADB) and sequel direction light, the automotive lamp will have more active functions in the future to provide a safer driving environment for vehicle drivers, other vehicles, and pedestrians. The lighting effect when motorcycles are turning could be enhanced by using advanced motorcycle headlights, which can also achieve a safer driving environment. In response to the trend of future autonomous driving, the characteristic of using millimeter wave penetrable material in the Adaptive Cruise Control (ACC) will be incorporated into automotive lamps, and the change of manufacturing process of lampshade will elevate the added value of lighting.

(2) The competition of products

Metal stamping parts

The automotive industry is an oligopolistic and closed market. All automotive part and accessory factories have to go through a strict and lengthy certification process before they can enter the supplier systems. The automotive part and accessory factories not only have to go through the strict examination and certification before entering the supply system, but the quality of each supply must meet the strict requirements of the car dealerships. Furthermore, they have to cooperate with the regular and irregular on-site inspections of the car dealerships, the certification process and maintenance costs have become the entry barriers to the automotive supply chain. At present, the Company has cooperated with some joint ventures and self-owned brand automakers in China for long-term and stable supply. Moreover, the Company also possesses mold design, R&D and self-made capabilities. Therefore, the Company is able to deal with the design change of the automakers or mold repair of the manufacturing process immediately and communicate effectively, which can greatly shorten the manufacturing process and improve the interdependence between the automakers and the Company.

Injection parts

As the continuous oversupply in production capacity of TFT-LCD factories, the price

of LCD modules has continued to fall. However, the product application will continue to be extended. How to effectively reduce the cost and improve the performance of the backlight module will be the key to the success of each light guide plate factories in the next stage. So far, many small and medium-sized manufacturers without independent design and development capabilities have withdrawn from the market due to insufficient production efficiency or continuous losses. The Company has considered how to produce high-quality products from the processing of molds and core parts, as well as the production of optical components in the later stage. For instance, the processing of optical microstructure is made by five-axis ultra-precision machining, which can make the surface roughness of optical core parts reach the nanoscale. In terms of manufacturing, automated production has been widely used to make the quality of the production process stable and can effectively save manpower. Therefore, it can provide customers with high-quality and low-cost products. Furthermore, with the joint efforts of the Company's team, in the field of automotive injection parts, in addition to the stable shipment of the original automotive panel and light guide plate, the Company has also successfully developed optical lens products for LED automotive lights.

Automotive lighting

There are four main development trends of headlights: halogen replacement, small aperture, adaptive driving beam and projection. There are different technologies and designs to respond to these trends. For example, halogen bulbs have changed from a large reflector to a LED with a PES and LENS design. This technology is currently used by most automotive lighting companies. But because of the streamlined shape of the car, the headlights need to be more miniaturized. As a result, the Company has developed new light guide headlight technology. The technology is different from ordinary PES headlights, the structure used is based on basic optical theory and make use of the characteristic of optical plastics by combining LED with light guide components and LENS design. To make the LENS and light guide components can have the best performance, it is necessary that through sophisticated optical design and ultra-finishing technical capabilities to achieve the high-efficiency optical performance of total internal reflection of LED light LED. High-efficiency light source energy efficiency is the core of the Company's main development in optical technology innovation and competitiveness.

Furthermore, the shape of the headlights of the top models is gradually developing in the direction of slender design, which further drives other automakers to imitate the type of design. Observing the electric vehicles that have been released by various automotive manufacturers, it can be clearly seen that this trend has become the mainstream of automotive lighting. Nonetheless, due to the substantial reduction in thickness of the thin headlights, the projection area of the headlight opening is insufficient, and is difficult for the LED light to penetrate. How to meet the requirements of regulations and reliability without increasing power consumption and cost is a new challenge for automotive lighting manufacturers. The Company's exclusive and patented technology can not only assist automakers to achieve mass production of linear headlight, but also integrate daytime running lamp and headlight. And in full compliance with automotive lighting regulations and service life requirements, the mold development cost in the early stage and the total lamp price after mass production can be greatly reduced.

The optimization of the optical structure of the Company's headlights has changed the traditional reflector structure. By replacing the old design with the combination of LED and light guide, the efficiency of LED can be improved and the mechanism and components can be greatly simplified. Moreover, optical simulation and repeated testing can ensure the Company's products comply with optical regulations. The structure of light guide is applied to the light source of light guide headlights for cars and has successively completed the verification of product specification, automotive lighting PES module

design and manufacturing, and ISO9001:2015 verification, etc. The company has successfully stepped into the automotive lighting market through the patented technology. Moreover, through the patented optical structure technology and the simplification of the parts of headlight mechanism, the Company has completed the development of the automotive headlight with a height of 2cm, the motorcycle headlight with a height of 1cm, and bicycle headlight with a height of 0.6cm, which can realize the demand for thinner lamps of cars, motorcycles or bicycles in the future.

Currently, the light source module inside LED headlights adopts the Projection Headlight System (PES). However, due to assembly and manufacturing tolerances between the oval mirror, reflector, and LENS, the focus may shift. This will result in non-compliance with lighting regulations and require rework or even scrapping, leading to a decrease in yield and increased costs. The Company has developed a new optical architecture patent to improve the manufacturing process. This architecture uses the light of LED to transmit light through a light guide and LENS to project an image in the desired location. As there is no aluminum coating process or focus displacement problems, the cost of production is lowered and the undesirable loss of poor focus in assembly is eliminated. Moreover, this simplified architecture reduces weight by approximately 65%, reduces product size by 3 times, and significantly lowers material costs. Fully automatic assembly, which greatly reduces the costs of product assembly, can be achieved in the mass production process.

(III) Research and development

1. The research and development expenditures invested in the most recent fiscal year were NTD91,368 thousand.
2. The product successfully developed during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report

The Company has entered the optical industry since 2004. In addition to the continuous development of light guide plate technology and products, it has also continued to invest in the research of automotive lighting technology in recent years and has successfully developed thin car headlights. Furthermore, the Company has entered the automotive metal stamping and welding parts industry since 2018. With excellent R&D team and development strategy, meeting the application needs of customers, continuous design innovation and improvement, the Company has successfully developed various technologies and applications, and has gained the competitive advantages. As of the publication date of the annual report, the Company has applied for 15 patents and has been granted 179 patents, of which 27 are invention patents.

(IV) Long-term and Short-term Development

In addition to continuing to expand the small and medium-sized automotive light guide plate business and automotive lighting business, the Company expects to use the developed technology for further research and development. Also, the Company focuses on the improvement of automated production line to achieve the goal of substantial reduction in costs and develop the application of other injection parts at the same time. On the other hand, the Company will continue to expand its investment in automotive metal parts stamping in accordance with the development of China's automotive market. The Company's development plan is as follows:

1. Short-term plan

- (1) Continue to develop the automotive optics parts in other fields, such as automobiles, motorcycles and bicycle LED headlights, etc.
- (2) Maintain the cooperation with the original delivery automotive manufacturers and obtain the opportunities of increasing new business from them. Maintain the partnership with existing

delivery automobile manufacturers and obtain new business opportunities and growth from them.

- (3) Develop the expansion of business transaction of automotive OEMs in the Central of China.
- (4) Continuously improve the production process, increase production efficiency, reduce unit cost, and maintain high gross profit.

2. Long-term plan

- (1) Continuously improve R&D and design capabilities and nurture talents.
- (2) Improve optical design, electronic components and automotive lighting assembly R&D and manufacturing capabilities, establish complete development database and shorten the time of new products released to the market to meet the needs of rapid development of electric vehicles in the future. To keep up with the business development of automotive OEMs, not only has the Company cooperated with China market, but also going to build up plants overseas for supply.
- (3) With the Company's self-made automotive metal mold capability, it can meet various customers' needs in the early stage of product development, shorten the development time of new products and increase the revenue of mold.
- (4) Enter into other high value-added automotive component markets through self-development of core technical capabilities, strategic collaboration or equity investment.
- (5) Focus on diversification. Develop on the basis of optics injection and metal stamping parts, and apply these products to other product markets to diversify the Company's business risks.

II. Market and Industry Overview

(I) Market analysis

1. Sales region of the Company's main product

Unit: NTD (in thousands); %

Sales region \ Year	2022	
	Amount	%
R.O.C.	167,234	10.78
China	1,384,085	89.22
Total	1,551,319	100.00

2. Market share

According to TrendForce's data, the global total sales of automobiles in 2022 was 81.05 million vehicles, with an annual decline of 0.1%, almost as same as in 2021. Meanwhile, according to the Information Department of the China Association of Automobile Manufacturers, the sales of automobiles in China in 2022 were about 26.86 million vehicles, an increase of 2.2% from the same period in 2021 when the sales were 26.27 million units. China's automobile sales still rank first in the world for a long time. In terms of injection parts, the Company mainly provides light guide plates for automotive display panels, etc. Most of the terminal brand factories that the Company supplies are well-known European and American car dealerships with high market share in the world. According to preliminary statistics from Sigmaintell, the global sales volume of vehicles in 2022 is about 80.2 million vehicles. The global shipment volume of front automotive display in 2022 is about 176 million units, with an annual growth rate of 7.8% and loan rate of a single vehicle of about 2.2 units. The annual shipment volume of the Company's Light Guide Plate (LGP) and frame in 2022 is about 10,417 thousand units, accounting for approximately 5.92% of the global automotive panel market share. Furthermore, due to geographical location and transportation costs, currently the Company mainly provides Japanese and German joint venture car dealerships and self-owned brand car dealerships in the Central of China.

3. Demand and supply conditions for the market in the future

At the beginning of 2022, the global pandemic, rising raw material prices, and supply chain crises caused multiple challenges for automotive component suppliers in operation. However, the automobile market in China continued to grow, with automotive production and sales ranking first in the world for 14 consecutive years.

From an optimistic perspective, the two favorable policies lifting the restrictions on joint venture equity ratios and relaxing the limitations on car purchases are two that will provide a fundamental guarantee for the steady development of the Chinese automobile market. The complete loosening of the equity ratio restriction policy in the Chinese automobile market will create a fairer and more competitive environment for the industry. From an optimistic perspective, the two favorable policies, lifting the restrictions on interests in joint ventures ratios and loosening the limitations on car purchases, will provide a fundamental guarantee for the steady development of the automobile market in China. The complete loosening of the interests ratio restriction policy in China's automobile market creates a fairer and more competitive environment for the industry. In 2018, the restriction on the equity ratio for new energy vehicles was lifted, allowing excellent car manufacturers like Tesla to disrupt the traditional competition in the new energy vehicle market in 2020. Once the equity ratio for passenger vehicles is loosened, the rapid rise of excellent car companies is also worth looking forward to. The policy of limiting the purchase of cars in cities will continue to be loosened, helping China's car market to continue to find its sales potential and avoid a sharp decline. On the other hand, the competition in the car market is becoming increasingly fierce. All types of car manufacturers are continuing to promote and deepen their collaborations. Global automotive groups are constantly exploring the potential for cooperation. The car manufacturers in China are accelerating their efforts to merge and restructure, and local car manufacturers and international car manufacturers are strengthening resource-sharing and complementary advantages. All of these are expected to bring better development opportunities for high-quality car companies.

4. Competitive niche

Metal stamping parts

- (1) Ability to provide the quality that is able to satisfy customers
- (2) Self-made mold development capability
- (3) The- Company's management team has been exploring and working hard in the automotive component industry for years
- (4) Gain the advantages of quality stability and price through standard operating procedure (SOP).

Injection parts

- (1) Possess over 30 years of precision module and experience
- (2) Possess the equipment and professional capability of core part ultra-precision machining
- (3) Rapid optical development capability and high luminance performance
- (4) A plastic injection plant for optical parts that can simultaneously integrate molds, optical design, etc.

Automotive lighting

The Company's light guide optical structure is applied to headlamps and signal lamps, which can realize miniaturized headlight volume and low energy consumption that cannot be achieved by traditional headlight plants. In the future, the Company will focus on the improvement of light source energy efficiency and the research and development of reduction in the size of optical engine, hoping to provide customers with more choices for innovative headlights.

5. Advantages and disadvantages for future development and response measures

- (1) Advantages

Metal stamping parts

- A. The Company has adopted build-to-order, therefore the Company has lower stock and stable long-term orders.

The orders of automotive OEMs are based on planned production, which has planned several months or annual predictive quantities and is beneficial to the production scheduling and planning of component satellite factories. Moreover, the suppliers must go through tedious tests and certifications when car dealerships are evaluating their new suppliers. As a result, Therefore, it increases the entry barrier to those new suppliers and the order volume is relatively long-term and stable.

- B. China market has been the world's largest sales country for ten consecutive years

China's continuous growing economy and rising wages has brought prosperity and stable growth to the automotive industry. In addition, after the implementation of urbanization in China, the income of residents will increase and China should continue to be the world's largest sales country. As a result, China is the most important market to the automotive component industry.

- C. The Company has entered the supply system of the top two car dealerships in China

So far, the Company has been stably supplying to China's two largest joint venture car dealerships and has developed a better foundation. By closely cooperating with the top two car dealerships, the Company will grow steadily.

- D. Self-made molds have established closer cooperation with customers, and the mold industry is a key industry in China

The Company has been proactively improved its self-made metal stamping module capability to increase customers' reliability. In addition, the display module industries such as "Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China." and "The 13th Five-Year development of molding industry" are the key industries to China and are beneficial to the development of the Company's mold department and obtain relevant preferential policies from the government.

Injection parts

- A. The Company's R&D and design capabilities are cultivated and developed through its own technology, rather than technology transferred from other manufacturers. The Company establishes the advantages of its own technology by working on the study of optics, therefore, the Company's independent R&D and design capabilities are an important source of its market competitiveness.

- B. The integration of optics, mold design and development, and injection molding technology enables the Company to continuously put in efforts, speed up new technology development and recruit optic-related talents to improve customer satisfaction.

- C. Due to the competition from Japan, South Korea, China and other countries, Taiwan's panel plants are facing increasing pressure on panel prices. In addition to the consideration of cost, the stability of the supply source of components also needs to be taken into consideration. With the mentioned considerations, the Company established its injection parts production base in Taiwan and is committed to improving the degree of automation and reducing manpower needs. As A result, the Company has gained the competitive advantage in cost.

- D. The Company has high process yield rate. Moreover, the mass production technology and the quality of the Company's factories possess a high degree of stability. Therefore, with these advantages, the Company can save considerable manufacturing costs and deliver goods in time to meet customers' needs.

Automotive lighting

- A. The Company's technical team is mainly composed of talents from the panel industry and are equipped with rich experience in how to use LED light sources for optical structure design.
- B. The Company's headlight technology is completely developed its own. After achieving the preliminary results, the Company will put more efforts into R&D resources in improving light source efficiency, power consumption and headlight volume and constantly provide innovative headlight structure to car dealerships.

(2) Disadvantages and countermeasures

Metal stamping parts

A. Annual price reduction pressure on car dealerships

After the mass production of new car models, the car dealerships have to face the competition from other brands. In order to maintain their sales, there is pressure for them to lower the prices. The price reduction pressure will be passed on to the upstream automotive component factories, which will result in a reduction in gross profit.

Countermeasures:

By closely cooperating with the process of automakers to achieve the improvement on material utilization and obtain mold design change orders to reduce the pressure on annual price reduction. On the other hand, the Company continues to put efforts into production process reengineering to improve production lines, increase automated equipment and enhance the quality of management and production efficiency to decrease the pressure on price reduction.

B. Labor cost has been increased year by year

Every province in China raises the minimum wage and improves the social welfare every year. Since 2010, the minimum wage has been adjusted by an average of about 15% each year, which has been reducing enterprise profit.

Countermeasures:

Improve employees' productivity through setting goals and performance management. Increasing automated equipment to reduce manpower needs and continue to improve existing production and operating process to cut down on production cost.

Injection parts

A. Increasing pressure on price competition

Due to the fierce competition of small and medium-sized panels, the pressure on the procurement of panel components has increased. The downstream panel or backlight module customers of the Company are all major international manufacturers, and the Company's shipment is large and stable. Moreover, the Company has an advantage in price negotiation, so the pressure on the Company lowering the prices will gradually increase.

Countermeasures

The Company actively improves the yield rate, expand the economic scale and continue to shorten the molding time in the injection procedure to maintain the competitive advantage of high gross profit and reduce the stress on price competition.

B. The main raw materials are controlled and supplied by a few manufacturers

The main raw materials of the light guide plates are plastic materials such as PMMA or PC. The source of supply is mainly supplied by a few major manufacturers in Japan and other countries, and those manufacturers must pass the certification of major panel

manufacturers, therefore it is difficult to replace those suppliers. As a result, the procurement of raw materials is restricted to these conditions and price negotiation is not an easy thing.

Countermeasures:

In addition to actively maintaining good cooperation with key suppliers to ensure that there is no problem with all the Company's supply sources, the Company also cuts down on the use of materials, etc. thorough innovative research and development technology, with an expectation to reduce the dependence on external raw materials.

C. The Company's customers and products are excessively concentrated

The Company's current main product is the light guide plate of the automotive panel display. Moreover, this product is sold to a single customer, which is likely to cause a relatively high risk to the Company's business operation.

Countermeasure:

The main technology of the Company's subsidiary, Tan De Tech, is optical design combined with ultra-precision mold and precision injection. Therefore, the Company can take advantage of this edge to develop the optical components that require high precision technology, such as the mirror for HUD and LENS for headlight, etc.

Automotive lighting

A. The entry barrier for automotive industry supply chain and lack of actual mass production performance of headlights

Automotive lighting is a niche market with high gross profit, coupled with high technical threshold and lengthy certification process; therefore, the manufacturers spend an average of three to five years to enter the supply chain of original equipment suppliers. Once they enter the supply chain of original equipment suppliers, based on traffic safety considerations, the automakers must ensure that shipments come from the same source. As a result, it is difficult to replace suppliers and there is no such problem as the price competition among 3C product suppliers. The Company has just stepped into the automotive lighting market, and the development of the bus headlight has been underway for approximately 2 years. Currently, the Company have has an achievement of a few batch production.

Countermeasures:

For headlights, the Company has successfully developed luminaires such as headlights, daytime running lights and signal lights, etc. and have passed sample verification. So far, the Company has moved on to the stage of mass delivery. In the future, the Company will continue to invest in the R&D and production of smart headlights for vehicles. Simplify the structure of smart headlights through continuous R&D and innovation and realize the low price and universalization of smart headlights, and actively seek opportunities to cooperate with major car manufacturers around the world. Also, the Company will continue to seek for the opportunity of cooperating with major car dealerships all over the world.

(II) Usage and manufacturing processes for the Company's main products

1.Usage for the Company's main products

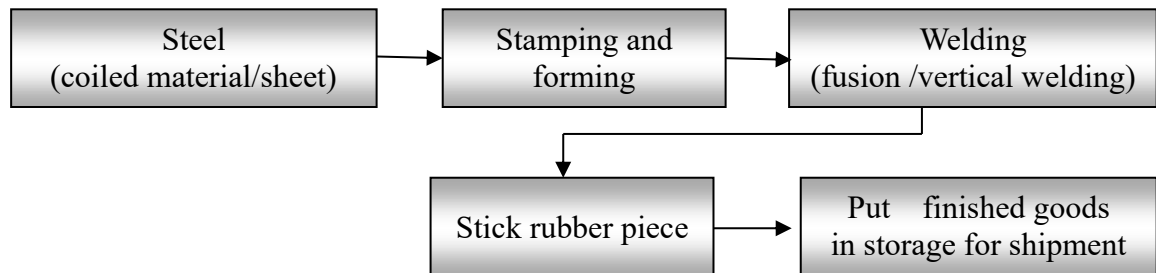
- (1)Automotive metal stamping parts are mainly used for automotive components such as rear wheelhouse outer panel, exterior tail gate reinforcement, A-pillar reinforcement panel, B-pillar reinforcement panel, C-pillar reinforcement panel, D-pillar reinforcement panel, rear end panel, tail light bracket, rear carling reinforcement, etc.
- (2) Injection parts are mainly high-luminance light guide plates with LED backlights. Its main use is the key light source components of liquid crystal displays (LCD).
- (3) Automotive lighting parts are mainly used for the lighting of transportation tools and signal

lamps, etc.

2. Manufacturing process for the Company's main products

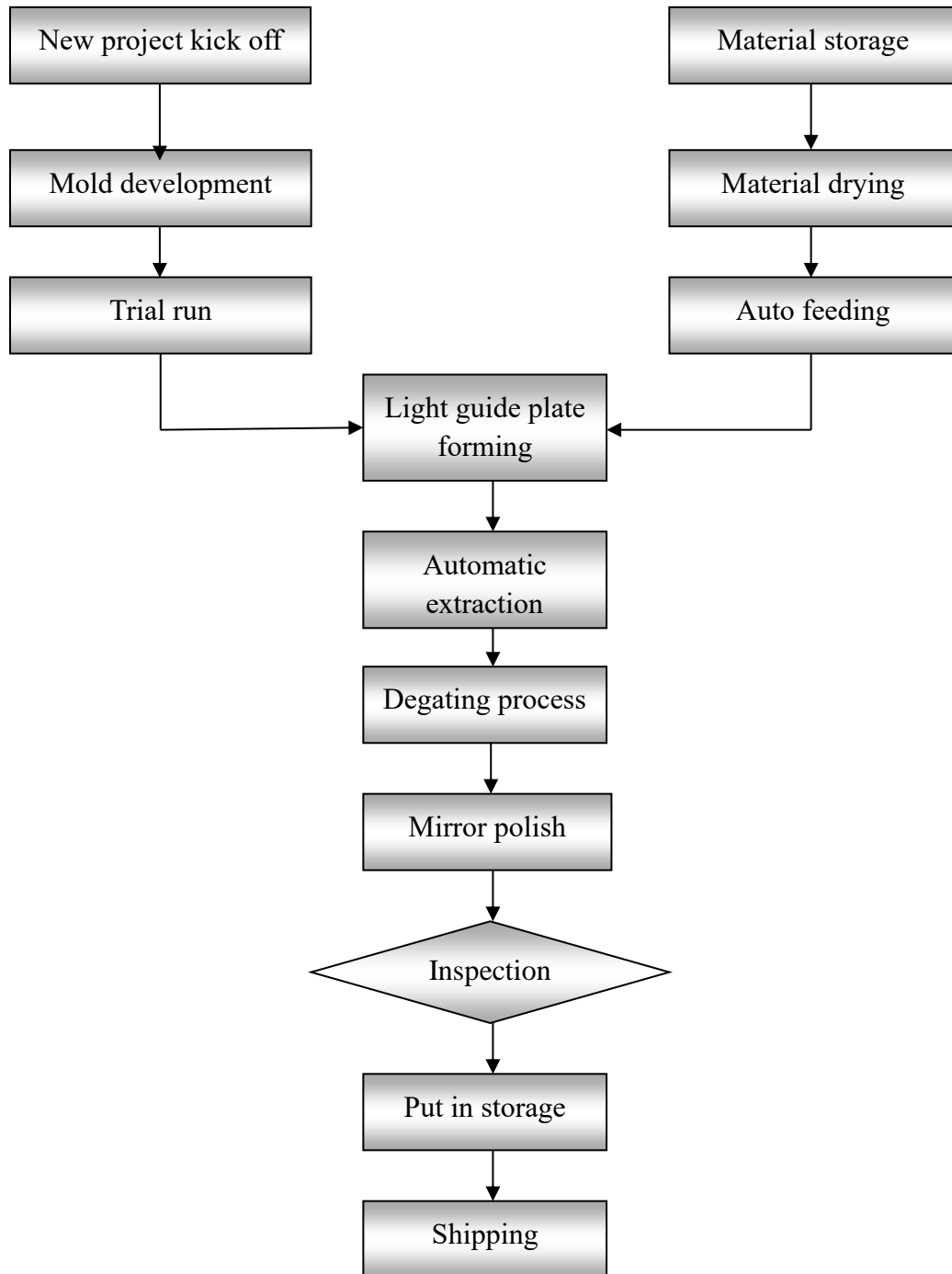
(1) Automotive metal stamping parts

The manufacturing process of the Company's automotive metal stamping parts is to blank the steel into sheets in the form of coiled material, and then send them into the stamping machine for stamping and forming. Next, after the shot-welding process and sticking rubber piece, it will be put into storage. The manufacturing process is shown in the following figure:



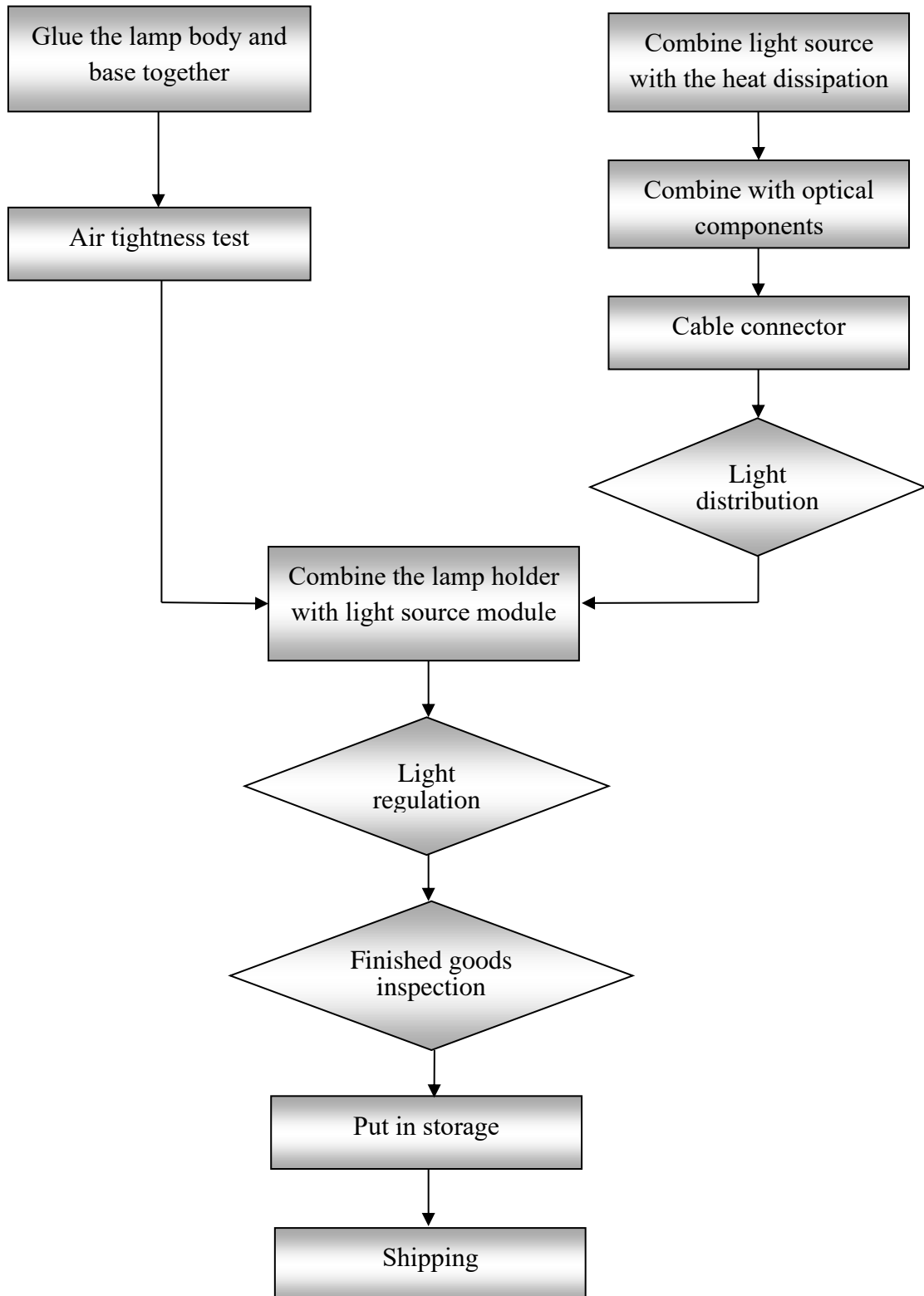
(2) Automotive liquid crystal display panel industry – injection parts

The manufacturing process of the Company's main products: light guide plate, light pipe and Lens is to put PMMA or PC and other optical-grade plastic materials into the dryer, and after drying the plastic raw materials, use the injection molding machine, molds and optical structures for plastic injection molding. After forming, use a degating machine or a polish machine to cut and polish and then put it into storage. The manufacturing process is shown in the following figure:



(3) Automotive lighting industry-headlight assembly

The manufacturing process of the headlight assembly parts, the Company's main product, is to combine the lamp holder with the light source module and the finished headlight assembly parts will be tested for light regulation test. Finally, they will be packed and put in storage. The manufacturing process is shown in the following figure:



(III) Supply Status of Main Materials

Most of the Company's main purchasers are suppliers of automotive steel plate and optical-grade plastic materials such as PC, etc. The Company's ultimate supplier is a well-known steel and petrochemical plant in the world and the supply status has been stable. The Company's purchasers of automotive lighting include lamp body, LED, wire assemblies, etc., most of which are also internationally well-known suppliers. Moreover, the Company has maintained a good relationship with these suppliers. As a result, the quality of raw materials supplied by these suppliers has been stable.

(IV) The suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. The suppliers and clients accounting for 10 percent or more of the Company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures

Unit: NTD (in thousands); %

Item	2021				2022			
	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer
1	Company A	369,376	33.83	—	Company A	345,313	32.18	—
2	Company 1	166,619	15.26	—	Company 1	188,072	17.53	—
3	Company D	102,128	9.35	—	Company D	108,979	10.16	—
5	Other	453,625	41.56	—	Other	430,736	40.13	—
	Net purchase amount	1,091,748	100.00	—	Net purchase amount	1,073,100	100.00	—

The reason for increases or decreases:

- (1) Company A supplies steel materials for mass-produced vehicles. The decrease in the purchase of Company A in 2022 compared to 2021 is mainly due to the decrease in sales of vehicles aforementioned in the market.
- (2) The increase in the purchase of Company 1 in 2022 compared to 2021 is mainly due to the increase in the order of metal stamping parts for the main car model, leading to an increase in purchase from the supplier.
- (3) Company D supplies steel sheet materials for mass-produced vehicles. The slight growth in the purchase of Company D in 2022 compared to 2021 is mainly due to the increase in sales of the vehicle aforementioned in the market.

2. The suppliers and clients accounting for 10 percent or more of the Company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total procurement sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NTD (in thousands); %

Item	2021				2022			
	Company name	Amount	%	Relation with issuer	Company name	Amount	%	Relation with issuer
1	Company A	561,803	37.66	—	Company A	460,322	29.67	—
2	Company B	213,982	15.99	—	Company B	298,455	19.24	—
3	Company C	238,561	14.35	—	Company C	282,852	18.23	—
5	Other	477,254	32.00	—	Other	509,690	32.86	—
	Net sales revenue	1,491,600	100.00	—	Net sales revenue	1,551,319	100.00	—

The reason for increases or decreases:

- (1) The decrease in sales for Company A in 2022 is mainly due to adjustments made in the delivery schedule to coordinate with the car factory, resulting in the decrease in sales of metal stamping parts compared to the 2021.
- (2) The increase in sales for Company B in 2022 is mainly due to the larger size and higher unit price of optical injection products, as well as an increase in shipments compared to 2021.
- (3) The increase in sales for Company C in 2022 is mainly due to the growth in sales of main car model of metal stamping parts compared to 2021.

(V) Production in the 2 most recent fiscal years

Unit: 1000 PCS; NTD (in thousands)

Output	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Main product							
Injection parts		(Note1)	9,537	218,277	(Note1)	10,732	263,506
Meatal stamping parts		(Note1)	5,830	632,069	(Note1)	7,457	693,049
Total				850,346			956,555

Note 1: Due to there is a relatively large discrepancy in the product size of the products produced by the Company, it doesn't provide a valuable reference to calculate the combined production capacity of each product, therefore the information will not be listed.

Note 2: The abovementioned quantity and amount is the number of products produced by the Company's own factory, excluding the cost of outsourced goods purchased from other companies.

(VI) Shipments and sales in the 2 most recent fiscal years

Unit: 1000 PCS; NTD (in thousands)

Shipments and sales	Year	2021				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main product									
Injection parts		2,870	108,266	6,667	213,981	2,555	114,183	7,861	298,455
Metal stamping parts		—	—	14,744	1,043,833	—	—	12,835	982,239
Module (Note)		—	10,899	—	106,564	—	49,889	—	93,929
Other		—	331	—	7,726	—	3,162	—	9,462
Total		—	119,496	—	1,372,104	—	167,234	—	1,384,085

Note: Due to there is a large discrepancy in every mold size, and some of the income came from die maintenance are unable to fill in the number of quantity, therefore those information will not be listed.

III. The Number of Employees Employed for the 2 Most Recent Fiscal Years, and During the Current Fiscal Year Up To the Publication Date of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Year		2021	2022	As of April 2, 2023
Employee number	Indirect employee	229	247	235
	Direct employee	215	204	192
	Total	444	451	427
Average age		35.72	36.69	36.06
Average years of service		3.04	3.56	3.71
Education Distribution	Ph.D.	—	—	—
	Master's Degree	2.70%	3.77%	3.51%
	College/University	36.94%	39.47%	38.17%
	Senior high school	31.08%	32.37%	31.62%
	Below Senior High School	29.28%	24.39%	26.70%

IV. Information on Environmental Protection Expenditures

Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The company has not been punished by the competent authority for polluting the environment.

V. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Benefit plans for employees

(1) Employee's remuneration

The Company's remuneration policy is determined based on an individual's professional abilities, contribution to the Company, market value of the position held, and correlation with the Company's performance. The Company does not provide any preferential treatment or discrimination based on factors such as gender, age, race, religion, and other similar factors. Moreover, to express appreciation for employees' hard work, the Company annually allocate its earning of no less than 2% and no more than 10% as employee remuneration according to the Company's Articles of Association.

(2) Annual salary adjustment

Salary adjustments will be based on the company's operational performance and individual's annual performance evaluations, as well as the professional capabilities.

(3) Major holiday bonuses

Bonuses for the Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year will be distributed based on the company's operational condition.

(4) Employee welfare

A. The company has an employee welfare committee responsible for planning and implementing various employee welfares, including marriage subsidies, funeral subsidies, compensation for hospitalization due to illness or injury, children's education subsidies, employee gatherings, birth cash gift, birthday celebration meal expenses, travel subsidies and three major holiday bonuses.

B. Employees' holidays, including annual paid special leave, are handled in accordance with the labor laws and regulations of the location where each factory is located.

C. Hold year-end party, employee family day activities and corporate wellness activities, offering meal subsidies, and employee health check subsidies.

(5) Insurance:

Start from the first day of employment, the employees have been participating in group insurance. For the employees stationed abroad, they are additionally covered by accident insurance.

(6) Friendly workplace

A. The Taiwan headquarter implements flexible working hours to promote work-life balance and establish a friendly workplace.

B. The company has established "Regulations for Establishing Measures of Prevention,

Correction, Complaint and Punishment of Sexual Harassment”, including information on complaint hotlines and dedicated email, and has disclosed in the management regulations, which provides employees with a work environment free from sexual harassment.

C. The Company offers equal pay and promotion opportunities for men and women, without discrimination based on factors such as gender, age, race, nationality, etc.

2. Continuing education and training

The company and its affiliated companies have established “Operating Procedure of education and training” as the basis for employee training. The Company annually provides diversified training courses based on employees’ need of professional competency and leaning and various on-the-job professional courses, which include:

- (1) The main contents of the training courses for new employees include orientation, Company culture, and explanation on rules and regulations.
- (2) The main contents of the on-the-job training courses for employees currently employed include comprehensive or multilevel general education training courses, professional/skill-specific training courses required for various functions, and the development training programs for talent cultivation planning,

3. Retirement systems and the implementation status

The Company and domestic subsidiaries have all complied with the provisions of the “Labor Pension Act” The Company has adopted defined contribution pension plan according to the Labor Pension Act, which is to contribute 6% of the total monthly salary as retirement pension and deposit it into the individual account established by the Bureau of Labor Insurance. Furthermore, employees may also choose to contribute additional retirement pension within 6% of their monthly salary to their personal retirement account. The Company’s contribution amount in 2022 was NTD4,691 thousand. The Company’s overseas subsidiaries will allocate a certain percentage of employees' salaries for old-age pension in accordance with local laws and regulations, and their contribution amount in 2022 was NTD8,110 thousand.

4. The status of labor-management agreements and measures for preserving employees' rights and interests

- (1) The Company places great importance on communication between labor and management, maintains diverse and open channels for communication, and creates a humanistic working environment and harmonious working atmosphere, and everyone in the Company have been working on achieving these goals.
- (2) The stipulation of the Company's personnel management system and regulations comply with labor laws and respect the basic principles of human rights. The Company's personnel management system and regulations specify the rights and obligations of employees, as well as benefit plans, in order to protect the legal rights and interests of employees. Moreover, the Company reviews relevant systems and regulations from time to time to protect all the employees’ rights and interests.
- (3) To provide a communication channel for employees, the Company regularly convenes labor-management meetings and sets up an Employee Welfare Committee. Also, sending e-mails from time to time to inform employees of the Company’s related information on corporate operation. By these means, the Company establishes a communication channel for employees’ regular communication and enable them to express their opinions.

5. Working environment and safety

- (1) To ensure maximum safety and security for employees while working, the Company has installed access control card devices at all entrances and emergency call buttons at certain locations. All main entrances are guarded by security 24 hours to ensure the safety of employees.

- (2) The Company and its domestic and foreign subsidiaries have established regulations for occupational safety and health management and have designated occupational safety and health personnel. The Company holds annual education and training programs related to labor safety and health, and regularly arranges for employees to receive relevant labor safety refresher courses.
 - (3) The Company and its domestic and foreign subsidiaries also conduct regular maintenance and inspections on the equipment used to ensure that the related equipment is operated properly and complies with safety standards. The Company continuously strengthens the personal protective awareness of the operators and provides instructions on the protective equipment. The Company's on-site workers are fully equipped and wear effective protective equipment.
 - (4) The Company's subsidiaries in China, Xiangyang Tradetool Automobile Parts Co., Ltd. and Henan Baoheyuan Auto Parts Co., Ltd., has obtained the ISO 45001:2018 certification for occupational health and safety management systems in 2021 (valid until January 31, 2024), and implementing various safety and health measures in accordance with the management system requirements.
- (II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cyber Security Management

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

1. Cyber security risk management framework

The Company's IT department is responsible for matters relevant to cyber security, strengthening cyber and communication security management, inspections to ensure the confidentiality, integrity, and availability of related cyber and communication assets to provide an information environment that supports continuous business operations. Moreover, the Company has stipulated "Computer processing cycle", "Personal Data Security Protection Act", "Information Management Regulations" and other relevant internal control systems. The Company has regularly reviewed the internal control systems and report to the board of directors.

2. Cyber security policies

- (1) Manage and preserve the confidentiality, availability, integrity, and access authority of cyber security.
- (2) Ensure the stability of information services to enable the Company's business operations to run smoothly.

3. Concrete management programs and investments in resources for cyber security management

- (1) Concrete management program:
 - A. Conduct cyber and information security and personal data protection advocacy, and all the new employees must sign a confidentiality agreement.
 - B. All the outsourced suppliers must sign a confidentiality agreement to ensure that when using the information services provided by the Company or performing related information business, individuals have the responsibility and obligation to protect the information assets obtained from or used that are provided by the Company to prevent unauthorized access, unauthorized alteration, destruction, or improper disclosure.
 - C. All user computers have installed anti-virus software and the Company has regularly confirmed the update of virus definitions, and the use of unauthorized software is

prohibited.

- D. Users are required to take responsibility for the safekeeping and use of their accounts, passwords and authorities; moreover, and have to regularly change their passwords.
- E. Appropriate backup or monitoring mechanisms have been established for critical information systems or equipment, and regular drills are conducted to maintain their availability
- F. An internal audit is conducted regularly each year to ensure the effectiveness of the cyber and information security and personal data protection management systems.

(2) Concrete management programs and investments in resources for cyber security management

- A. In addition to the deputy general manager being responsible for promoting cyber and communication security policies and resource allocation, the Company had discussed during the board meeting on November 11, 2022 and has established a dedicated cyber and communication security unit and a review of information security policies. The Company has appointed one information security manager and one dedicated personnel to be responsible for information and communication security related matters.
- B. In 2022, the Company conducted a advocacy of cyber security to strengthen employees' understanding and management of cyber security.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

Year	Contract	Contracting party	Commencement date	Expiration date	Main content	Restrictive clauses
2016	Loan agreement	Taiwan Cooperative Bank (TCB)	2016/02/18	2031/02/18	Long-term secured loan-Plant procurement loan of NTD280,000,000	Establish a first priority mortgage
2021	Loan agreement	Taichung Commercial Bank	2021/02/19	2024/02/19	Medium-term secured loan-working capital loan of USD2,000,000	Parent company guarantee
2021	Loan agreement	The Shanghai Commercial & Savings Bank	2021/07/08	2024/07/08	Medium-term secured loan-working capital loan of USD1,500,000	Parent company guarantee
2017	Supply and sales contracts	Client A	2017/04/01	—	Sheet metal stamping parts supply and sales contract	—
2021	Supply and sales contracts	Client H	2021/06/01	2023/06/01	Sheet metal stamping parts supply and sales contract	—
2021	Supply and sales contracts	Client B	2021/06/29	—	Component procurement contract	—
2021	Supply and sales contracts	Client E	2021/06/29	—	Component procurement contract	—
2021	Supply and sales contracts	Client I	2021/06/29	—	Component procurement contract	—
2022	Construction contracts	Company 3	2022/02/15	—	Indoor decoration and renovation for factory	—
2022	Construction contracts	Company 4	2022/05/06	—	Purchase of Automated Storage & Retrieval System	—
2022	Supply and sales contracts	Client G	2022/09/26	—	Component and tooling sales& purchase contract	—
2023	Supply and sales contracts	Client C	2022/12/26	2023/12/31	Sheet metal stamping parts supply and sales contract	—
2023	Supply and sales contracts	Company 2	2022/12/30	—	Raw material procurement contract	—
2023	Supply and sales contracts	Client F	2023/01/01	2023/12/31	Sheet metal stamping parts supply and sales contract	—
2023	Supply and sales contracts	Client D	2023/01/01	2023/12/31	Component and tooling sales& purchase contract	—

Chapter VI. Financial Information

I. Condensed Balance Sheet and Comprehensive Income Statement for the Last Five Years, with the Name of the CPA and the Audit Opinion

(I) Information on the Condensed Balance Sheet and the Comprehensive Income Statement

1. Consolidated Condensed Balance Sheet

Unit: NTD (in thousands)

Year		Financial summary for the last five years				
		2018	2019	2020	2021	2022
Item						
Current assets		822,246	802,586	1,119,790	1,102,173	1,245,740
Long-term investment (Note 1)		139,046	157,704	37,582	46,987	28,986
Property, plant and equipment		656,974	760,903	832,859	839,461	1,027,679
Right-of-use assets		—	66,169	119,449	100,807	193,701
Intangible assets		50,878	12,689	19,436	24,728	24,497
Other assets (Note 2)		79,892	86,239	190,797	257,764	133,917
Total assets		1,749,036	1,886,290	2,319,913	2,371,920	2,654,520
Current liabilities	Before distribution	382,870	316,737	541,471	703,172	938,529
	After distribution	430,864	332,652	557,386	703,172	(Note 3)
Non-current liabilities		369,374	366,779	408,155	332,109	252,741
Total liabilities	Before distribution	752,244	683,516	949,626	1,035,281	1,191,270
	After distribution	800,238	699,431	965,541	1,035,281	(Note 3)
Equity attributable to the shareholders of parent company		996,792	957,432	956,851	942,310	901,602
Capital stock		799,900	799,900	799,900	799,900	795,740
Capital reserve		103,303	113,265	115,253	115,783	130,965
Retained earnings	Before distribution	126,637	97,297	88,696	76,427	16,615
	After distribution	78,643	81,382	72,781	76,427	(Note 3)
Other equities		(19,647)	(35,143)	(29,111)	(31,913)	(41,718)
Treasury stock		(13,401)	(17,887)	(17,887)	(17,887)	—
Non-controlling interest		—	245,342	413,436	394,329	561,648
Total equity	Before distribution	996,792	1,202,774	1,370,287	1,336,639	1,463,250
	After distribution	948,798	1,186,859	1,354,372	1,336,639	(Note 3)

Note 1: Long-term investments comprise financial assets measured at fair value through other comprehensive income, financial assets measured at cost and investments under equity method.

Note 2: Other assets comprise deferred income tax assets and other non-current assets.

Note 3: The proposed distribution of the 2022 profits has been approved by the board of directors and is subject to the resolution of the shareholders' meeting.

2. Consolidated Condensed Comprehensive Income Statement

Unit: NTD (in thousands)

Year Item	Financial summary for the last five years				
	2018	2019	2020	2021	2022
Operating revenue	1,179,898	923,482	969,497	1,491,600	1,551,319
Gross profit	261,265	188,957	155,608	211,979	216,864
Operating income (loss)	104,380	28,434	(15,170)	(6,642)	(45,709)
Non-operating incomes and expenses	35,155	18,979	23,695	10,658	(20,102)
Net income before tax	139,535	47,413	8,525	4,016	(65,811)
Net income (loss) from continued operations	108,555	32,876	9,488	4,323	(55,979)
Losses from discontinued operations (Note 1)	—	—	—	—	—
Net income (loss)	108,555	32,876	9,488	4,323	(55,979)
Other comprehensive income (after tax)	(5,240)	(14,070)	12,733	(4,260)	(5,538)
Total comprehensive income	103,315	18,806	22,221	63	(61,517)
Net income attributable to the shareholders of parent company	102,065	19,959	7,854	3,795	(59,812)
Net income attributable to owners of the Company under common control	6,490	—	—	—	—
Net income attributable to non-controlling interests	12,917	1,634	1,634	528	3,833
Total comprehensive income attributable to the shareholders of parent company	99,775	4,463	13,886	993	(69,617)
Total comprehensive income attributable to owners of the Company under common control	3,540	—	—	—	—
Total comprehensive income attributable to non-controlling interests	—	14,343	8,335	(930)	8,100
Earnings per share (NTD)	1.36	0.25	0.10	0.05	(0.75)

3. Parent Only Condensed Balance Sheet

Unit: NTD (in thousands)

Year		Financial summary for the last five years				
		2018	2019	2020	2021	2022
Item						
Current assets		307,780	308,069	178,376	200,290	168,577
Long-term investment (Note 1)		540,142	468,647	632,618	639,842	618,104
Property, plant and equipment		49,286	47,347	45,426	45,040	44,094
Right-of-use assets		—	2,546	3,416	1,489	4,838
Intangible assets		—	—	—	2,069	2,069
Other assets (Note 2)		454,702	450,385	437,321	352,179	332,134
Total assets		1,351,910	1,276,994	1,297,157	1,240,909	1,169,816
Current liabilities	Before distribution	34,682	31,226	29,977	69,462	69,239
	After distribution	82,676	47,141	45,892	69,462	(Note 3)
Non-current liabilities		320,436	288,336	310,329	229,137	198,975
Total liabilities	Before distribution	355,118	319,562	340,306	298,599	268,214
	After distribution	403,112	335,477	356,221	298,599	(Note 3)
Equity attributable to the shareholders of parent company		996,792	957,432	956,851	942,310	901,602
Capital stock		799,900	799,900	799,900	799,900	795,740
Capital Reserve		103,303	113,265	115,253	115,783	130,965
Retained earnings	Before distribution	126,637	97,297	88,696	76,427	16,615
	After distribution	78,643	81,382	72,781	76,427	(Note 3)
Other equities		(19,647)	(35,143)	(29,111)	(31,913)	(41,718)
Treasury Stock		(13,401)	(17,887)	(17,887)	(17,887)	—
Previous equity under common control		—	—	—	—	—
Total equity	Before distribution	996,792	957,432	956,851	942,310	901,602
	After distribution	948,798	941,517	940,936	942,310	(Note 3)

Note 1: Long-term investments comprise financial assets measured at fair value through other comprehensive income, financial assets measured at cost and investments under equity method.

Note 2: Other assets comprise deferred tax assets and other non-current assets.

Note 3: The proposed distribution of the 2022 profits has been approved by the board of directors and is subject to the resolution of the shareholders' meeting.

4. Parent Only Comprehensive Income Statement

Unit: NTD (in thousands)

Item \ Year	Financial summary for the last five years				
	2018	2019	2020	2021	2022
Operating revenue	139,281	78,555	33,928	30,096	(41,656)
Gross profit	138,362	76,028	33,098	30,096	(41,656)
Operating income (loss)	78,811	19,529	(22,952)	(20,977)	(81,472)
Non-operating incomes and expenses	38,256	4,425	30,591	33,415	27,153
Net income before tax	117,067	23,954	7,639	12,438	(54,319)
Net income from continued operations	108,555	19,959	7,854	3,795	(59,812)
Losses from discontinued operations	—	—	—	—	—
Net income (loss)	108,555	19,959	7,854	3,795	(59,812)
Other comprehensive income (after tax)	(5,240)	(15,496)	6,032	(2,802)	(9,805)
Total comprehensive income	103,315	4,463	13,886	993	(69,617)
Net income attributable to the shareholders of parent company	102,065	19,959	7,854	3,795	(59,812)
Net income attributable to owners of the Company under common control	6,490	—	—	—	—
Total comprehensive income attributable to the shareholders of parent company	99,775	4,463	13,886	993	(69,617)
Total comprehensive income attributable to owners of the Company under common control	3,540	—	—	—	—
Earnings per share (NTD)	1.36	0.25	0.10	0.05	(0.75)

(II) Condensed Balance Sheet and Income Statement - Financial Information under Taiwan Enterprise Accounting Standard

The Company has adopted IFRS financial information for five years and does not need to prepare for financial information under Taiwan Enterprise Accounting Standard.

(III) Name of the CPAs and the audit opinion for the last five years

1. Name of the CPAs and audit opinion for the last five years

Year	Accounting Firm	Names of CPAs	Audit opinions
2018	KPMG, Taiwan	Zhang, Zi-Xin and Chen, Cheng-Xue	Unqualified opinion
2019	KPMG, Taiwan	Zhang, Zi-Xin and Chen, Cheng-Xue	Unqualified opinion
2020	EY, Taiwan	Huang, Yu-Ting and Huang, Tzu-Ping	Unqualified opinion
2021	EY, Taiwan	Huang, Yu-Ting and Huang, Tzu-Ping	Unqualified opinion
2022	EY, Taiwan	Huang, Yu-Ting and Huang, Tzu-Ping	Unqualified opinion

2. Reasons for replacement of CPA in the last five years

The Company's CPAs were replaced by Zhang, Zi-Xin and Chen, Cheng-Xue as a result of an internal organizational rearrangement of the accounting firm in 2018. In consideration of the internal management needs of the Company, the firm of CPAs was replaced by EY, Taiwan in 2020, and the CPAs were replaced by Huang, Yu-Ting and Huang, Tzu-Ping.

II. Financial Analysis for the Last Five Years

Including the financial structure, solvency, operational capacity, profitability, cash flow and gearing and a description of the reasons for changes in each financial ratio in the last two years.

(I) Consolidated Financial Analysis

Item of analysis		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt ratio (%)	43.01	36.24	40.93	43.65	44.88	
	Long-term capital to property, plant and equipment ratio (%)	203.54	168.63	158.29	146.05	108.74	
Solvency (%)	Current ratio (%)	214.76	253.39	206.81	156.74	132.73	
	Quick ratio (%)	165.66	213.26	151.81	101.78	94.77	
	Interest earned ratio (times)	20.24	7.59	2.14	1.31	(2.12)	
Operational Capacity	Accounts receivable turnover (time)	6.53	4.25	3.08	3.42	3.04	
	Average collection period	55.89	85.88	118.50	106.72	120.06	
	Inventory Turnover (times)	10.23	8.05	4.64	4.31	4.26	
	Accounts payable turnover (time)	5.65	5.10	4.80	5.72	5.35	
	Average days in sales	35.67	45.34	78.66	84.68	85.68	
	Property, plant and equipment turnover (times)	1.66	1.30	1.22	1.78	1.66	
	Total Assets Turnover (times)	0.62	0.51	0.46	0.64	0.62	
Profitability	Return on total assets (%)	6.01	2.13	0.73	0.63	(1.56)	
	Return on shareholders' equity (%)	10.32	2.04	0.82	0.40	(6.49)	
	Ratio to paid-in capital (%)	Operating profit	13.05	3.55	(1.90)	(0.83)	(5.74)
		Pre-tax income	17.44	5.93	1.07	0.50	(8.27)
	Profit ratio (%)	9.20	3.56	0.98	0.29	(3.61)	
	Earnings per share (NTD)	1.36	0.25	0.10	0.05	(0.75)	
Cash Flow	Cash flow ratio (%)	37.96	23.82	17.74	(8.18)	(5.86)	
	Cash flow adequacy ratio (%)	59.64	63.04	86.20	48.24	33.57	
	Cash reinvestment ratio (%)	6.96	1.41	3.56	(3.31)	2.48	
Gearing	Operational leverage	2.90	8.67	(15.26)	(49.79)	(7.11)	
	Financial leverage	1.07	1.34	0.67	0.34	0.68	

Changes in financial ratios of up to 20% in the last two years are described as follows:

1. The decrease in Long-term capital to property, plant and equipment ratio is mainly due to the increase in property, plant and equipment in 2022.
2. The decrease in Interest earned ratio is mainly due to the decrease in profit before tax and increase in interest expenses in 2022.
3. The decrease in return on total assets and return on shareholders' equity is mainly due to the decrease in net profit in 2022.
4. The decrease in operating profit to ratio to paid-in capital is mainly due to the increase in operating losses in 2022.
5. The decrease in pre-tax income to ratio to paid-in capital, profit ratio, earnings per share is mainly due to the decrease in profit before tax in 2022.
6. The increase in cash flow ratio is mainly due to the increase in net cash flow from operating activities in 2022.
7. The decrease in cash flow adequacy ratio is mainly due to the decrease in net cash flow from operating activities and increase in capital expenditure in the recent 5 years.
8. The increase in cash reinvestment ratio is mainly due to the increase in net cash flow from operating activities in 2022.
9. The increase in operational leverage is mainly due to the increase in operating loss in 2022.
10. The increase in financial leverage is mainly due to the increase in operating loss and financial cost in 2022.

(II) Parent Only Financial Analysis

		Year		Financial analysis for the last five years				
		2018	2019	2020	2021	2022		
Item of analysis								
Financial Structure (%)	Debt ratio (%)	26.27	25.02	26.23	24.06	22.93		
	Long-term capital to property, plant and equipment ratio (%)	2,613.80	2,544.85	2,688.71	2,496.81	2,417.03		
Solvency (%)	Current ratio (%)	887.43	986.58	595.04	288.34	243.47		
	Quick ratio (%)	877.80	981.18	592.39	286.87	241.88		
	Interest earned ratio (times)	26.22	7.12	3.19	4.15	(12.00)		
Operational Performance	Accounts receivable turnover (time)	17.36	21.00	19.44	86.98	0.00		
	Average collection period	21.03	17.38	18.78	4.20	0.00		
	Inventory turnover (times)	0.26	1.31	2.00	0.00	0.00		
	Accounts payable turnover (time)	0.00	0.00	0.00	0.00	0.00		
	Average days in sales	1,403.85	278.63	182.50	0.00	0.00		
	Property, plant and equipment turnover (times)	2.76	1.63	0.73	0.67	(0.93)		
	Total assets turnover (times)	0.10	0.06	0.03	0.02	(0.03)		
Profitability	Return on assets (%)	8.17	1.76	0.83	0.55	(4.68)		
	Return on shareholders' equity (%)	10.32	2.04	0.82	0.40	(6.49)		
	Ratio to paid-in Operating profit	9.85	2.44	(2.87)	(2.62)	(10.24)		

	capital (%)	Pre-tax income	14.64	2.99	0.95	1.55	(6.83)
	Profit ratio (%)		77.94	25.41	23.15	12.61	143.59
	Earnings per share (NTD)		1.36	0.25	0.10	0.05	(0.75)
Cash Flow	Cash flow ratio (%)		74.85	70.48	28.10	34.94	(4.05)
	Cash flow adequacy ratio (%)		13.55	4.23	56.79	83.73	80.28
	Cash reinvestment ratio (%)		(0.46)	(2.07)	(0.59)	2.05	(0.25)
Operating performance	Operational leverage		1.52	3.14	(0.91)	(0.88)	0.67
	Financial leverage		1.06	1.25	0.87	0.84	0.95

Changes in financial ratios of up to 20% in the last two years are described as follows:

1. The decrease in interest cover earned ratio (times) is mainly due to the decrease in profit before tax in 2022.
2. The decrease in accounts receivable turnover (time) is mainly due to the decrease in average accounts receivable in 2022.
3. The decrease in average collection period is mainly due to the accounts receivable turnover (time) being 0 in 2022.
4. The decrease in property, plant and equipment turnover (times) and total assets turnover (times) is mainly due to the decrease in operating revenue in 2022.
5. The decrease in return on assets and return on shareholders' equity is mainly due to the decrease in profitability in 2022.
6. The decrease in operating profit to ratio to paid-in capital is mainly due to the increase in operating losses in 2022.
7. The decrease in pre-tax income to ratio to paid-in capital is mainly due to the decrease in pre-tax income in 2022.
8. The decrease in profit ratio and earnings per share is mainly due to the decrease in profit after tax in 2022.
9. The decrease in cash flow ratio and cash reinvestment ratio is mainly due to the decrease in net cash flow from operating activities in 2022.
10. The increase in operational leverage is mainly due to the decrease in operating revenue and operating profit in 2022.

Note 1: The following equations should be shown at the end of this table in the Annual Report:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities / total assets.

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

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest cover ratio = net income before income tax and interests expenses / interest expenses for the current period.

3. Operating Capacity

(1) Accounts receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = net sales of goods / average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).

(2) Average days of cash receipt = 365 / accounts receivable turnover.

(3) Inventory turnover rate = operating costs / average inventory.

(4) Accounts payable (including accounts payable and bills payable arising from business operation) turnover rate = operating costs / average payable for different period (including accounts payable and bills payable arising from business operation).

(5) Average days of sale = 365 / inventory turnover rate.

(6) Property, plant and equipment turnover ratio = net sales / average net worth of property, plant and equipment.

(7) Total asset turnover ratio = net sales / total average assets.

4. Profitability

(1) Return on asset = (profit or loss after tax + interests expenses × (1 - tax rate)) / average total assets.

- (2) Return on equity = profit and loss after tax / net average shareholders' equity.
- (3) Net profit rate = profit and loss after tax / net sales of goods.
- (4) Earnings per share = (Income attributable to shareholders of parent company - preferred share dividend) / weighted average of outstanding shares (Note 4)

5. Cash flow

- (1) Cash flow ratio = net cash flow due to operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from operating activities over the current five years / (capital expenditure + increase in inventory + cash dividends) for the current five years).
- (3) Cash re-investment ratio = (net cash flow from operation - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Gearing:

- (1) Operational gearing = (net sale - variable operating costs and expenses) / operating income. (Note 6)
- (2) Financial gearing = operating income / (operating income - interests expenses)

Note 2: The above equation for the calculation of earnings per share should be measured with particular attention to the following:

- 1. Based on the weighted average number of ordinary shares instead of the number of shares issued as at the end of the year.
- 2. Where there is a cash capital increase or treasury stock trader, the weighted average number of shares should be calculated by taking into account the period of their circulation.
- 3. Where there is a capital increase from surplus or capital reserve, the calculation of earnings per share for the previous years and half-year should be adjusted retrospectively in proportion to the capital increase, irrespective of the period during which the capital increase was issued.
- 4. If the Preference Shares are cumulative non-convertible Preference Shares, the dividends for the year, whether or not paid, shall be reduced by the net profit after taxation or increased by the net loss after taxation. In the case of non-cumulative preference shares, dividends on preference shares shall be reduced by the net profit after tax if there is a net profit after tax; in the case of losses, no adjustment shall be made.

Note 3: The cash flow analysis should be measured with particular attention to the following:

- 1. Net cash flow from operating activities is defined as the net cash inflow from operating activities in the cash flow statement.
- 2. Capital expenditure refers to the annual cash outflow from capital investments.
- 3. Additions to inventories are included only if the closing balance is greater than the opening balance, or nil if inventories are reduced at the end of the year.
- 4. Cash dividends comprise cash dividends on ordinary and preference shares.
- 5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 4: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature and, where estimates or subjective judgements are involved, pay attention to their reasonableness and maintain consistency.

(III) Consolidated Financial Analysis - Financial Information under Taiwan Enterprise Accounting Standard

The Company has adopted IFRS financial information for five years and does not need to prepare for financial information under Taiwan Enterprise Accounting Standard.

(IV) Parent Only Financial Analysis - Financial Information under Taiwan Enterprise Accounting Standard

The Company has adopted IFRS financial information for five years and does not need to prepare for financial information under Taiwan Enterprise Accounting Standard.

III. Audit Committees' or Supervisors' Review Report on the Financial Reports in the Last Years

Tradetool Auto Co., Ltd. Audit Committee's Review Report

The board of directors has prepared the Company's 2022 Financial Statements. The CPA firm of Ernst & Young, represented by CPA Huang, Yu-ting and Huang, Tzu-ping, was retained to audit the Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for distribution of profit have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

Tradetool Auto Co., Ltd.

2023 Annual Shareholders' Meeting

Chairman of the Audit Committee: Chen, Chun-Mao

March 2, 2023



IV. Annual Financial Report for the Most Recent Year, Including an Independent Auditor's Report, a Two-year Comparative Balance Sheet, a Comprehensive Income Statement, a Statement of Changes in Equity, a Statement of Cash Flows and Notes or Attachments

Please refer to pages 149 to 253.

V. The Parent Only Financial Statements for the Most Recent Year Audited by The CPA.

Please refer to pages 254 to 327. (excluding a list of significant accounting items)

VI. Any Insolvency to the Company and its Subsidiaries in the Previous Period to the Date this Report Was Printed, and the Influence on the Financial Position of the Company

None.

Chapter VII. Review and Analysis of Financial Position and Performance, and Risks

I. Analysis of Financial Status

The reasons for, and impact of, any significant change over the most recent 2 fiscal years in its assets, liabilities, or equity. Where the impact is significant, describe further how the insurance enterprise plans to respond.

Unit: NTD (in thousands)

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,245,740	1,102,173	143,567	13.03
Financial assets measured at fair value through other comprehensive income	28,986	46,987	(18,001)	(38.31)
Real estate, plant and equipment	1,027,679	839,461	188,218	22.42
Right-of-use assets	193,701	100,807	92,894	92.15
Intangible assets	24,497	24,728	(231)	(0.93)
Other assets	133,917	257,764	(123,847)	(48.05)
Total assets	2,654,520	2,371,920	282,600	11.91
Current liabilities	938,529	703,172	235,357	33.47
Non-current liabilities	252,741	332,109	(79,368)	(23.90)
Total liabilities	1,191,270	1,035,281	155,989	15.07
Capital stock	795,740	799,900	(4,160)	(0.52)
Capital surplus	130,965	115,783	15,182	13.11
Retained earnings	16,615	76,427	(59,812)	(78.26)
Other equity	(41,718)	(31,913)	(9,805)	30.72
Treasury shares	—	(17,887)	17,887	(100.00)
Non-controlling interests	561,648	394,329	167,319	42.43
Total Stockholders' Equity	1,463,250	1,336,639	126,611	9.47

- I. The main reasons for any material change (the change reaches 20 percent or greater and the sum involved amounts to NTD10,000,000) in the Company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof:
1. The decrease in financial assets measured at fair value through other comprehensive income is mainly due to the recognition of unrealized losses in 2022.
 2. The increase in real estate, plant and equipment is mainly due to newly-built buildings and construction in 2022.
 3. The increase in right-of-use assets is mainly due to the increase in land in 2022.
 4. The decrease in other assets is mainly due to the payment of long-term prepaid investment expenses from 2021 paid in 2022.
 5. The increase in current liabilities is mainly due to the increase in short-term borrowings in 2022.
 6. The decrease in non-current liabilities is mainly due to the reduction in long-term borrowings in 2022.
 7. The decrease in retained earnings is mainly due to the decrease in profits in 2022.
 8. The decrease in other equity is mainly due to the increase in unrealized losses on financial assets measured at fair value through other comprehensive income.
 9. The decrease in treasury shares is mainly due to the cancellation of shares registration in 2022.
 10. The increase in non-controlling interests is mainly due to the Company's reduction in its ownership of the subsidiary, Tan De Tech, through a private placement to introduce strategic investors.
- II. If material changes in financial conditions have occurred in the past two years, future response plans should be explained: None.

II. Analysis of Financial Performance

Explain the reasons for any material changes over the most recent 2 fiscal years in operating revenue, operating income, and income before tax. Forecast the Company's expected sales volume and provide the basis for the forecast; and describe the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond.

Unite: NTD (in thousands)

Item	Year		Increased (decreased) amount	%
	2022	2021		
Operating revenues	1,551,319	1,491,600	59,719	4.00
Operating costs	1,334,455	1,279,621	54,834	4.29
Gross profit	216,864	211,979	4,885	2.30
Operating expenses	262,573	218,621	43,952	20.10
Operating income	(45,709)	(6,642)	(39,067)	588.18
Non-operating income and expense	(20,102)	10,658	(30,760)	(288.61)
Net profit before tax	(65,811)	4,016	(69,827)	(1,738.72)
Tax income (expense)	9,832	307	9,525	3,102.61

Item	Year		Increased (decreased) amount	%
	2022	2021		
Income before tax	(55,979)	4,323	(60,302)	(1,394.91)
Non-operating Expenses and Losses	—	—	—	—
Net profit for the period	(55,979)	4,323	(60,302)	(1,394.91)
Net profit for the period, attributable to owners of parent	(59,812)	3,795	(63,607)	(1,676.07)
Net profit for the period, non-controlling interests	3,833	528	3,305	625.95
<p>I. The main reasons for any material change (the change reaches 20 percent or greater and the sum involved amounts to NTD10,000,000) in the Company's operating income, net profit before tax, during the past 2 fiscal years, and describe the effect thereof:</p> <ol style="list-style-type: none"> 1. The increase in operating expenses and decrease in operating income is mainly due to the active investment in the research and development of automotive lamp products in 2022, and the testing of multiple sets of tooling and molds for new car models, increasing research and development expenses. 2. The decrease in non-operating income and expense is mainly due to the increase in interest expenditure and foreign exchange losses in 2022. 3. In summary, the income before tax for 2022 decreased compared to 2021. <p>II. The Company's expected sales volume and provide the basis for the forecast and describe the possible impact of such changes upon the Company's financial and business affairs, and how the Company plans to respond.</p> <p>Based on the Company's production capacity, anticipated changes in the future economic climate, and estimated customer shipment schedules, the Company expects that the sales volume for automotive products orders will not undergo material changes. However, the Company will put efforts into adjusting or adding new product combination to generate better profits in the future.</p>				

III. Cash Flow

- (I) Analyze and explain any changes over the most recent fiscal year in the Company's cash flows, describe how the Company plans to address any illiquidity problems and provide an analysis of the Company's cash liquidity for the coming fiscal year.

1. Cash flow analysis for the most recent fiscal year

Unit: NTD (in thousands)

Cash and cash equivalents, beginning of year (1)	Net cash flow from operating activities (2)	Cash inflow (outflow) (3)	Cash surplus (Deficit) (1)+(2)+(3)	Leverage of cash deficit	
				Investment plans	Financing plans
217,082	54,986	18,214	290,282	—	—

Analysis of change in cash flow in 2022:

1. Operating activities: The net cash inflow is NTD54,986,000, which is mainly due to the cash outflow from operations in 2022.
2. Investment activities: The net cash outflow is NTD242,807,000, mainly due to the increase in capital expenditure in 2022.
3. Fund-raising activities: The net cash inflow is NTD257,740,000, mainly due to the increase in the amount of bank loans in 2022.
4. Additionally, cash inflows of NTD3,281,000 is generated due to the impact of exchange rate changes.

2. Cash flow analysis for the coming fiscal year

Unit: NTD (in thousands)

Estimated cash and cash equivalents, beginning of year (1)	Estimated net cash flow from operating activities (2)	Estimated cash inflow (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment plans	Financing plans
290,282	93,043	(129,246)	254,079	—	—

Cash flow analysis for the coming fiscal year:

- (1) Operating activities: The net cash inflow from operating activities is NTD93,043,000, mainly due to the expected net cash inflow from the operating performance in 2023.
- (2) Investment activities: Net cash outflow of NTD90,277,000 is mainly due to the expected cash outflow from capital expenditure in 2023.
- (3) Fund-raising activities: The net cash outflow is NTD38,969,000, mainly due to the expected repayment of financing loans in 2023.

The corrective measures to be taken in response to the expected cash deficit and its cash flow analysis: Not applicable.

IV. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

There were no major capital expenditures in 2022.

V. Investment Policy in the Most Recent Fiscal Year, Main Reasons for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

- (I) Investment policy in the most recent fiscal year: The Company's main policy for investment is to increase revenue and profits.
- (II) The main reasons for the profits or losses in the investments and the improvement plans: In 2022, the Company recognized an investment loss of NTD41,656,000 by adopting equity method accounting for subsidiaries. The main reason is that the metal stamping business division was affected by the COVID-19 outbreak and lockdown measures, which resulted in operational losses. To cope with a rapidly changing market and intense competition, each subsidiary will implement stricter controls over various processes, and improve production efficiency and competitiveness to create higher profits. The Company will also continue to support the subsidiary that incurred losses, to accelerate the reduction of losses and achieve profit targets as soon as possible.
- (III) Investment plans for the coming year: If there are appropriate investment targets that align with business expansion, the Company will carefully evaluate and make investments.

VI. Analysis of Risk Management as of the Publication Date of the Annual Report:

- (I) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures

1. Effects of changes in interest rates and future response measures

The net interest expenditure of the Company in 2022 was NTD21,091,000, accounting for 1.36% of the net operating revenue for the same period, indicating that the impact of interest expenditure on the Company's profit and loss is not significant. Additionally, the Company will adjust capital utilization based on changes in financial interest rates in the future to reduce the impact of interest rate changes on the Company's profit and loss.

2. Effects of foreign exchange rates and future response measures

The Company's metal stamping parts are mainly sold in China, and the currency used for buying and selling transactions is mainly in Chinese Yuan (CNY). However, sales of injection parts are mainly quoted in US dollars and New Taiwan dollars, and the payment for the main purchased products is also mainly in US dollars and New Taiwan dollars. Therefore, natural hedging can be adopted for some of the US dollar transactions related to the purchase and sale of injection parts. Nevertheless, due to factors such as differences in accounts receivable and accounts payable periods, there is a net asset position in US dollars on the books, which still faces exchange rate risk. The foreign exchange losses for 2022 was NTD4,329,000, accounting for 0.28% of net operating revenue. Given the recent volatility in exchange rates, the Company's exchange rate policy is to consider global economic trends and future capital requirements for overseas market expansion, and then decide whether to use derivative financial instruments or increase foreign currency liabilities to hedge against foreign currency fluctuations.

3. Effects of inflation and future response measures

According to the annual growth rate of the consumer price index announced by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. was 2.71%.

The inflation risk is still within an acceptable range. However, due to the differences in industry characteristics, the inflation rate has no significant impact on the Company's operations.

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

1. High-risk investments, highly leveraged investments:

The company is mainly engaged in research and development, manufacturing and sales. As of the publication date of this annual report, the Company hasn't engaged in any high-risk or highly-leveraged investments.

2. Loans to other parties, endorsements, guarantees:

All related operations have been conducted in accordance with the provisions of the "Operational Procedures for Endorsements/Guarantees", and "Operational Procedures for Loaning Funds to Others". Currently, the Company only engages in fund loans or endorsements or guarantees between parent companies and affiliated companies within the group. As of the publication date of this annual report, there are no overdue and unpaid situations. As of the publication date of the annual report, there have been no losses incurred due to the endorsement/guarantee.

3. Derivatives trading:

As of the publication date of this annual report, the company has not engaged in any derivative financial derivatives trading. The Company has formulated the "Regulations Governing the Operational Procedures for Asset Acquisition or Disposition" as a basis for future execution to ensure the Company's best interests.

(III) Future Research & Development Projects and Corresponding Budget

1. Future Research & Development

(1) Short-term project

- A. Cooperating with existing automotive display customers to develop larger-sized automotive light guide plates.
- B. Complete the development, verification, and mass production of all the headlight molds that have already been contracted.
- C. Maintain the cooperation with current automotive manufacturers and obtain new orders for the development of new headlights from them.
- D. Continuously cooperate with the development of headlight samples to meet the needs of new customers, in order to obtain new orders for headlight development from them.
- E. Continuously improve the production process, increase production efficiency, reduce unit costs, and maintain high gross profit.
- F. Improve the accuracy of CAE analysis for parts development and integrate it with mold design and development, which further increases the qualification rate of the first mold trial debugging and sampling.
- G. Enhance the automation level of the processes of vertical position of welding, fusion welding and stamping, and continue to obtain relevant automation patents.
- H. Conduct human factor engineering analysis on the stamping process and improve optimization, as well as enhance the automation level of the stamping machine.
- I. Increase the research and development of tooling and provide the proportion of self-made tooling production.
- J. Adding Product Lifecycle Management (PLM) to improve the precision of the mold project development schedule.
- K. R&D of fusion welding process: In response to business development, the Company has

obtained the parts fusion welding order from new energy automotive manufacturers. The fusion welding process has been introduced to achieve the delivery goal for final assembled components of automotive components.

- L. Collect and analyze the production parameters of the stamping process for high-strength steel parts and the welding process for final assembled components and improve the production process.
- M. Increase the proportion of self-developed fixtures for welding automation.

(2) Mid-and long-term project

- A. Continuously improve the Company's R&D capability and cultivate outstanding talents.
- B. Actively introduce non-consumer electronic application products, such as those used in the automotive market by utilizing the Company's existing core competencies.
- C. Continuously improve the optical efficiency of headlights, lower the power consumption and costs and enhance the Company's competitiveness.
- D. Continuously reduce the height of headlight optical lenses to reduce the overall thickness of the headlights, and provide higher design flexibility for automotive exterior styling.
- E. Continuously conduct research and development on the mechanism and heat dissipation of headlights to achieve the goals of size reduction and cost reduction.
- F. Continuously carry out industry-academia collaboration development projects for smart headlights, in order to achieve the goal of making smart headlights affordable and widely available.
- G. Participate in the research and development project of new lightweight components for new energy vehicle manufacturers, and the Company has been transforming from a simple component OEM to a major R&D partner for automotive manufacturers to meet the principles of lightweighting and improve the structural safety of car body for new energy vehicles.
- H. Complete vertical integration production to ensure the development plan for supply quality from mold design, debugging, stamped parts to the finished product of welded assemblies.
- I. The integration research of automated systems for the manufacturing processes, including vertical position welding, fusion welding, and stamping, with the aim of cutting down on labor costs and improve production efficiency.
- J. Research and development of fusion welding and stamping process:
With the energy-saving and environmental trend of lightweighting in automobiles, the demand for high-strength steel plates has been increasing. The Company will increase the stamping of high-strength steel plates and the development on fusion welding process.
- K. Research and development of molds for aluminum parts:
With the energy-saving and environmental trend of lightweighting in automobiles, the Company will increase the research and development of aluminum molds.
- L. Research and development of hot stamping process:
To meet the trend of lightweighting in the automotive industry while maintaining the same strength, the Company will actively develop hot stamping processes to meet the development of high-strength steel plates.
- M. Research and development of hot stamping molds:
The Company's goal is to gradually transition from fusion welding process technology of high-strength plates to hot stamping process technology, and ultimately achieve the goal of developing the Company's self-made hot stamping molds.
- N. Establish big data systems with various automated production process parameters, with the expectation of shortening production process and delivery time, reducing inventory and cutting down on the cost of losses caused by manual operations and enhancing the consistency of delivery quality
- O. Research and development of carbon fiber electrode technology.

2. Further expenditures expected for research and development work

Based on the Company's future R&D plans and progress in new product development, the Company has allocated a higher R&D budget for 2023 compared to 2022. In the future, as product combinations are adjusted, the annual R&D budget of the Company can gradually be increased to support future R&D plans and enhance the Company's competitiveness in the market.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company conducts all business operations in accordance with the laws and regulations set forth by the governing authorities. Furthermore, in the most recent fiscal year, the Company's financial and business operation have not been affected by any important policy changes in the legal environment at home and abroad. In the future, the management of the Company will keep an eye on changes in important policies and legal environment at home and abroad and consult relevant professionals if needed, and proactively propose response measures as appropriate.

(V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The rapid development of the automotive industry has played an important role in the overall development of society. However, the contradictions in the development of the industry have become increasingly prominent due to issues such as energy shortages and environmental pollution. In the future, only by establishing a foundation of nature, ecology, energy conservation, safety, and other related factors can the industry achieve sustainable development. The foundation has accelerated the development on the lightweighting of automobiles; therefore, adopting lightweight and higher-performance substitute materials and new forming processes has become an important direction for development. However, due to the increased strength of high-strength steel plates, the traditional cold stamping process is prone to cracking during forming and cannot meet the processing requirements for high-strength steel plates. In the situation of failing to meet the forming conditions, people around the world have been gradually conducting research on hot stamping technology for high-strength steel plates. As a result, the Company will increase the development on the fusion welding of high-strength steel plates, hot stamping process and self-made hot stamping molds as the main targets of the Company's future development.

Another main product of the Company is automotive light guide plate for TFT-LCD, which is one of the key components of LCD. With the improvement in technology application, the application areas of LCD displays are more extensive. The Company is also actively investing resources in research and development to strengthen new products and improve processes, in order to maintain the Company's competitiveness in the industry. Furthermore, the Company will continue to use its existing optical development capabilities to research and develop products beyond the TFT-LCD industry to reduce the significant impact of the TFT-LCD industry's business cycles on the Company's revenue. Furthermore, the Company will continue to utilize its existing optical development capabilities to research and develop products beyond the TFT-LCD industry to reduce the significant impact of the TFT-LCD industry's business cycles cause on the Company's revenue. Moreover, the Company utilizes its existing excellent mold injection capability to research and develop the production technology of automotive product application and diversifies its development by entering both traditional industries and the electronics industry to enhance the Company's ability for sustainable operation. As a result, the Company's development plan should be sufficient to cope with the impact caused by the changes in technology and industry.

To implement cyber security management, the Company has adopted the following related protection measures to ensure the operation security of cyber system:

1. Computer system security management: Purchase and install legal anti-virus software, update

virus definitions in a timely manner and regularly scan the computers.

2. Internet security management: The Company has taken various protection measures such as setting up firewalls, filtering malicious emails and protecting employees' security while using the Internet. Also, always stay alert to cyber security and monitor cyber security.
3. Regularly check access permissions, user password management, off-site backup of important data, and install backup power supplies to prevent losses caused by power outages.
4. Planning for sustainable business operations: Assess the impact of employees and natural disasters on the Company's normal operation and establish emergency response measures, and information recovery procedures.
5. Cyber security education and training: Regularly advocate cyber security and hold activities such as cyber security education and training for employees. As of the most recent fiscal year and up to the publication date of this annual report, there has no serious cyberattack that would cause negative impact on the Company occurred.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company focuses on the R&D and business operation of this industry. The Company has been actively improving internal management, enhancing product quality and efficiency, and complying with relevant regulations and laws. Meanwhile, the Company has been maintaining an amicable labor-management relation and continuing to maintain a great corporate image. As of the publication date of this annual report, there has no event that would have a negative impact on the Company's corporate image occurred.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

As of the publication date of the annual report, the Company has not engaged in any merger and acquisition plan. However, if there is any merger and acquisition plan in the future, the Company will carefully evaluate and consider whether the merger and acquisition can bring tangible benefits to the Company, in order to protect shareholder rights and interests.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The expansion of the Company's plant can enhance productivity and enable the Company to take on more customer orders, thereby increasing its revenue and profitability. Moreover, it also gives the Company an opportunity to explore new business, which can help to reduce and diversify its business risks. The subsidiary, Xiangyang Tradetool Automobile Parts Co., Ltd., has completed the construction of the factory located in Xiangyang automobile industry park in 2022. All related capital and expenditures are carefully arranged to optimize the Company's capital utilization and create the maximum benefit.

(IX) Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration

1. Risks relating to and response to excessive concentration of purchasing sources

Most of the Company's main suppliers are reputable international steel and petrochemical manufacturers that provide us with strict automotive-grade steel plates and optical plastic materials. And the Company's ultimate suppliers are well-known international steel and petrochemical manufacturers. Therefore, the transaction price and source of supply have been steady. Moreover, these materials require certification from automotive OEMs and panel plants. As a result, the Company has no concern about supply source and the risks are under the Company's control.

2. Risks relating to and response to excessive concentration of excessive customer concentration

While selecting supplier, the OEMs and TFT-LCD panel manufacturers evaluate the supplier's capabilities in design, production capacity, product quality control, and financial stability at each stage from model development, testing, trial production to mass production. Only after careful evaluation of these factors will they choose their main suppliers. Due to the nature of the industry, it often takes a long time for automotive-related components to gain customer approval. Therefore, once the cooperation is established, customers will not easily change their suppliers to ensure product quality and stable supply. Since the Company was established, the Company has not only focused on improving product processes and research and development but has also actively developed other customer groups and products in other areas to reduce the risk of customer concentration.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

As of the most recent fiscal year and up to the publication date of this annual report, there have been no transfers or changes in shareholdings the Company.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights

As of the most recent fiscal year and up to the publication date of this annual report, the Company's management rights have not been changed.

(XII) Litigation or Non-litigation Matters: None.

(XIII) Other major risks and measures to be taken in response: None.

VII. Other Important Matters: None.

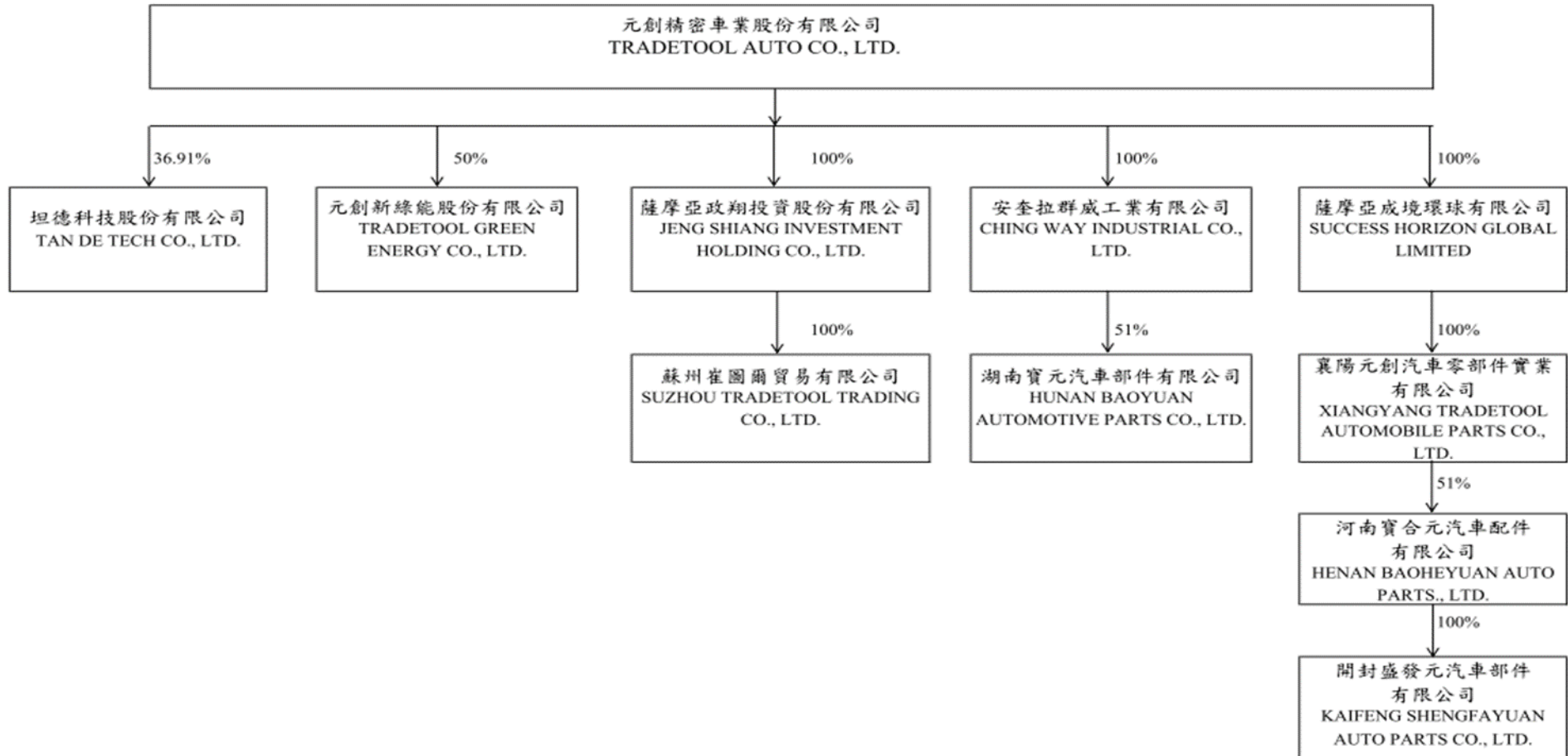
Chapter VIII. Additional Information:

I. Information Related to the Company's Affiliates in the Most Recent Fiscal Year

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliated companies

December 31, 2022



2.Summary of affiliated companies

December 31, 2022
(Unit: in thousands)

Name	Establishment date	Address	Paid-in capital	Main business content
Tan De Tech Co., Ltd. (hereinafter referred to as Tan De Tech)	February 2013	No. 8, Dougong 9th Rd., Liunan Village, Douliu City, Yunlin County, Taiwan	NTD350,000	Electronic parts and components manufacturing, wholesale of materials and product designing
Tradetool Green Energy Co., Ltd. (hereinafter referred to as Tradetool Green Energy)	March 2020	4F.-7, No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan	NTD5,000	Wholesale and retail of batteries
Samoa Jeng Shiang Investment Holdings Co., Ltd.(hereinafter referred to as Jeng Shiang Samoa)	April 2005	P.O.Box 217, Apia, Samoa	USD50	Investment holding
Suzhou Tradetool Trading Co., Ltd. (hereinafter referred to as Suzhou Tradetool)	August 2016	No. 69, Wei Hsin Rd., Suzhou Industrial Park	USD50	Various electronic parts and components processing and trading
Ching Way Industrial Co., Ltd. (Anguilla) (hereinafter referred to as Ching Way Anguilla)	April 2013	P.O.Box 941, The Valley AI-2640 ,Anguilla	USD2,069	Investment holding
Success Horizon Global Limited (Samoa) (hereinafter referred to as Success Horizon Global)	March 2018	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD10,682	Investment holding
Xiangyang Tradetool Automobile Parts Co., Ltd. (hereinafter referred to as Xiangyang Tradetool Parts)	November 2011	No. 32, Yeh Tien Rd., Hubei Xiangyang Technology Industrial Development Park	CNY49,500	Various auto parts and components manufacturing and selling.
Hunan Baoyuan Automotive Parts Co., Ltd. (hereinafter referred to as Hunan Baoyuan)	October 2014	Ceramics Industrial Park, Li Ling City, Chu Chou City, Hunan Province	CNY26,000	Various auto parts and components manufacturing and selling
Henan Baoheyuan Auto Parts Co., Ltd. (hereinafter referred to as Henan Baoheyuan)	January 2018	No. 296, Zhengkai Avenue, Kaifeng Area, Henan Pilot Free Trade Zone (Production place: 200 meters west of the intersection of Longhai 2nd Road and Jiuda Street, Kaifeng City, Henan Province)	CNY80,000	Various auto parts and components manufacturing and selling
Kaifeng Shengfayuan Auto Parts Co., Ltd. (hereinafter referred to as Kaifeng Shengfayuan)	April 2020	No. 296, Zhengkai Avenue, Kaifeng Area, Henan Pilot Free Trade Zone (Production place: 100 meters west of the	CNY32,530	Various auto parts and components selling and housing rental business

Name	Establishment date	Address	Paid-in capital	Main business content
		intersection of Tenth Street and Longhai Second Road, Xinghuaying Town, Kaifeng City, Henan Province)		

3. The matters should be disclosed about the affiliated companies presumed to have a relationship of control and subordination: None.

4. The industries covered by the business operated by the affiliated companies overall: Investment, light guide plate, automotive metal stamping parts and welding parts manufacturing and selling, and related molds development and selling.

5. Director, supervisor, and General manager of affiliated companies

December 31, 2022

Company name	Title	Name	Shareholding	%
Tan De Tech	Chairman	Representative of Tradetool Auto Co., Ltd.: Chiang, Kai-Liang	-	-
	Director/ General manager	Representative of Tradetool Auto Co., Ltd.: Li, Chao-Pei	-	-
	Director	Representative of Tradetool Auto Co., Ltd.: Chang, Ming-Hung	-	-
	Director	Representative of He Shun Hsing Smart Mobile: Jhan, Jin-Zong	(10,000 thousand shares)	28.57%
	Independent director	Shen, Cuan-Cih	-	-
	Independent director	Chen, Jin-Hua	-	-
	Independent director	Lin, Meng-Yi	-	-
			(12,918 thousand shares held by Tradetool Auto Co., Ltd.)	36.91%
Tradetool Green Energy	Chairman	Representative of Tradetool Auto Co., Ltd.: Chiang, Kai-Liang	-	-
	Director/ General manager	Representative of Tradetool Auto Co., Ltd.: Chang, Ming-Hung	-	-
	Director	Representative of Yuanchuang Energy Co., Ltd.: Chaing, Ming-Huang	(245 thousand shares)	49.00%
	Supervisor	Wang, Cheng-Wen	-	-
			(250 thousand shares held by Tradetool Auto Co., Ltd.)	50.00%

Company name	Title	Name	Shareholding	%
Jeng Shiang Samoa	Director	Representative of Tradetool Auto Co., Ltd.: Chiang, Kai-Liang	-	-
			(50 thousand shares held by Tradetool Auto Co., Ltd.)	100.00%
Suzhou Tradetool	Chairman/ General manager	Representative of Jeng Shiang Samoa: Chang, Ming-Huang	-	-
	Director	Representative of Jeng Shiang Samoa: Chiang, Kai-Liang	-	-
	Director	Representative of Jeng Shiang Samoa: Liao, Yu-Siang	-	-
	Supervisor	Representative of Samoa Jeng Shiang: Wang, Cheng-Wen	-	-
			(50 thousand shares held by Jeng Shiang Samoa)	100.00%
Ching Way Anguilla	Director	Representative of Tradetool Auto Co., Ltd.: Chiang, Kai-Liang	-	-
			(2,069 thousand shares held by Tradetool Auto Co., Ltd.)	100.00%
Success Horizon Global	Director	Representative of Tradetool Auto Co., Ltd.: Chiang, Kai-Liang	-	-
			(10,682 thousand shares held by Tradetool Auto Co., Ltd.)	100.00%
Xiangyang Tradetool Parts	Chairman/ General manager	Representative of Success Horizon Global: Chang, Ming-Hung	-	-
	Director	Representative of Success Horizon Global: Chiang, Kai-Liang	-	-
	Director	Representative of Success Horizon Global: Chen, Jheng-Jhong	-	-
	Supervisor	Representative of Success Horizon Global: Wang, Cheng-Wen	-	-
			(49,500 thousand shares held by Success Horizon Global)	100.00%
Hunan Baoyuan	Chairman / General manager	Representative of Ching Way Anguilla: Chang, Ming-Hung	-	-
	Director	Representative of Ching Way Anguilla: Chiang, Kai-Liang	-	-
	Director	Representative of Shanghai Baoshan Dalu: Lu, Jian-Guo	(12,740 thousand shares)	-
	Supervisor	Representative of Ching Way Anguilla: Chen, Jheng-Jhong	-	-
			(13,260 thousand shares held by Ching Way Anguilla)	51.00%

Company name	Title	Name	Shareholding	%
Henan Baoheyuan	Chairman / General manager	Representative of Xiangyang Tradetool Parts.: Chang, Ming-Hung	-	-
	Director	Repbaoherepresentative of Xiangyang Tradetool Parts.: Chinag, Kai-Liang	-	-
	Director	Representative of Shanghai Baoshan Dalu: Lu, Jian-Guo	(39,200 thousand shares held by Shanghai Baoshan Dalu)	49.00%
	Supervisor	Representative of Shanghai Baoshan Dalu: Guei, Fan	-	-
			(40,800 thousand shares held by Xiangyang Tradetool Parts.)	51.00%
Kaifeng Shengfayuan	Director	Representative of Henan Baoheyuan: Chang, Ming-Hung	-	-
	Supervisor	Representative of Henan Baoheyuan: Geng, Jheng-Fang	-	-
			(32,530 thousand shares held by Henan Baoheyuan)	100.00%

6. Summarized operation results of affiliated companies

December 31, 2022 Unit: NTD (USD; CNY)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit(loss)	Profit(loss) in the period	Earnings per share (after-tax) (NTD)
Tan De Tech	350,000	764,572	250,457	514,115	465,689	51,955	47,763	1.50
Tradetool Green Energy	5,000	1,264	20	1,244	—	(143)	(141)	(0.28)
Jeng Shiang Samoa	US\$50	US\$104	—	US\$104	—	—	US\$14	Note 1
Suzhou Tradetool	CNY334	CNY790	CNY74	CNY716	CNY895	CNY844	CNY94	Note 1
Ching Way Anguilla	US\$2,069	US\$3,278	—	US\$3,278	—	—	US\$35	Note 1
Success Horizon Global	US\$10,682	US\$9,567	—	US\$9,567	—	—	US\$(2,084)	Note 1
Xiangyang Tradetool Parts	CNY49,500	CNY124,155	CNY57,522	CNY66,633	CNY107,099	CNY(5,384)	CNY(14,041)	Note 1
Hunan Baoyuan	CNY26,000	CNY62,137	CNY29,213	CNY32,924	CNY45,006	CNY738	CNY822	Note 1
Henan Baoheyuan	CNY80,000	CNY162,124	CNY97,327	CNY64,797	CNY156,236	CNY(11,165)	CNY(11,746)	Note 1
Kaifeng Shengfayuan	CNY32,530	CNY32,310	CNY(48)	CNY32,358	CNY1,454	CNY8	CNY11	Note 1

Note 1: The affiliated company is not a joint stock company.

(II) Consolidated Financial Statements of Affiliates

Statement

The entities that are required to be included in the consolidated statements of affiliates of Tradetool Auto Co., Ltd. as of and for the year ended December 31, 2022 as of and for the year ended December 31, 2022 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 “Consolidated Financial Statements”. Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Tradetool Auto Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Truly yours,

Company name: Tradetool Auto Co., Ltd.



Chairman: Chiang, Kai-Liang



Date: March 2, 2023

(III) Affiliation Report: Not applicable.

II. Has the Company Carried Out a Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report:

None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.

IV. Other Matters that Require Additional Description:

None.

V. Are There Any of The Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report:

On March 14, 2022, the Company's board of directors passed a special resolution to approve the subsidiary Tan De Tech Co., Ltd. (hereinafter referred to as "Tan De Tech") to carry out a private placement of common shares by cash capital increase to respond to the group's transformation and operational planning needs. The total number of shares issued shall not exceed 10,000,000 shares, and the price per share shall not be less than the net asset value per share shown in the financial statement audited or reviewed by an accountant the most recently to the pricing date and not less than NTD20 per share. The placee is limited to strategic investors, and the Company is not a place that will result in a decrease in the ownership percentage in Tan De Tech by more than ten percent. We have engaged Weyong International CPAs & Co. to provide an independent expert opinion report on the reasonableness of the price and the impact on shareholder equity of reducing the shareholding. After the evaluation, the price is considered reasonable and has a positive impact on shareholders' equity. The private placement has been approved at the shareholders' meeting of Tan De Tech on April 21, 2022. The strategic investor mentioned above has subscribed for 10,000,000 shares as "He Shun Hsing Smart Mobile" and the private placement was priced at NTD 20 per share, completed by the board of directors of Tan De Tech on April 21, 2022. The Company has also provided a report to the shareholders at the shareholder's meeting held on May 30, 2022.

TRADETOOL AUTO CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021

Notice to readers:

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: Rm. 7, 4F., No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan, R.O.C.
Telephone: 886-4-2258-5821

REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Tradetool Auto Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Tradetool Auto Co., Ltd. (the “Company”) and its subsidiaries as at 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries (the “Group”) as at 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2022 consolidated financial statements. 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.

Income recognition

Tradetool Auto Co., Ltd. and its subsidiaries recognized operating income of NT\$1,551,319 thousand in 2022. The Group mainly engages in the manufacturing, trading of light guide plates and automotive stamping and welding parts, as well as the development and trading of related molds. The Company determines the timing of product control transfer based on the transaction terms specified in each sales contract, and recognizes sales revenue. Due to the different sales terms for major customers, judgement is made depending on the different transaction conditions. Because of the complexity of identifying the composition of performance obligations and the timing of satisfying performance obligations, there are significant risks in the recognition of operating income. As such, we determined this a key audit matter. Our audit procedures included, but were not limited to, understanding and testing of the effectiveness of the Company and the subsidiaries' internal control related to income recognition in the sales cycle; selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in the orders or contracts to meet the performance obligations; verifying the significant terms and conditions and checking the relevant supporting documents to confirm the accuracy of the timing to transfer rights of goods; examining the relevant supporting documents of the income transaction for a period of time before and after the balance sheet date to ensure the timing of income recognition was appropriate. We also considered the appropriateness of the disclosure of operating income in Note 6 of the consolidated financial statements.

Valuation for inventories

As at 31 December 2022, the net inventories amounted to NT\$290,240 thousand, accounting for 11% of the total consolidated assets that could have significant impact on the Group. As the inventory price fluctuates greatly due to the influence of the market, the provision for valuation loss, sluggish or obsolete inventories involves major judgments by the management, we therefore determined this a key audit matter. Our audit procedures included, but were not limited to, evaluate the effectiveness of the internal control established by the management for inventory, including performing simple tests and understanding the appropriateness of the management's assessment of inventory evaluation policies and methods, evaluating the management's stocktaking plan and conducting inventory inspections on the spot, checking the unit cost of inventory, sampling inventory purchase and sales related documents to verify the net realizable value, and obtain the inventory aging table and test the correctness of the inventory age. We also considered the appropriateness of the disclosure of valuation for inventories in Notes 5 and 6 of the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that event exists a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2022 and 2021 as reference.

Huang Yu Ting
Huang Tzu Ping

Ernst & Young, Taiwan
2 March 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current assets			
Cash and cash equivalents	4,6(1),12	\$290,282	\$217,082
Notes receivable, net	4,6(2),12	47,629	46,862
Notes receivable- related parties, net	4,6(2),7,12	4,319	-
Accounts receivable, net	4,6(2),12	472,445	410,756
Accounts receivable- related parties, net	4,6(2),7,12	17,055	22,720
Other receivables- related parties, net	7,12	1,071	1,829
Current tax assets	4	32	1,223
Inventories	4,6(3)	290,240	336,594
Prepayment	4	66,013	49,920
Other current financial assets	8,12	53,436	13,864
Other current assets- others		3,218	1,323
Total current assets		<u>1,245,740</u>	<u>1,102,173</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4,12,13	28,986	46,987
Property, plant and equipment	4,6(4),8	1,027,679	839,461
Right-of-use assets	4,6(14),8	193,701	100,807
Intangible assets	4,6(5),8	24,497	24,728
Deferred tax assets	4,6(18)	94,528	85,388
Other non-current assets- others	6(6)	39,389	172,376
Total non-current assets		<u>1,408,780</u>	<u>1,269,747</u>
Total assets		<u><u>\$2,654,520</u></u>	<u><u>\$2,371,920</u></u>

(The accompanying notes are an integral part of the consolidated financial statements)

(continued)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current liabilities			
Short-term loans	4,6(7),8,12	\$461,053	\$273,708
Contract liabilities, current	4,6(12)	8,662	5,006
Notes payable	12	40,723	8,580
Notes payable- related parties	7,12	6,453	-
Accounts payable	12	217,020	223,805
Accounts payable- related parties	7,12	416	1,448
Other payables	12	91,630	70,759
Other payables- related parties	7,12	25,226	375
Current tax liabilities	4	11,999	3,475
Lease liabilities, current	4,6(14),12	9,497	4,437
Current portion of long-term loans	4,6(8),8,12	61,437	104,600
Other current liabilities- others		4,413	6,979
Total current liabilities		<u>938,529</u>	<u>703,172</u>
Non-current liabilities			
Long-term loans	4, 6(8),8,12	193,386	279,627
Deferred tax liabilities	4, 6(18)	36,842	48,393
Lease liabilities, non-current	4, 6(14),12	22,513	4,089
Total non-current liabilities		<u>252,741</u>	<u>332,109</u>
Total liabilities		<u>1,191,270</u>	<u>1,035,281</u>
Equity attributable to the parent company			
Capital			
Common stock	4,6(10)	795,740	799,900
Capital surplus	4,6(10)	130,965	115,783
Retained earnings	4,6(10)		
Legal reserve		18,825	18,460
Special reserve		31,914	29,111
Retained earnings		(34,124)	28,856
Total retained earnings		<u>16,615</u>	<u>76,427</u>
Other components of equity			
Exchange differences on translation of foreign operations		(18,421)	(24,343)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(23,297)	(7,570)
Total other components of equity		<u>(41,718)</u>	<u>(31,913)</u>
Treasury stock	4,6(10)	-	(17,887)
Non-controlling interests	4,6(10)(21)	561,648	394,329
Total equity		<u>1,463,250</u>	<u>1,336,639</u>
Total liabilities and equity		<u>\$2,654,520</u>	<u>\$2,371,920</u>

(The accompanying notes are an integral part of the consolidated financial statements)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December	
		2022	2021
Net sales	4,6(12),7	\$1,551,319	\$1,491,600
Cost of sales	6(3)(15),7	(1,334,455)	(1,279,621)
Gross profit		<u>216,864</u>	<u>211,979</u>
Operating expenses	6(15),7		
Selling and marketing		(47,450)	(38,396)
General and administrative		(121,502)	(118,889)
Research and development		(91,368)	(61,275)
Expected credit losses	4,6(13)	(2,253)	(61)
Total operating expenses		<u>(262,573)</u>	<u>(218,621)</u>
Operating loss		<u>(45,709)</u>	<u>(6,642)</u>
Non-operating income and expenses	6(16),7		
Interest revenue		2,040	3,948
Other gains and losses		(1,051)	19,673
Financial costs		(21,091)	(12,963)
Total non-operating income and expenses		<u>(20,102)</u>	<u>10,658</u>
(Loss) income from continuing operations before income tax		<u>(65,811)</u>	<u>4,016</u>
Income tax benefit	4,6(18)	9,832	307
(Loss) income from continuing operations, net of tax		<u>(55,979)</u>	<u>4,323</u>
Other comprehensive income (loss)	6(17)(18)		
Items that may not to be reclassified subsequently to profit or loss			
Unrealised gains or losses from investments in equity instruments measured at fair value		(15,727)	(766)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		11,670	(4,003)
Income tax related to items that may be reclassified subsequently to profit or loss		(1,481)	509
Total other comprehensive loss, net of tax		<u>(5,538)</u>	<u>(4,260)</u>
Total comprehensive (loss) income		<u><u>\$(61,517)</u></u>	<u><u>\$63</u></u>
Net (loss) income attributable to:			
Stockholders of the parent		\$ (59,812)	\$ 3,795
Non-controlling interests	6(10)(21)	<u>3,833</u>	<u>528</u>
		<u><u>\$(55,979)</u></u>	<u><u>\$4,323</u></u>
Comprehensive (loss) income attributable to:			
Stockholder of the parent		\$ (69,617)	\$ 993
Non-controlling interests	6(10)(21)	<u>8,100</u>	<u>(930)</u>
		<u><u>\$(61,517)</u></u>	<u><u>\$63</u></u>
(Loss) earnings per share (NTD)	4,6(19)		
(loss) earnings per share-basic		<u><u>\$(0.75)</u></u>	<u><u>\$0.05</u></u>
(loss) earnings per share-diluted		<u><u>\$(0.75)</u></u>	<u><u>\$0.05</u></u>

(The accompanying notes are an integral part of the consolidated financial statements)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Note	Equity attributable to the parent company									Non Controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Other components of equity		Treasury Stock	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income				
Balance as at 1 Jan 2021	6(10)	\$799,900	\$115,253	\$17,729	\$35,143	\$35,824	\$(22,307)	\$(6,804)	\$(17,887)	\$956,851	\$413,436	\$1,370,287
Appropriations of earnings, 2020:												
Legal reserve				731		(731)				-		-
Special reserve					(6,032)	6,032				-		-
Cash dividends						(15,915)				(15,915)		(15,915)
Net income in 2021						3,795				3,795	528	4,323
Other comprehensive income, net of tax in 2021	6(17)						(2,036)	(766)		(2,802)	(1,458)	(4,260)
Total comprehensive income (loss)		-	-	-	-	3,795	(2,036)	(766)	-	993	(930)	63
Change in ownership of subsidiaries	6(10)					(149)				(149)	149	-
Share-based payment transactions- Share-based payment expense	6(11)		530							530		530
Change in non controlling interests	6(10)(21)									-	(18,326)	(18,326)
Balance as at 31 Dec 2021	6(10)(21)	\$799,900	\$115,783	\$18,460	\$29,111	\$28,856	\$(24,343)	\$(7,570)	\$(17,887)	\$942,310	\$394,329	\$1,336,639
Balance as at 1 Jan 2022	6(10)	\$799,900	\$115,783	\$18,460	\$29,111	\$28,856	\$(24,343)	\$(7,570)	\$(17,887)	\$942,310	\$394,329	\$1,336,639
Appropriations of earnings, 2021:												
Legal reserve				365		(365)				-		-
Special reserve					2,803	(2,803)				-		-
Net loss in 2022						(59,812)				(59,812)	3,833	(55,979)
Other comprehensive income, net of tax in 2022	6(17)						5,922	(15,727)		(9,805)	4,267	(5,538)
Total comprehensive income (loss)		-	-	-	-	(59,812)	5,922	(15,727)	-	(69,617)	8,100	(61,517)
Retirement of treasury stock	6(10)	(4,160)	(13,727)						17,887	-	-	-
Change in ownership of subsidiaries	6(10)		28,909							28,909		28,909
Change in non controlling interests	6(10)(21)									-	159,219	159,219
Balance as at 31 Dec 2022	6(10)(21)	\$795,740	\$130,965	\$18,825	\$31,914	\$(34,124)	\$(18,421)	\$(23,297)	\$-	\$901,602	\$561,648	\$1,463,250

(The accompanying notes are an integral part of the consolidated financial statements)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended 31 December	
	Notes	2021
Cash flows from operating activities:		
Net (loss) income before tax		\$(65,811)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		104,308
Amortization		8,536
Expected credit losses		2,253
Inventory valuation losses		5,884
Interest expense		21,091
Interest income		(2,040)
Share-based payment expense		-
Loss (gain) on disposal of property, plant and equipment		1,376
Gains on disposals of intangible assets		-
Gain on lease modification		(8)
expense transfer from property, plant and equipment		3,967
Changes in operating assets and liabilities:		
Increase in notes receivable		(18,589)
(Increase) decrease in notes receivable- related parties		(4,319)
Increase in accounts receivable		(63,954)
Decrease (increase) in accounts receivable- related parties		5,665
Decrease (increase) in other receivable- related parties		758
Decrease (increase) in inventories		44,859
Increase in prepayments		(16,298)
(Increase) decrease in other current assets		(433)
Decrease in other noncurrent assets		-
Increase (decrease) in contract liabilities		3,656
Increase (decrease) in notes payable		32,143
Increase (decrease) in notes payable- related parties		6,453
(Decrease) increase in accounts payable		(6,785)
Decrease in accounts payable- related parties		(1,032)
Increase in other payables		13,724
Increase in other payables- related parties		2,804
Decrease in other current liabilities		(2,566)
Cash provided by (used in) generated from operations		75,642
Interest received		2,009
Interest paid		(20,040)
Income tax paid		(2,625)
Net cash provided by (used in) generated from operating activities		54,986

(The accompanying notes are an integral part of the consolidated financial statements)

(Continued)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December	
		2022	2021
(Continued)			
Cash flows from investing activities:			
Acquisition of financial assets measured at fair value through other comprehensive income		-	(10,171)
Acquisition of property, plant and equipment		(189,622)	(97,972)
Disposal of property, plant and equipment		50	3,787
Acquisition of right-of-use assets		-	(38,039)
Acquisition of intangible assets		(8,154)	(8,050)
Increase in deposits-out		(1,329)	(3,099)
Cash inflow from business combinations		856	-
Increase in prepayments for investments		-	(64,773)
(Increase) decrease in other financial assets		(39,572)	64,999
Increase in prepayments for business facilities		(5,036)	(8,623)
Net cash used in investing activities		(242,807)	(161,941)
Cash flows from financing activities:			
Increase in short-term loans		707,017	484,035
Decrease in short-term loans		(521,983)	(368,942)
Increase in long-term loans		30,000	98,580
Repayment of long-term loans		(160,892)	(54,733)
Decrease in other receivables- related parties		22,173	-
Repayment of lease principal		(6,703)	(16,265)
Cash dividends		-	(15,915)
Change in non-controlling interests		188,128	(18,326)
Net cash provided by financing activities		257,740	108,434
Effect of changes in exchange rate on cash and cash equivalents		3,281	(1,533)
Net increase (decrease) in cash and cash equivalents		73,200	(112,559)
Cash and cash equivalents at beginning of period		217,082	329,641
Cash and cash equivalents at end of period	6(1)	\$290,282	\$217,082

(The accompanying notes are an integral part of the consolidated financial statements)

TRADETOOL AUTO CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Tradetool Auto Co., Ltd. (“the Company”), formerly known as Jeng Shiang Precision Ind. Co., Ltd., was established on 27 September 1983 with the approval of the Ministry of Economic Affairs. Its registered address is Rm. 7, 4F, No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan, R.O.C. . On 5 May 2016, the Company’s name was changed to Tradetool Auto Co., Ltd. by the resolution of the shareholders' meeting.

The main activities of the Company and its subsidiaries (“the Group”) are manufacture and trade of light guide plates and automotive stamping and welding parts, as well as development and trade of related molds.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 were authorized for issue by the Group’s board of directors on 2 March 2023.

3. NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. As the Group is still currently determining the potential impact of the standards and interpretations listed under (3), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (1), (3), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC (collectively referred to as "TIFRSs").

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Basic of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee; and
- C. the ability to use its power over the investee to affect its returns

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
- B. derecognizes the carrying amount of any non-controlling interest
- C. recognizes the fair value of the consideration received
- D. recognizes the fair value of any investment retained
- E. recognizes any surplus or deficit in profit or loss
- F. reclassifies the parent's share of components previously recognized in other comprehensive income as current profit or loss

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(a) The consolidated financial statement preparation entities are as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)		Note
			31 December 2022	31 December 2021	
The Company	Jeng Shiang Investment Holdings Co., Ltd. (Samoa) (Jeng Shiang Samoa)	Holding company	100%	100%	
The Company	Tan De Tech Co., Ltd. (Tan De Tech)	Operating electronic components manufacturing industry, material wholesale industry and product design industry	36.91%	51%	
The Company	Ching Way Industrial Co., Ltd. (Anguilla) (Ching Way Anguilla)	Holding company	100%	100%	
The Company	Success Horizon Global Limited (Samoa) (Success Horizon Global)	Holding company	100%	100%	
The Company	Tradetool Green Energy Co., Ltd. (Tradetool Green Energy)	Operating various battery wholesale and retail businesses	50%	50%	
Jeng Shiang Samoa	Suzhou Tradetool Trading Co., Ltd. (Suzhou Tradetool)	Operation of various electronic components processing and trading business	100%	100%	
Success Horizon Global	Xiangyang Tradetool Automobile Parts Co., Ltd. (Xiangyang Tradetool Parts)	Manufacturing and sale of car components	100%	100%	
Ching Way Anguilla	Hunan Baoyuan Automotive Parts Co., Ltd. (Hunan Baoyuan)	Manufacturing and sale of car components	51%	51 %	
Xiangyang Tradetool Parts	Xiangyang Tradetool Tooling Co., Ltd. (Xiangyang Tradetool Tooling)	Manufacture and sales of various molds, inspections and fixtures	- (Note 1)	100%	
Xiangyang Tradetool Parts	Henan Baoheyuan Auto Parts Co., Ltd. (Henan Baoheyuan)	Manufacturing and sale of car components	51%	51 %	
Henan Baoheyuan	Kaifeng Shengfayuan Auto Parts Co., Ltd. (Kaifeng Shengfayuan)	Sale of car components and housing rental business	100% (Note 2)	9.98%	

Note 1: Xiangyang Tradetool Tooling Co., Ltd. ended its operation in April 2022 and remitted back the share capital. It completed the deregistration in September 2022.

Note 2: Kaifeng Shengfayuan Auto Parts Co., Ltd. has completed the change of business license on 11 February 2022, in which Henan Baoheyuan Auto Parts Co., Ltd. obtained the seat of executive director and increased its shareholding by 90.02%. The shareholding ratio increased from 9.98% to 100%.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

In order to meet the needs of the Group's transformation and business planning, the board of directors passed a special resolution on 14 March 2022 to approve the introduction of a subsidiary, Tan De Tech Co., Ltd. (hereinafter referred to as Tan De Company) through private placement to recommend The strategic investor handled the case of issuing ordinary shares B for cash capital increase, which caused the Company's shareholding in Tan De Company to drop from 51% to 36.91%. Therefore, the Company re-examined whether it still has control over Tan De Company in accordance with IFRS 10. The assessment instructions are as follows:

- a. The Company has been the single largest shareholder of Tan De Company from the date of investing in Tan De Company to the latest capital increase base date on 26 April 2022; and the chairman of the Company and Tan De Company is the same person; the general manager of Tan De Company is also the corporate representative director appointed by the Company. The combined shares of the Company and the corporate representative director appointed by the Company can obtain the advantage of a relative majority of voting rights in the shareholders' meeting of Tan De Company.
- b. The Company has agreed with other shareholders to obtain the majority rights of the board of directors of Tan De Company, and has the dominant advantage in the board of directors of Tan De Company, so it has a dominant position in the relevant operating activities and important operation decisions of Tan De Company.

In summary, as of 31 December 2022 the Company held 36.91% of the shares of Tan De Company and still has control over it.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (b) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instrument

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- 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.

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Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This 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 assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

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Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (C) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

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Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money;
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: The credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

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- B. At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15 and 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and commodities – Purchase cost on weighted average method.

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Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

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When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates *and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

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Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Items	Useful Lives
Buildings	5~50 years
Machinery and equipment	2~10 years
Mold equipment	2~5 years
Office equipment and other equipments	2~10 years

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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

On the date that contracts are established, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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Group as a lessee

Except for leases that meet and select short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- C. Amounts expected to be payable by the lessee under residual value guarantees.
- D. The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- E. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

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The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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A summary of the policies applied to the Group's intangible assets is as follows:

	<u>Computer software</u>	<u>Patents</u>	<u>Others</u>	<u>Goodwills</u>
Useful lives	1~10 years	3 years	4~10 years / Indefinite	Indefinite
Amortization method used	Amortized on a straight- line basis	Amortized on a straight- line basis	Amortized on a straight- line basis / No amortization	No amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(15) Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of fair value or use value.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same period, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are acquired through the parent company (treasury shares) are recognized at cost as a contra equity account. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and provision of labor services. The accounting policies are explained as follows:

Sale of goods

The Group mainly manufactures light guide plates, develops related molds and automotive stamping and welding parts, and sells them to panel manufacturers or car factories. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers which is accepted upon inspection.

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The credit period of the Group's sale of goods is 30~120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as account receivables, those accounts receivables usually have short period and no significant financing component to the contract. However, the Group is responsible for the subsequent obligation of provision of labor services since part of the consideration is charged to the customer at the time the contract is executed. Therefore, part of the consideration is recognized in contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(19) Post-employment benefits

All regular employees of the Company and subsidiaries is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the parent company only financial statements of the Company.

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For the defined contribution plan, the Company and subsidiaries in Taiwan will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company and subsidiaries recognize expenses for the defined contribution plan in the period in which the contribution becomes due. Foreign subsidiaries and branches are appropriated according to specific local ratios and recognized as current expenses.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments on the grant day. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense, are recognized as the profit or loss at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any awards where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21) Income Taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those cash-generating units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the optimal valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Please refer to Note 6.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing of the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

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Notes to Financial Statements (Continued)

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

Evaluation of inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2022	2021
Cash on hand	\$593	\$680
Bank deposits	289,689	216,402
Total	<u>\$290,282</u>	<u>\$217,082</u>

(2) Notes and Accounts receivables

	As at 31 December	
	2022	2021
Notes receivable (including related parties)	\$51,948	\$46,862
Less: loss allowance	-	-
Subtotal	<u>51,948</u>	<u>46,862</u>
Accounts receivable (including related parties)	493,063	434,774
Less: loss allowance	<u>(3,563)</u>	<u>(1,298)</u>
Subtotal	<u>489,500</u>	<u>433,476</u>
Total	<u>\$541,448</u>	<u>\$480,338</u>

Part of the Group's account receivable have been signed into with recourse factoring agreement with financial institutions. Please refer to Note 12.

The above-mentioned notes and accounts receivables were not pledged.

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Notes to Financial Statements (Continued)

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The Group's credit period for the customer is usually 30 ~ 120 days. The total book amount for the years ended 31 December 2022 and 2021 were NT\$545,011 thousand and NT\$481,636 thousand, respectively. Please refer to Note 12 for more details on credit risk.

(3) Inventories

	As at 31 December	
	2022	2021
Merchandise	\$113,097	\$106,608
Raw materials	75,865	129,524
Finished goods	62,386	54,738
Work in progress	34,107	41,372
Supplies	4,785	4,351
Total	<u>\$290,240</u>	<u>\$336,594</u>

The cost of inventories recognized in expenses for the year ended 31 December 2022 was NT\$1,334,455 thousand, including recognizing losses on obsolete inventory in the amount of \$5,884 thousand.

The cost of inventories recognized in expenses for the year ended 31 December 2021 was NT\$1,279,621 thousand, including recognizing losses on obsolete inventory in the amount of NT\$4,516 thousand.

The above inventories were not pledged.

(4) Property, plant and equipment

	For the years ended 31 December	
	2022	2021
Owner occupied property, plant and equipment	<u>\$1,027,679</u>	<u>\$839,461</u>

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(A) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold equipment	Office equipment and other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>							
As at 1 Jan. 2022	\$134,051	\$452,276	\$583,228	\$29,576	\$131,489	\$58,111	\$1,388,731
Acquired through a business combination	-	80,322	-	-	-	-	80,322
Additions	-	76,794	53,033	13,024	39,122	13,978	195,951
Disposals	-	-	(122,789)	(15,249)	(11,062)	-	(149,100)
Transfers	-	47,050	5,945	5,828	(1,030)	(52,448)	5,345
Exchange differences	-	1,902	2,744	218	1,563	1,050	7,477
As at 31 Dec. 2022	<u>\$134,051</u>	<u>\$658,344</u>	<u>\$522,161</u>	<u>\$33,397</u>	<u>\$160,082</u>	<u>\$20,691</u>	<u>\$1,528,726</u>
<u>Depreciation and impairment:</u>							
As at 1 Jan. 2022	\$-	\$129,053	\$324,406	\$28,854	\$66,957	\$-	\$549,270
Acquired through a business combination	-	3,320	-	-	-	-	3,320
Depreciation	-	29,336	48,248	523	15,644	-	93,751
Disposals	-	-	(122,642)	(15,249)	(9,783)	-	(147,674)
Exchange differences	-	321	1,082	216	761	-	2,380
As at 31 Dec. 2022	<u>\$-</u>	<u>\$162,030</u>	<u>\$251,094</u>	<u>\$14,344</u>	<u>\$73,579</u>	<u>\$-</u>	<u>\$501,047</u>

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Notes to Financial Statements (Continued)

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

	Land	Buildings	Machinery and equipment	Mold equipment	Office equipment and other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>							
As at 1 Jan. 2021	\$134,051	\$443,050	\$548,259	\$31,720	\$118,097	\$27,690	\$1,302,867
Additions	-	6,785	24,701	396	12,428	57,136	101,446
Disposals	-	-	(6,871)	(2,677)	(1,341)	-	(10,889)
Transfers	-	4,291	17,536	-	2,798	(26,571)	(1,946)
Exchange differences	-	(1,850)	(397)	137	(493)	(144)	(2,747)
As at 31 Dec. 2021	<u>\$134,051</u>	<u>\$452,276</u>	<u>\$583,228</u>	<u>\$29,576</u>	<u>\$131,489</u>	<u>\$58,111</u>	<u>\$1,388,731</u>
<u>Depreciation and impairment:</u>							
As at 1 Jan. 2021	\$-	\$105,554	\$280,903	\$27,418	\$56,133	\$-	\$470,008
Depreciation	-	23,021	46,490	2,886	15,563	-	87,960
Disposals	-	-	(4,521)	(1,569)	(1,304)	-	(7,394)
Transfers	-	1,113	2,097	-	(3,200)	-	10
Exchange differences	-	(635)	(563)	119	(235)	-	(1,314)
As at 31 Dec. 2021	<u>\$-</u>	<u>\$129,053</u>	<u>\$324,406</u>	<u>\$28,854</u>	<u>\$66,957</u>	<u>\$-</u>	<u>\$549,270</u>
<u>Net carrying amount:</u>							
31 Dec. 2022	<u>\$134,051</u>	<u>\$496,314</u>	<u>\$271,067</u>	<u>\$19,053</u>	<u>\$86,503</u>	<u>\$20,691</u>	<u>\$1,027,679</u>
31 Dec. 2021	<u>\$134,051</u>	<u>\$323,223</u>	<u>\$258,822</u>	<u>\$722</u>	<u>\$64,532</u>	<u>\$58,111</u>	<u>\$839,461</u>

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

- (B) Please refer to Note 8 for more details on property, plant and equipment under pledge as at 31 December 2022.
- (C) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 21 December 2022 and 2021.
- (D) The major components of the Company's buildings are main buildings and other constructions, and are depreciated according to their useful lives of 20~50 years and 5~10 years, respectively.
- (E) Kaifeng Shengfayuan Auto Parts Co., Ltd. has completed the change of business license on 11 February 2022, Henan Baoheyuan Auto Parts Ltd. obtained the seat of executive director and increased its shareholding by 90.02%. The shareholding ratio increased from 9.98% to 100%, thereby gaining control of the Company's houses and buildings.

(5) Intangible assets and goodwill

	Patents	Computer software	Goodwills	Other intangible assets	Total
Cost :					
As at 1 Jan. 2022	\$778	\$38,255	\$47,710	\$12,931	\$99,674
Addition-acquired separately	219	7,935	-	-	8,154
Disposals	-	(14,447)	-	-	(14,447)
Exchange differences	12	163	-	84	259
As at 31 Dec. 2022	<u>\$1,009</u>	<u>\$31,906</u>	<u>\$47,710</u>	<u>\$13,015</u>	<u>\$93,640</u>
As at 1 Jan. 2021	\$666	\$34,346	\$47,710	\$5,352	\$88,074
Addition-acquired separately	116	7,647	-	2,008	9,771
Transfers	-	41	-	5,600	5,641
Disposals	-	(3,724)	-	-	(3,724)
Exchange differences	(4)	(55)	-	(29)	(88)
As at 31 Dec. 2021	<u>\$778</u>	<u>\$34,255</u>	<u>\$47,710</u>	<u>\$12,931</u>	<u>\$99,647</u>

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

	Patents	Computer software	Goodwills	Other intangible assets	Total
<u>Depreciation and impairment:</u>					
As at 1 Jan. 2022	\$536	\$24,038	\$46,870	\$3,502	\$74,946
Amortization	430	7,144	-	962	8,536
Disposals	-	(14,447)	-	-	(14,447)
Exchange differences	7	88	(14)	27	108
As at 31 Dec. 2022	<u>\$973</u>	<u>\$16,823</u>	<u>\$46,856</u>	<u>\$4,491</u>	<u>\$69,143</u>
As at 1 Jan. 2021	\$258	\$20,410	\$46,865	\$1,105	\$68,638
Amortization	279	7,320	-	942	8,541
Transfers	-	-	-	1,462	1,462
Disposals	-	(3,724)	-	-	(3,724)
Exchange differences	(1)	32	5	(7)	29
As at 31 Dec. 2022	<u>\$536</u>	<u>\$24,038</u>	<u>\$46,870</u>	<u>\$3,502</u>	<u>\$74,946</u>
<u>Net carrying amount:</u>					
31 Dec. 2022	<u>\$36</u>	<u>\$15,083</u>	<u>\$854</u>	<u>\$8,524</u>	<u>\$24,497</u>
31 Dec. 2021	<u>\$242</u>	<u>\$14,217</u>	<u>\$840</u>	<u>\$9,429</u>	<u>\$24,728</u>

On 31 December 2022 and 31 December 2021, the Group provided intangible assets as guarantees for loans and financing limits. Please refer to Note 8 for details.

(6) Other non-current assets- others

	For the years ended 31 December	
	2022	2021
Prepayments for business facilities	\$27,559	\$31,630
Guarantee deposits paid	11,830	10,501
Long-term prepayments for investments	-	130,245
Total	<u>\$39,389</u>	<u>\$172,376</u>

The Group signed an equity transfer contract with Company A in September 2020 to acquire 90.02% of the equity of its subsidiary. The transfer price was CNY\$35,000 thousand. The prepaid investment was CNY\$30,000 thousand (NT\$130,245 thousand) and the underlying property of said investment completed the change of business registration on 11 February 2022. Please refer to Note 6(20) for business combination.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(7) Short-term loans

	As at 31 December	
	2022	2021
Secured bank loans	\$377,175	\$227,550
Unsecured bank loans	-	46,158
Accounts receivable acquisition with recourse	83,878	-
Total	<u>\$461,053</u>	<u>\$273,708</u>
Unused amount	\$37,347	\$97,242
Interest Rates (%)	2.43%-6.54%	0.53%-4.00%

For the Group's guaranteed bank borrowings, guarantee conditions, please refer to Note 8.

Some of the Group's accounts receivable which have factoring agreement with financial institutions with recourse were booked as short-term loans. Please refer to Note 12 for details.

(8) Long-term loans

A. As at 31 December 2022:

Lenders		As at 31 December 2022	Interest rate (%)	Maturity date and terms of repayment	Guarantee
Taiwan Bank	Cooperative	\$182,297	1.85%	2016/02/18-2031/02/18 Interest is paid monthly, repayable monthly for a total of 180 installments.	Yes
Taichung Bank	Commercial	33,781	6.45%	2022/02/19-2024/02/19 Interest is paid quarterly, repayable semi-annually with 6 installments.	Yes
The Shanghai Bank, Ltd.	Commercial & Savings	38,745	5.83%	2021/07/08-2024/07/08 with a grace period of one year. Upon maturity of the grace period, interest is paid quarterly, repayable quarterly with a total of 8 installments.	Yes
Subtotal		<u>254,823</u>			
Less: current portion		<u>(61,437)</u>			
Total		<u>\$193,386</u>			

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

B. As at 31 December 2021:

Lenders		As at 31 December 2021	Interest rate (%)	Maturity date and terms of repayment	Guarantee
Taiwan Bank	Cooperative	\$203,013	1.35%	2016/02/18-2031/02/18 Interest is paid monthly, repayable monthly with a total of 180 installments.	Yes
CTBC Bank		40,000	1.79%~ 1.80%	2010/12/07-2022/12/25 with a grace period of 9 months. Upon maturity of the grace period, interest is paid quarterly, repayable quarterly with a total of 6 installments.	Yes
Taiwan Bank	Cooperative	24,305	1.60%	2016/11/15-2023/11/15 Interest is paid monthly, repayable monthly with a total of 84 installments.	Yes
Taiwan Bank	Cooperative	10,000	1.60%	2021/12/10-2026/12/10 Interest is paid monthly, repayable monthly with a total of 60 installments.	Yes
Taipei Fubon Commercial Bank		18,334	0.56%	2020/06/29-2023/06/29 with a grace period until 29 September 2022. Upon maturity of the grace period, interest is paid monthly with a total of 12 installments.	Yes
Taichung Bank	Commercial	47,055	1.66%~ 1.68%	2021/02/19-2024/02/19 Interest is paid semi-annually, repayable quarterly with a total of 6 installments.	Yes
The Shanghai Commercial & Savings Bank, Ltd.		41,520	2.13%	2021/07/08-2024/07/08 with a grace period of one year. Upon maturity of the grace period, interest is paid quarterly, payable quarterly with a total of 8 installments.	Yes
Subtotal		<u>384,227</u>			
Less: current portion		<u>(104,600)</u>			
Total		<u><u>\$279,627</u></u>			

Please refer to Note 8 for more details about the guarantees for the above-mentioned loans.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(9) Post-employment benefits

Defined contribution plan

The Company and subsidiaries in Taiwan adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and subsidiaries in Taiwan have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

The subsidiaries in China, in accordance with local government laws and regulations, allocate pension insurance funds according to a certain percentage of the total salary of employees, pay the pension funds to relevant government departments. The government departments deposit the pension funds in separate accounts for each employee.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NT\$12,801 thousand and NT\$8,483 thousand, respectively.

(10) Equities

A. Common stock

As at 31 December 2021, the Company's authorized capital was NT\$2,000,000 thousand with par value of NT\$10 each. The paid-in capital amounted to NT\$799,900 thousand, divided into 79,990 thousand shares. Each share has one voting right and a right to receive dividends.

On 11 November 2021, Company's board of directors resolved to cancel the 416 thousand treasury shares and set 8 January 2022 as the record date for capital reduction. The registration for share cancellation was completed on 17 January 2022. The Company's authorized capital was NT\$2,000,000 thousand with par value of NT\$10 each, divided into 200,000 thousand shares. The paid-in capital amounted to NT\$795,740 thousand with par value of NT\$10 each, divided into 79,574 thousand shares.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

As at 31 December 2022, the Company's authorized capital was \$2,000,000 thousand with par value of NT\$10 each, divided into 200,000 thousand shares. The paid-in capital amounted to NT\$795,740 thousand with par value of NT\$10 each, divided into 79,574 thousand shares.

B. Capital surplus

According to the Company Act, the capital reserve must first make up for losses, then new shares or cash may be issued or distributed with the realized capital surplus in proportion to the shareholders' original shareholding percentage. The realized capital surplus referred to in the preceding paragraph includes the surplus from the issuance of stocks exceeding the par value and the income from endowments received by the company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of the capital reserve that may be allocated to capital shall not exceed 10% of the paid-in capital amount each year.

	As at	
	31 December 2022	31 December 2021
Additional paid-in capital	\$79,563	\$93,290
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired	4,841	4,841
Restricted new stock right for employees of the parents entity	1,834	1,834
Employee stock option	15,813	15,813
Increase through changes in ownership interests in subsidiaries	28,941	32
Total	<u>\$130,965</u>	<u>\$115,783</u>

C. Treasury stock

- a. In accordance with Article 28-2 of Securities and Exchange Act and Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, in order to stimulate employees' morale, the board of directors of the Company resolved to repurchase ordinary shares successively on 8 November 2018.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

- b. Under Securities and Exchange Act, the proportion of the number of shares that the Company buy back shall not exceed 10% of the Company's issued shares. The total amount of shares purchased shall not exceed retained earnings plus the premium on issued shares and the balance of the realized capital reserve.
- c. The treasury stocks held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and shall not enjoy shareholder rights before transfer.
- d. Under Securities and Exchange Act, the shares repurchased for the transfer of shares to employees shall be transferred within 3 years from the date of the repurchase. If the shares are not transferred within the time limit, it shall be deemed that the company issued no shares, and shall change the registration to cancel shares. For the repurchased shares to maintain the company's credit and shareholders' rights and interests, the change registration and cancellation of the shares shall be carried out within 6 months from the date of repurchase.

As at 31 December 2022:

	<u>Beginning of shares</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending of shares</u>
Transfer to employees (in thousands of shares)	<u>416</u>	<u>-</u>	<u>(416)</u>	<u>-</u>
Delivery amount	<u>\$17,887</u>	<u>\$-</u>	<u>\$(17,887)</u>	<u>\$-</u>

As at 31 December 2021:

	<u>Beginning of shares</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending of shares</u>
Transfer to employees (in thousands of shares)	<u>416</u>	<u>-</u>	<u>-</u>	<u>416</u>
Delivery amount	<u>\$17,887</u>	<u>\$-</u>	<u>\$-</u>	<u>\$17,887</u>

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D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, earnings of the current year, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations;
and
- e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution is based on the Company's current year's earnings and accumulated earnings from previous years, and should reflect factors such as the Company's profitability, capital structure, and future development plan. The dividend distribution policy will depend on capital needs and factors such as the degree of dilution of earnings per share, and moderately can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 20% of the current year bonus distributed to shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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Notes to Financial Statements (Continued)

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

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 2 March 2023 and 30 May 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve used to offset a deficit	\$(18,825)	\$-		
Special reserve used to offset a deficit	(15,299)	-		
Legal reserve	-	365		
Special reserve	-	2,803		
Common stock -cash dividend	-	-	\$-	\$-

Please refer to Note 6. (15) for more details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	As at	
	31 December 2022	31 December 2021
Balance at January 1	\$394,329	\$413,436
Net income in the period attribute to non-controlling interests	3,833	528
Other comprehensive income (loss) in the period attribute to non-controlling interests	4,267	(1,458)
Changes in ownership interests of subsidiaries	-	149
Increase (decrease) of non-controlling interests	159,219	(18,326)
Total	<u>\$561,648</u>	<u>\$394,329</u>

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(11) Share-based payment plans

Employee stock option

As of 1 August 2022, the Company had the following share-based payment transactions, all of which were issued by the Company.

	<u>Employee stock option</u>
Date of grant	2 August 2017
Total number of share options granted	1,000 thousand of units
Period	2 August 2017 to 1 August 2022
Granted person	Limited to full-time employees within the Company and its subsidiaries
Vesting condition	Service for the next two years

(a) Measurement parameters of fair value on the date of grant

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The input values of the model are as follows:

	<u>2017</u>
	<u>Employee stock option</u>
Fair value on grant date	\$13.71~\$19.96
Stock price on grant date	\$58.7
Exercise price	\$57.5
Expected volatility (%)	41.2705%~45.6470%
Expected option life (Years)	5 years
expected dividend	-
Risk-free interest rate (%)	0.5123%~0.7058%

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Notes to Financial Statements (Continued)

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Expected volatility is based on weighted average historical volatility adjusted for changes in expectations due to publicly available information. The duration of stock options shall be governed by the respective issuance regulations of individual companies. The risk-free rate is based on government bonds. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

(b) Information of share-based payment plan

The following table contains more details on the aforementioned share-based payment plan:

	For the years ended 31 December			
	2022		2021	
	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)
Outstanding at beginning of period	\$57.50	940,000	\$57.50	980,000
Forfeited		(940,000) (Note 1)		(40,000)
Outstanding at end of period		-		940,000
Outstanding can exercised at end of period		-		940,000

Note 1: The term of the employee stock option contract was from 2 August 2017 to 1 August 2022, and the initial stock option amount of 940,000 thousand shares had all expired on 1 August 2022.

The following table contains the company recognized the expenses of share-based payment plan:

	For the years ended 31 December	
	2022	2021
Expenses recognized for share-based payment (Equity-delivered share-based payments)	\$-	\$530

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Notes to Financial Statements (Continued)

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

(12) Operating Revenue

A. Disaggregation of revenue

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
<u>Main product/service line</u>		
Metal stamping parts	\$982,239	\$1,043,833
Optical injection parts	412,638	322,247
Tooling	143,818	117,463
Others	12,624	8,057
Total	<u>\$1,551,319</u>	<u>\$1,491,600</u>

The Group recognizes revenues when control of the products is transferred to the customers, so the contract performance obligation is satisfied at a point in time.

B. Contract balances

Contract liabilities - current	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.01.01</u>
Sales of goods	<u>\$8,662</u>	<u>\$5,006</u>	<u>\$40,746</u>

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2022 and 2021 are as follows:

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
The opening balance transferred to revenue	\$(5,006)	\$(37,286)
Transferred to revenue during the period	(16,343)	(56,507)
Increase in receipts in advance during the period	25,005	58,053
Changes in this period	<u>\$3,656</u>	<u>\$(35,740)</u>

The contract liabilities were mainly generated from the pre-receipts for the development of molds, and the Group will transfer the amount to income when products are delivered to customers.

The change in contract liabilities is mainly due to the difference between the time when the Group transfers the goods to the customer to satisfy the performance obligation and the time when the customer pays.

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Notes to Financial Statements (Continued)

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

(13) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses		
Accounts receivable	\$2,253	\$61

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2022 and 2021 is as follows:

31 December 2022

	Not yet due		Overdue			Total
	(Note1)	0-90 days	91-180 days	181-365 days	Upon 366 days (Note2)	
Gross carrying amount	\$478,105	\$33,977	\$13,378	\$18,250	\$1,301	\$545,011
Loss ratio	0~1%	1~2%	1~2%	7~8%	100%	
Lifetime expected credit losses	(282)	(366)	(265)	(1,349)	(1,301)	(3,563)
Carrying amount	\$477,823	\$33,611	\$13,113	\$16,901	\$-	\$541,448

31 December 2021

	Not yet due		Overdue			Total
	(Note1)	0-90 days	91-180 days	181-365 days	Upon 366 days (Note2)	
Gross carrying amount	\$477,193	\$3,137	\$-	\$8	\$1,298	\$481,636
Loss ratio	0%	0%	0%	0%	100%	
Lifetime expected credit losses	-	-	-	-	(1,298)	(1,298)
Carrying amount	\$477,193	\$3,137	\$-	\$8	\$-	\$480,338

Note1: All accounts receivable of the Group are not overdue.

Note2: The Group accrues expected impairment credit losses based on the individual customer assessment method for payments that are overdue for over 366 days.

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

The movements in the provision for impairment of accounts receivable for the years ended 31 December 2022 and 2021 are as follows:

	Note receivable	Accounts receivable	Total
Beginning balance at 1 January 2022	\$-	\$1,298	\$1,298
Reversal for the current period	-	2,253	2,253
Effect of changes in exchange rate	-	12	12
Ending balance at 31 December 2022	\$-	\$3,563	\$3,563
Beginning balance at 1 January 2021	\$-	\$1,237	\$1,237
Reversal for the current period	-	61	61
Ending balance at 31 December 2021	\$-	\$1,298	\$1,298

(14) Lease

Group as a lessee (Disclosures related to the application of IFRS 16)

The Group leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 2 to 50 years.

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	\$162,150	\$92,335
Buildings	23,338	3,314
Transportation equipment	8,213	5,158
Total	\$193,701	\$100,807

(b) Lease liabilities

	For the years ended 31 December	
	2022	2021
Current	\$9,497	\$4,437
Non-current	22,513	4,089
Total	\$32,010	\$8,526

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Notes to Financial Statements (Continued)

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

For the Group's lease liabilities interest expenses of 2022 and 2021, please refer to Note 6(16)C financial cost. For lease liability maturity analysis please refer to Note 12(5) liquidity risk management.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31	
	December	
	2022	2021
Land	\$3,725	\$1,990
Buildings	3,250	10,763
Transportation equipment	3,582	3,449
Total	<u>\$10,557</u>	<u>\$16,202</u>

C. Income and costs relating to leasing activities

	For the years ended 31	
	December	
	2022	2021
The expenses relating to short-term leases	<u>\$6,517</u>	<u>\$1,680</u>
Expenses for leasing of low-value assets (excluding expenses for leasing of low-value assets for short-term leases)	<u>\$117</u>	<u>\$64</u>

D. Cash outflow relating to leasing activities

For the years ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounted to NT\$13,337 thousand and NT\$18,009 thousand.

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(15) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

Nature \ Function	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$114,425	\$99,840	\$214,265	\$92,333	\$97,337	\$189,670
Labor and health insurance	8,220	5,375	13,595	6,696	4,839	11,535
Pension	7,368	5,433	12,801	3,832	4,651	8,483
Other employee benefits expense	10,257	6,760	17,017	6,970	8,757	15,727
Depreciation	84,934	19,374	104,308	86,427	17,735	104,162
Amortization	1,947	6,589	8,536	2,195	6,346	8,541

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% and not more than 10% as employees' compensation and no higher than 3% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash. Such distribution shall be reported at the shareholders' meeting. Information on the board meeting resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company recognized the employees' compensation and remuneration to directors and supervisors as employee benefits expense based on profit of current year. If the board of directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day prior to the date of resolution. The difference between the estimates and the figures resolved at shareholders' meeting will be recognized in profit or loss of the subsequent year. The details of employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2022 and 2021 are as follows:

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	For the years ended 31 December	
	2022	2021
Employees' compensation	\$-	\$662
Remuneration to directors and supervisors	-	132

The Company suffered net loss before tax in 2022, therefore no employees' compensation and remuneration to directors and supervisors were estimated.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2022 and 2021.

(16) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2022	2021
Bank deposit interest	\$1,995	\$3,913
Others	45	35
Total	<u>\$2,040</u>	<u>\$3,948</u>

B. Other gains and losses

	For the years ended 31 December	
	2022	2021
Rental income	\$4,514	\$2,726
Foreign exchange losses, net	(4,329)	(183)
(Losses) gains on disposals of property, plant and equipment	(1,376)	292
Profit from lease modification	8	5,351
Gains on disposals of intangible assets	-	1,721
Others	132	9,766
Total	<u>\$(1,051)</u>	<u>\$19,673</u>

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Notes to Financial Statements (Continued)

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

C. Financial costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	\$20,808	\$10,124
Interest on lease liabilities	283	2,839
Total	\$21,091	\$12,963

(17) Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Current reclassification adjustment	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments at fair value through other comprehensive income	\$(15,727)	\$-	\$(15,727)	\$-	\$(15,727)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	11,670	-	11,670	(1,481)	10,189
Total of other comprehensive income	\$(4,057)	\$-	\$(4,057)	\$(1,481)	\$(5,538)

B. For the year ended 31 December 2021

	Arising during the period	Current reclassification adjustment	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments at fair value through other comprehensive income	\$(766)	\$-	\$(766)	\$-	\$(766)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(4,003)	-	(4,003)	509	(3,494)
Total of other comprehensive income	\$(4,769)	\$-	\$(4,769)	\$509	\$(4,260)

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Notes to Financial Statements (Continued)

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

(18) Income tax

The major components of income tax expense are as follows:

A. Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$12,018	\$3,477
Adjustments in respect of current income tax of prior periods	(1,639)	(5,782)
Others	1,974	2,602
Deferred tax income:		
Deferred tax income related to origination and reversal of temporary differences	(22,185)	(604)
Income tax expense recognized in profit	<u><u>\$(9,832)</u></u>	<u><u>\$(307)</u></u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred income tax (income) expense:		
Exchange differences on translation of foreign operations	\$1,481	\$(509)
Income tax relating to components of other comprehensive income	<u><u>\$1,481</u></u>	<u><u>\$(509)</u></u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	<u><u>\$(65,811)</u></u>	<u><u>\$4,016</u></u>
Tax at the domestic rates applicable to profits in the country concerned	\$ (26,649)	\$ 9,563
Tax effect of expenses not deductible for tax purposes	5,217	(556)
Tax effect of deferred tax assets/liabilities	13,033	(6,134)
Use the smart machine to credit the amount	(1,792)	-
Undistributed surplus for income tax	24	-
Adjustments in respect of current income tax of prior periods	(1,639)	(5,782)
Chinese subsidiary remittances withholding tax invalidation transfer fees	1,974	2,602
Total income tax expenses recorded in profit or loss	<u><u>\$(9,832)</u></u>	<u><u>\$(307)</u></u>

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Notes to Financial Statements (Continued)

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

D. Deferred tax assets and liabilities relate to the following:

(A) For the year ended 31 December 2022

Items	Beginning	Recognized in	Recognized in	Impact of	Ending balance
	balance as at 1		other		
	January	profit or loss	comprehensive income	changes	as at 31 December
Temporary difference					
Allowance to reduce inventory to market	\$2,787	\$786	\$-	\$19	\$3,592
Unrealized exchange gain or loss	(836)	2,947	-	(29)	2,082
Unrealized tooling gross profit	258	(1,586)	-	12	(1,316)
Unrealized investment profits	(46,683)	12,172	-	-	(34,511)
Unrealized profits on disposals investment	(168)	-	-	-	(168)
Loss deduction	65,571	8,909	-	(10)	74,470
Investments accounted for using the equity method	9,011	-	-	-	9,011
Exchange differences on translation of foreign financial statements	6,084	-	(1,481)	-	4,603
Unrealized allowance losses	34	341	-	(2)	373
Other - summary of deferred tax assets (liabilities)	(706)	1,103	-	-	397
Other - summary of deferred tax assets (liabilities)	1,643	(2,487)	-	(3)	(847)
Deferred income tax expense (income)		\$22,185	\$(1,481)	\$(13)	
Deferred income tax assets (liabilities)	\$36,995				\$57,686
The information presented in balance statement					
Deferred income tax assets	\$85,388				\$94,528
Deferred income tax liabilities	\$(48,393)				\$(36,842)

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(B) For the year ended 31 December 2021

Items	Beginning	Recognized in	Recognized in	Impact of	Ending balance
	balance as at 1		other		
	January	profit or loss	comprehensive	changes	as at 31
			income		December
Temporary difference					
Allowance to reduce inventory to market	\$1,965	\$828	\$-	\$(6)	\$2,787
Unrealized exchange gain or loss	749	(1,152)	-	-	(403)
Unrealized exchange gain or loss	(663)	229	-	1	(433)
Unrealized tooling gross profit	1,454	(1,188)	-	(8)	258
Unrealized investment profits	(45,639)	(1,044)	-	-	(46,683)
Unrealized profits on disposals investment	(168)	-	-	-	(168)
Loss deduction	63,713	1,873	-	(15)	65,571
Investments accounted for using the equity method	9,011	-	-	-	9,011
Exchange differences on translation of foreign financial statements	5,575	-	509	-	6,084
Unrealized allowance losses	-	34	-	-	34
Other - summary of deferred tax assets (liabilities)	78	(776)	-	(8)	(706)
Other - summary of deferred tax assets (liabilities)	(170)	1,800	-	13	1,643
Deferred income tax expense (income)		\$604	\$509	\$(23)	
Deferred income tax assets (liabilities)	\$35,905				\$36,995
The information presented in balance statement					
Deferred income tax assets	\$82,545				\$85,388
Deferred income tax liabilities	\$(46,640)				\$(48,393)

E. The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as at		Expiration year
		31 Dec. 2022	31 Dec. 2021	
2016	\$62,096	\$62,096	\$62,441	2026
2017	20,968	20,968	20,968	2027
2018	189,209	189,209	189,209	2028
2019	15,433	15,433	-	2029
2020	27,461	26,383	24,302	2030
2021	34,963	34,963	26,831	2031
2022	107,366	107,366	-	2032
		\$456,418	\$323,751	

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Unrecognized deferred tax assets

As of 31 December 2022, deferred tax assets that have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounted to NT\$16,612 thousand, as the future taxable profit may not be available.

- F. As at 31 December 2022, the Company and its domestic subsidiaries are governed by the taxation jurisdiction of Taiwan, and their income tax returns are as follows:

	The assessment of income tax returns
Tradetool Auto Co., Ltd.	Assessed and approved up to 2020
Tan De Tech Co., Ltd.	Assessed and approved up to 2020

As at 31 December 2022, the Company's foreign subsidiaries were subject to foreign taxation jurisdictions, and all of them had declared until 2021.

(19) Earning (Loss) per share

A. Basic Earning (loss) per share

	For the years ended 31 December	
	2022	2021
(Loss) profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$(59,812)	\$3,795
Weighted average number of ordinary shares outstanding for basic loss per share (in thousands)	79,574	79,574
Basic Earning (loss) per share (NTD)	\$(0.75)	\$0.05

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

B. Diluted Earning (loss) per share

	For the years ended 31 December	
	2022	2021
(Loss) Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$(59,812)	\$3,795
Weighted average number of ordinary shares outstanding for basic loss per share (in thousands)	79,574	79,574
Effect of dilution:		
Employees' compensation – stock (in thousands)	-	18
Weighted average number of ordinary shares outstanding after dilution (in thousands)	79,574	79,592
Diluted Earning (loss) per share (NTD)	\$(0.75)	\$0.05

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(20) Business combination

Obtained a subsidiary- Kaifeng Shengfayuan Auto Parts Co., Ltd.

Due to business development needs, the subsidiary, Henan Baoheyuan Auto Parts Co., Ltd., signed an equity transfer agreement with Company A in 2010, and paid the investment in stages to acquire the remaining 90.02% equity of Kaifeng Shengfayuan Auto Parts Co., Ltd. The total investment amount was CNY35,000 thousand. Kaifeng Shengfayuan Auto Parts Co., Ltd. has completed the change of business license on 11 February 2022, Henan Baoheyuan Auto Parts Co., Ltd. gained a seat of executive director and increased its shareholding by 90.02%. The ownership equity increased from 9.98% to 100% thereby gaining substantial control over Kaifeng Shengfayuan Auto Parts Co., Ltd.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

The fair value of the identifiable assets and liabilities of Kaifeng Shengfayuan Auto Parts Co., Ltd. on the date of acquisition is as follows:

	<u>Fair value at acquisition date</u>
Assets	
Cash and cash equivalents	\$856
Accounts receivable	4,351
Other receivables	1,431
Property, plant and equipment	77,002
Right-of-use asset	71,119
	<u>154,759</u>
Liabilities	
Other payables	(51)
Net assets acquired	<u><u>\$154,708</u></u>

(21) Subsidiaries with significant non-controlling interests

Non-controlling interests in subsidiaries that are material to the Group are as follows:

<u>Name of the related parties</u>	Country of principal place of business/co mpany registration	Proportion of ownership interest and voting rights of non-controlling interests	
		<u>For the years ended 31 December</u>	
		2022	2021
Tan De Tech Co., Ltd.	Taiwan	63.09%	49%
Hunan Baoyuan Automotive Parts Co., Ltd.	China	49%	49%
Henan Baoheyuan Auto Parts Co., Ltd.	China	49%	49%

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

The consolidated financial information of the above-mentioned subsidiaries is as follows. The financial information is prepared in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, and has reflected the fair value adjustments made by the Group on the acquisition date and the adjustments made for differences in accounting policies. And the financial information is the amount before the transaction within the group has not been eliminated.

Accumulative balance of non-controlling interests in subsidiaries that are material to the Group:

Name of Related Parties	As at	
	31 December 2022	31 December 2021
Tan De Tech Co., Ltd.	\$324,363	\$136,658
Hunan Baoyuan Automotive Parts Co., Ltd.	96,662	94,242
Henan Baoheyuan Auto Parts Co., Ltd.	140,002	162,737
Total	<u>\$561,027</u>	<u>\$393,637</u>

1. Consolidated financial information of Tan De Tech Co., Ltd.:

	As at	
	31 December 2022	31 December 2021
Current assets	\$413,952	\$216,618
Non-current assets	350,620	295,522
Current liabilities	(209,360)	(168,657)
Non-current liabilities	(41,097)	(64,590)
Equities	<u>\$514,115</u>	<u>\$278,893</u>
Closing book value of non-controlling interests	<u>\$324,363</u>	<u>\$136,658</u>

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

	For the years ended 31	
	December	
	2022	2021
Operating revenue	\$465,689	\$333,478
Net income from continuing operations	\$47,763	\$13,934
Other comprehensive income	-	-
Comprehensive income for the period	\$47,763	\$13,934
Net income for the period attributable to non-controlling interests	\$28,486	\$6,828
Comprehensive income for the period attributable to non-controlling interests	\$28,486	\$6,828

	For the years ended 31	
	December	
	2022	2021
Cash flow from operating activities	\$57,873	\$84,265
Cash flow from investment activities	(97,762)	(104,522)
Cash flow from financing activities	128,826	(19,532)
Increase (decrease) in cash and cash equivalents, net	\$88,937	\$(39,789)

2. Consolidated financial information of Hunan Baoyuan Automotive Parts Co., Ltd.:

	As at	
	31 December	31 December
	2022	2021
Current assets	\$192,948	\$151,013
Non-current assets	133,210	142,666
Current liabilities	(128,814)	(101,280)
Non-current liabilities	-	-
Equities	\$197,344	\$192,399
Closing book value of non-controlling interests	\$96,662	\$94,242

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

	For the years ended 31	
	December	
	2022	2021
Operating revenue	\$199,459	\$199,376
Net income from continuing operations	\$1,977	\$8,236
Other comprehensive income (loss)	2,968	(22,786)
Comprehensive income for the period	\$4,945	\$(14,550)
Net income for the period attributable to non-controlling interests	\$969	\$4,035
Comprehensive income for the period attributable to non-controlling interests	\$2,420	\$3,457

	For the years ended 31	
	December	
	2022	2021
Cash flow from operating activities	\$55,013	\$(40,298)
Cash flow from investment activities	(42,200)	10,816
Cash flow from financing activities	-	(13,025)
Effect of foreign exchange	(837)	459
Increase (decrease) in cash and cash equivalents, net	\$11,976	\$(42,048)

3. Consolidated financial information of Henan Baoheyuan Auto Parts Co., Ltd.:

	As at	
	31 December	31 December
	2022	2021
Current assets	\$438,938	\$506,028
Non-current assets	275,940	246,902
Current liabilities	(413,212)	(389,293)
Non-current liabilities	(15,947)	(31,521)
Equities	\$285,719	\$332,116
Closing book value of non-controlling interests	\$140,002	\$162,737

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

	For the years ended 31 December	
	2022	2021
Operating revenue	\$692,342	\$703,629
Net loss from continuing operations	\$(52,144)	\$(19,767)
Other comprehensive income (loss)	5,747	(1,796)
Comprehensive loss for the period	\$(46,397)	\$(21,563)
Net loss for the period attributable to non-controlling interests	\$(22,551)	\$(9,686)
Comprehensive loss for the period attributable to non-controlling interests	\$(22,735)	\$(10,566)

	For the years ended 31 December	
	2022	2021
Cash flow from operating activities	\$(71,469)	\$(46,747)
Cash flow from investment activities	(13,704)	(92,914)
Cash flow from financing activities	97,689	127,758
Effect of foreign exchange	(4,257)	1,209
Increase (decrease) in cash and cash equivalents, net	\$8,259	\$(10,694)

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Tan Cian Technology Co., Ltd. (Tan Cian Technology)	Other related party
Hunan Yuanchuang Machinery Co., Ltd. (Hunan Yuanchuang Machinery)	Other related party
Yuanchuang Industrial (Zhengzhou) Co., Ltd. (Yuanchuang (Zhengzhou))	Other related party
Yuanchuang Machinery (Kaifeng) Co., Ltd. (Yuanchuang Machinery (Kaifeng))	Other related party
Zhuzhou Tradetool Machinery & Technical Co., Ltd. (Zhuzhou Tradetool)	Other related party
Hunan Tradetool Machinery & Technical Co., Ltd. (Yongzhou Tradetool)	Other related party
Vetron Power Co., Ltd. (Vetron Power)	Other related party
Shanghai Baoshan Dalu Auto Parts Co., Ltd. (Shanghai Baoshan Dalu)	Other related party

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(2) The Company's significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2022	2021
Hunan Yuanchuang Machinery	\$7,585	\$3,564
Yuanchuang (Zhengzhou)	800	2,267
Others	265	(183)
Total	<u>\$8,650</u>	<u>\$5,648</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The terms of sale and payment terms are not significantly different from those of general sales customers.

B. Purchase (including processing fee)

	For the years ended 31 December	
	2022	2021
Hunan Yuanchuang Machinery	\$11,440	\$6,505
Tan Cian Technology	-	6,675
Others	2,771	926
Total	<u>\$14,211</u>	<u>\$14,106</u>

The processing fees paid by the Group to related parties are calculated and collected individually for the processed parts, and there is no case where the same processed part is entrusted to a non-related party for processing, so the processing fee rates cannot be compared; the payment period of the Group to related parties is two to three months, there is no significant difference with the general manufacturers.

C. Notes receivable – related parties

Name of Related Parties	As at 31 December	
	2022	2021
Hunan Yuanchuang Machinery	\$3,067	\$-
Shanghai Baoshan Dalu	1,252	-
Total	<u>\$4,319</u>	<u>\$-</u>

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

D. Accounts receivable – related parties

Name of Related Parties	As at 31 December	
	2022	2021
Zhuzhou Tradetool	\$10,188	\$12,425
Hunan Yuanchuang Machinery	4,455	5,900
Yuanchuang Machinery (Kaifeng)	2,376	4,395
Others	36	-
Total	\$17,055	\$22,720

E. Others receivable – related parties

Name of Related Parties	As at 31 December	
	2022	2021
Hunan Yuanchuang Machinery	\$517	\$1,796
Yongzhou Tradetool	509	-
Others	45	33
Total	\$1,071	\$1,829

F. Notes payable – related parties

Name of Related Parties	For the years ended 31 December	
	2022	2021
Hunan Yuanchuang Machinery	\$6,453	\$-

G. Accounts payable – related parties

Name of Related Parties	As at 31 December	
	2022	2021
Yuanchuang (Zhengzhou)	\$414	\$408
Shanghai Baoshan Dalu	-	1,006
Others	2	34
Total	\$416	\$1,448

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Notes to Financial Statements (Continued)

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

H. Others payable – related parties

Name of Related Parties	For the years ended 31 December	
	2022	2021
Shanghai Baoshan Dalu	\$22,953	\$-
Hunan Yuanchuang Machinery	2,273	295
Others	-	80
Total	<u>\$25,226</u>	<u>\$375</u>

The Group's other account payable to Shanghai Baoshan Dalu was mainly for financing purposes, for which the principal was in the amount of NT\$22,047 thousand with interest of NT\$906 thousand. The interest rate was determined by the principal and terms. There is no significant difference in the borrowing terms between the Group and the general manufacturers.

I. Management service income

Name of Related Parties	For the years ended 31 December	
	2022	2021
Tan Cian Technology Co., Ltd.	\$420	\$420
Yongzhou Tradetool	310	-
Total	<u>\$730</u>	<u>\$420</u>

J. Rental income

Name of Related Parties	For the years ended 31 December	
	2022	2021
Vetron Power	\$323	\$358
Tan Cian Technology	-	200
Total	<u>\$323</u>	<u>\$558</u>

The Group rents out offices and factory roofs, etc. The rent is negotiated by both parties with reference to market conditions and collected on a monthly basis, which is not significantly different from ordinary customers.

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Notes to Financial Statements (Continued)

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

K. Key management personnel compensation

The Group:

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	\$31,358	\$34,539
Post-Employment Benefits	567	767
Share-based payment	-	312
Total	\$31,925	\$35,618

For details on the total remuneration paid to the above key management personnel, please refer to the Annual Report of the shareholders' meeting.

The Company provided 5 rental cars for key management personnel in both 2022 and 2021. The depreciation expenses calculated at fair market value were NT\$3,089 thousand and NT\$3,449 thousand, respectively.

The Company paid NT\$2,500 thousand to management of subsidiary for Tan De Tech equity on 25 February 2022. The owner transfer has completed on 22 April 2022.

L. Please refer to Note 13.1.(1) for the details of the financing provided by the Group to related parties.

M. Please refer to Note 13. 1.(2) for the details of the endorsement guarantee by the Group to related parties.

8. ASSETS PLEDGED AS SECURITY

The following assets were pledged:

	Book value		Secured liabilities
	31 December 2022	31 December 2021	
Property, Plant and Equipment- building	\$319,531	\$253,985	Bank loan/ Short-term borrowings
Right-of-used assets- land	162,150	92,335	Short-term borrowings
Land	134,051	134,051	Bank loan/ Short-term borrowings
Other current financial assets	53,436	13,864	Note payable/Mold quality guarantee/ Short-term borrowings
Mechanical equipment	-	78,351	Bank loan
Computer software equipment	-	763	Bank loan
Total	\$669,168	\$573,349	

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Notes to Financial Statements (Continued)

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

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As at 31 December 2022 the total amount of procurement contracts signed by the Group for construction projects, materials, equipment, molds, and computer software was NT\$874,589 thousand, and the unpaid amount was NT\$278,623 thousand.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income	\$28,986	\$46,987
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	289,689	216,402
Accounts and notes receivable (including related parties)	541,448	480,338
Other receivables - related parties	1,071	1,829
Other current financial assets	53,436	13,684
Subtotal	<u>885,644</u>	<u>712,433</u>
Total	<u>\$914,630</u>	<u>\$759,420</u>

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Notes to Financial Statements (Continued)

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

	As at 31 December	
	2022	2021
<u>Financial Liabilities</u>		
Financial liabilities carried at amortized cost:		
Short-term borrowings	\$461,053	\$273,708
Accounts and notes payable (including related parties)	264,612	233,833
Other payables (including related parties)	116,856	71,134
Long-term loans (including long-term loans due within one year)	254,823	384,227
Lease liability	32,010	8,526
Total	<u>\$1,129,354</u>	<u>\$971,428</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk and other price risks (such as equity instruments).

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Notes to Financial Statements (Continued)

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In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operating organizations.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT\$17 thousand and NT\$1,140 thousand, respectively.

When NTD strengthens/weakens against CNY by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT\$358 thousand and NT\$110 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

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Notes to Financial Statements (Continued)

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

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate will result in an increase/decrease of NT\$716 thousand and NT\$658 thousand for the years ended 31 December 2022 and 2021, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As at 31 December 2022 and 2021, accounts receivable from major customers was 88% and 81%, respectively. The credit concentration risk of other accounts receivable is insignificant.

As at 31 December 2022 and 2021, the carrying amounts of the cash and cash equivalents (excluding cash on hand) and other current financial assets was NT\$343,125 thousand and NT\$230,266 thousand, respectively. Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

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Notes to Financial Statements (Continued)

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

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings lease, and other contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>< 1 year</u>	<u>1 ~ 2 years</u>	<u>2 ~ 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As at 31 December 2022					
Bank loans (Short-term/ Long-term)	\$526,113	\$56,950	\$72,207	\$76,218	\$731,488
Accounts and notes payable (including related parties)	264,612	-	-	-	264,612
Other payables (including related parties)	116,856	-	-	-	116,856
Lease liability	10,035	8,843	14,420	-	33,298
As at 31 December 2021					
Bank loans (Short-term/ Long-term)	\$383,483	\$86,850	\$106,564	\$98,157	\$675,054
Accounts and notes payable (including related parties)	233,833	-	-	-	233,833
Other payables (including related parties)	71,134	-	-	-	71,134
Lease liability	4,538	2,642	1,500	-	8,680

Derivative financial liabilities

None.

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Notes to Financial Statements (Continued)

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Long-term loans (including current portion with maturity less than one year)	Lease liability	Total liabilities from financing activities
As at 1 January 2022	\$273,708	\$384,227	\$8,562	\$666,497
Cash flow	185,034	(130,892)	(6,703)	47,439
Non-cash change	-	-	30,151	30,151
Exchange change	2,311	1,488	-	3,799
As at 31 December 2022	\$461,053	\$254,823	\$32,010	\$747,886

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term loans (including current portion with maturity less than one year)	Lease liability	Total liabilities from financing activities
As at 1 January 2021	\$159,180	\$340,385	\$76,751	\$576,316
Cash flow	115,093	43,847	(16,265)	142,675
Non-cash change	-	-	(51,590)	(51,590)
Exchange change	(565)	(5)	(370)	(940)
As at 31 December 2021	\$273,708	\$384,227	\$8,526	\$666,461

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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Notes to Financial Statements (Continued)

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity stocks) at the reporting date.
- (C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group does not hold derivatives that do not qualify for hedge accounting and have not yet expired.

TRADETOOL AUTO CO., LTD.
Notes to Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Investments in equity instruments with no active market measured at fair value through other comprehensive profit or loss	\$-	\$-	\$28,986	\$28,986

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Notes to Financial Statements (Continued)

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As at 31 December 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Investments in equity instruments with no active market measured at fair value through other comprehensive profit or loss	\$-	\$-	\$46,987	\$46,987
			<u>Assets</u>	
			At fair value through other comprehensive income	
			<u>Stocks</u>	
Beginning balances as at 1 January 2022			\$46,987	
Total gains and losses recognized for 2022:				
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)			(15,727)	
Reclassified			(2,182)	
Changes in foreign exchange rates			(92)	
Ending balances as at 31December 2022			<u>\$28,986</u>	
			<u>Assets</u>	
			At fair value through other comprehensive income	
			<u>Stocks</u>	
Beginning balances as at 1 January 2021			\$37,582	
Total gains and losses recognized for 2021:				
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)			(766)	
Acquisition/issues for the year ended 31 December 2021			10,171	
Ending balances as at 31December 2021			<u>\$46,987</u>	

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Information on significant unobservable inputs to valuation

The Group's fair value measurement classified as Level 3 mainly includes financial assets measured at fair value through other comprehensive profit or loss - equity securities investment.

Most of the Group 's fair values are classified as Level 3 with only a single significant unobservable input, and only equity instrument investments with no active market have multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

For some equity investment instruments held by the Group that do not have active market quotations and are not for short-term trading purposes, the management obtains the recent financial reports of the investee company, evaluates the development of the industry and reviews publicly available information, and based on this review evaluates the current operating conditions and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in industry and market prospects are highly positively correlated with changes in the operations and future performance of the investee company.

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2022

	Valuation techniques	significant unobservable inputs	Significant unobservable input and fair value relationship
Financial assets:			
financial assets at fair value through other comprehensive income			
Equity instrument investments for which no active market exists - Tan Cian Technology	Net asset value method	Net asset value	Not applicable
Equity instrument investments for which no active market exists - Huijia Health	Market approach	P/E ratio of similar entities	The higher the P/E ratio of similar entities, the higher the fair value of the stocks

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

	<u>Valuation techniques</u>	<u>significant unobservable inputs</u>	<u>Significant unobservable input and fair value relationship</u>
		Lack of market liquidity discount	The higher the discount for lack of marketability, the lower the fair value
Equity instrument investments for which no active market exists - Apogean Metal	Market approach	P/E ratio of similar entities	The higher the P/E ratio of similar entities, the higher the fair value of the stocks
		Lack of market liquidity discount	The higher the discount for lack of marketability, the lower the fair value of the stocks

As at 31 December 2021

	<u>Valuation techniques</u>	<u>significant unobservable inputs</u>	<u>Relationship between inputs and fair value</u>
Financial assets: financial assets at fair value through other comprehensive income			
Equity instrument investments for which no active market exists - Tan Cian Technology	Net asset value method	Net asset value	Not applicable
Equity instrument investments for which no active market exists - Huijia Health	At the price of the last inactive market transaction	Not applicable	Not applicable
Equity instrument investments for which no active market exists - Apogean Metal	Market approach	P/E ratio of similar entities	The higher the P/E ratio of similar entities, the higher the fair value of the stocks
		Lack of market liquidity discount	The higher the discount for lack of marketability, the lower the fair value of the stocks

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value valuation techniques for financial instruments not measured by fair value

The methods and assumptions used by the Group to estimate instruments not measured at fair value are as follows:

For financial liabilities measured at amortized cost, if there are quotations from transactions or market makers, the most recent transaction prices and quotations are used as the basis for assessing fair value. If there is no market value for reference, the evaluation method is used to estimate.

The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	Unit: Thousands					
	As at 31 December 2022			As at 31 December 2021		
	Foreign Currency	Foreign exchange rate	NTD	Foreign Currency	Foreign exchange rate	NTD
<u>Financial assets</u>						
USD	\$7,099	30.7100	\$218,010	\$4,763	27.6800	\$131,840
CNY	8,126	4.4094	35,831	2,545	4.3415	11,049
<u>Financial liabilities</u>						
USD	\$7,155	30.7100	\$219,730	\$8,883	27.6800	\$245,881

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

Due to the large number of functional currencies used in the Group, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized NT\$4,329 thousand and NT\$183 thousand for foreign exchange losses for the years ended 31 December 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Transfer of financial assets

Some of the accounts receivable of the Company have entered into factoring agreements with recourse rights with financial institutions. Although the Company transfers the cash flow contract rights of these accounts receivables, it still has to bear the credit risk of unable to recover these accounts receivables according to the contract. The credit risk of recovery does not meet the conditions for derecognizing the financial assets. The transaction-related information is as follows:

As at 31 December 2022:

Transfer object	Transfer amount	Advance amount (Note)
Taipei Fubon		
Commercial Bank	\$93,209	\$83,878
	(USD 3,035)	(USD 2,731)

Note: reported in short-term borrowings.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others:

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 1,2)	Limit of total financing amount (Note 3)
													Item	Value		
0	The Company	Xiangyang Tradetool Parts	Other receivable - related parties	Yes	\$88,753 (USD1,500, CNY10,000)	\$44,094 (CNY10,000)	\$6,614 (USD1,500)	4.85 %	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$270,481	\$360,641
0	The Company	Henan Baoheyuan	Other receivable - related parties	Yes	\$133,192 (CNY30,000)	\$66,141 (CNY15,000)	\$66,141 (CNY15,000)	5.00 %	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$270,481	\$360,641
1	Xiangyang Tradetool Parts	Henan Baoheyuan	Other receivable - related parties	Yes	\$121,562 (CNY28,000)	\$28,661 (CNY6,500)	\$-	4.85 %	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$117,525	\$117,525
2	Hunan Baoyuan	Xiangyang Tradetool Parts	Other receivable - related parties	Yes	\$13,228 (CNY3,000)	\$13,228 (CNY3,000)	\$-	5.00 %	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$58,070	\$58,070
2	Hunan Baoyuan	Henan Baoheyuan	Other receivable - related parties	Yes	\$27,055 (CNY6,000)	\$-	\$-	5.00 %	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$58,070	\$58,070

Note 1: According to the Company's operating procedures for lending funds to others, the loan to a single enterprise should not exceed 30% of the company's latest financial statement net worth.

Note 2: According to the operating procedure of the subsidiary's capital loan to others, the loan to a single enterprise shall not exceed 40% of the net value of the subsidiary's latest financial statement.

Note 3: According to the operating procedures of the company and its subsidiaries for lending funds to others, the total amount of funds loaned shall not exceed 40% of the net worth of the company and its subsidiaries.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

B. Endorsement/guarantee provided to others:

No.	Endorser/ Guarantor	Endorsee		Limit of guarantee/ endorsement amount to a single entity (Note 1)	Maximum guarantee balance for the period	Ending balance	Actual amount drawn	Amount of collateral guarantee/ endorsement backed by property	Ratio of accumulated amount of guarantee to net equity of the most recent financial statements	Maximum guarantee limit (Note 2)	Guarantee from the parent to subsidiary
		Company name	Relationship								
0	The Company	Tan De Tech	Subsidiary of the Company	\$450,801	\$182,638	\$-	\$-	\$-	-	\$721,282	Yes
0	The Company	Xiangyang Tradetool Parts	Subsidiary of the Company	\$450,801	\$219,345 (USD5,500, CNY10,000)	\$153,187 (USD1,313, CNY25,600)	\$139,959 (USD1,313, CNY25,600)	\$-	17.00	\$721,282	Yes
0	The Company	Henan Baoheyuan	Subsidiary of the Company	\$450,801	\$198,621 (USD3,100, CNY22,000)	\$192,208 (USD3,100, CNY22,000)	\$192,208 (USD3,100, CNY22,000)	\$7,009	21.32	\$721,282	Yes

Note 1: The amount of endorsement and guarantee for a single enterprise who forms parent-subsidiary relationship with the Company and thus engages in endorsement and guarantee shall not exceed 50% of the Company's net worth

Note 2: The total amount of the Company's external endorsement and guarantee shall not exceed 80% of the Company's net worth.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

C. Securities held as at 31 December 2022:

Company held	Securities type and Securities name	Relationship with the Securities issuer	Financial Statement Account	31 December 2022				Note
				Shares/ Units	Carrying Value	Ownership Percentage	Market Value or Net Asset Value	
The Company	<u>Common stock</u> Tan Cian Technology Co., Ltd.	Other Related parties	Non-current financial assets at fair value through other comprehensive income	2,250,000	\$9,820	18.44%	\$9,820	
The Company	Apogean Metal Co., Ltd.	Other Related parties	Non-current financial assets at fair value through other comprehensive income	2,233,581	18,226	6.78%	18,226	
The Company	Hujia Health Life Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	200,000	940	1.00%	940	
			Total		<u>\$28,986</u>		<u>\$28,986</u>	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital for the year ended 31 December 2022: None.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

G. Related party transactions for purchases and sales exceeding the lower of NT \$100 million or 20 percent of capital stock for the year ended 31 December 2022: None.

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as at 31 December 2022: None.

I. Financial instruments and derivative transaction: None.

J. Significant intercompany transactions between consolidated entities are as follows:

Foreign currency units: thousands

No (Note1)	Company Name	Counter Party	Nature of Relationship	Intercompany Transactions			
			(Note2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	The Company	Henan Baoheyuan	1	Other receivables - related parties	\$66,847 (USD 8、 CNY 15,102)	By mutual agreement	2.52%
1	Henan Baoheyuan	Xiangyang Tradetool Parts	3	Sales	\$268,404 (CNY 60,577)	Same as general customer trading conditions	17.30%

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: There are three types of relationships to related parties:

- (1) represents the transactions from the parent company to a subsidiary.
- (2) represents the transactions from a subsidiary to the parent company.
- (3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(2) Information on investees

A. Names, locations, main business and products, original investment amount, investment as at 31 December 2022, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2022 (excluding investees in Mainland China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 31 December 2022			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				31 December 2022	31 December 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	Jeng Shiang (Samoan)	Samoan Islands	Holding company	\$204,486	\$204,486	50	100%	\$3,181	\$419	\$419	Note 1, 2
The Company	Tan De Tech	Taiwan	Operating electronic components manufacturing industry, material wholesale industry and product design industry	\$131,461	\$127,500	12,918	36.91%	\$190,820	\$47,763	\$19,269	Note 1,3
The Company	Ching Way (Anguilla)	Anguilla Islands	Holding company	\$115,943	\$115,943	2,069	100%	\$101,682	\$1,008	\$1,008	Note 1, 2
The Company	Success Horizon Global	Samoan Islands	Holding company	\$321,605	\$321,605	10,682	100%	\$293,813	\$(62,281)	\$(62,281)	Note 1, 2
The Company	Tradetool Green Energy	Taiwan	Operating various battery wholesale and retail businesses	\$2,500	\$2,500	250	50%	\$622	\$(141)	\$(71)	Note 1

Note 1: Consolidated into consolidated statements.

Note 2: Current investment income from investees recognized by the Company included investment gain/loss recognized by their reinvested companies.

Note 3: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(3) Information on investment in Mainland China

A. Information on investments in Mainland China as at 31 December 2022:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2022	Investee gains (losses)	Percentage of Ownership	Equity in Earnings (Losses) Note 2	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2022
					Outflow	Inflow						
Jeng Shiang (Suzhou)	Operating various electronic components processing and trading business	\$-	Note 1	\$188,766 (USD5,531)	\$-	\$-	\$18,776 (USD5,531) (Note 3)	\$-	-	\$-	\$-	\$-
Suzhou Tradetool	Operating various electronic components processing and trading business	USD50	Note 1	\$1,588 (USD50)	\$-	\$-	\$1,588 (USD50)	\$419	100%	\$419	\$3,159	\$-
Hunan Baoyuan	Operating various auto parts manufacturing and sales business	CNY26,000	Note 1	\$95,454 (USD3,218)	\$-	\$-	\$95,454 (USD3,218)	\$5,601	51%	\$2,857	\$101,663	\$11,050 (USD403)
Xiangyang Tradetool Parts	Operating various auto parts manufacturing and sales business	CNY49,500	Note 1	\$320,463 (USD10,682)	\$-	\$-	\$320,463 (USD10,682)	\$(62,281)	100%	\$(62,281)	\$293,814	\$8,640 (USD308)
Xiangyang Tradetool Tooling	Operating various mold, inspection, fixture manufacturing and sales business	\$-	Note 1	Note 4	\$-	\$-	Note 4	\$(47)	-	\$(47)	\$-	\$-
Henan Baoheyuan	Operating various auto parts manufacturing and sales business	CNY80,000	Note 1	Note 4	\$-	\$-	Note 4	\$(52,144)	51%	\$(26,593)	\$145,716	\$-
Kaifeng Shengfayuan	Operating various auto parts sales and rental housing business	CNY32,530	Note 1	Note 4	\$-	\$-	Note 4	\$47	51%	\$(409) (Note 6)	\$155,934	\$-

TRADETOOL AUTO CO., LTD.
Notes to Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Note 1: Invest in companies in mainland China through investment and establishment of companies in the third region.

Note 2: The investment gains and losses recognized in the current period are recognized on the basis of the financial statements of the same period audited by the certified accountants of the parent company in Taiwan.

Note 3: Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. has been liquidated in December 2017, and repatriated the remaining investment amount of USD\$10,469 thousand. Therefore, the accumulated investment approved by the Ministry of Economic Affairs amounted to USD\$5,531 thousand.

Note 4: The Company invested CNY\$40,800 thousand and CNY\$2,000 thousand respectively through the investment business in the Xiangyang Tradetool Automobile Parts Co., Ltd. and then reinvested in the investee companies, Henan Baoheyuan Auto Parts Co., Ltd. and Xiangyang Tradetool Tooling Co., Ltd. Xiangyang Tradetool Tooling Co., Ltd ended its operation in April 2022, and repatriated the remaining investment amount of CNY\$234 thousand to Xiangyang Tradetool Automobile Parts Co., Ltd, completed the deregistration in September 2022. Henan Baoheyuan Auto Parts Co., Ltd invested CNY\$32,530 thousand to reinvested in the investee companies, Kaifeng Shengfayuan Auto Parts Co., Ltd. Because the reinvestment was direct investment in the mainland China area, and the investment funds were not remitted from Taiwan, so there is no need to apply to the Investment Committee of the Ministry of Economic Affairs.

Note 5: The above transactions have been eliminated when preparing the consolidated financial report.

Note 6: Kaifeng Shengfayuan Auto Parts Co., Ltd. has completed the change of business license on 11 February 2022. Hunan Baoyuan Automotive Parts Co., Ltd. gained a seat of executive director and increased its shareholding by 90.02%. The shareholding ratio increased from 9.98% to 100%.

Accumulated investment in Mainland China as at 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
\$598,262 (USD19,481)	\$598,262 (USD19,481)	\$877,950

Note 1: The Company's investment in Mainland China is limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

(4) Information on major shareholders

31 December 2022

Name	Shares	Shareholding	Shareholding ratio
Ai Po Investment Limited		18,344,076	23.05%
Fu Ya Investment Limited		16,492,076	20.72%
HSU, JIH-HSIN		4,931,000	6.19%

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

14. DEPARTMENT INFORMATION

For management purposes, the Group classifies operating units according to different strategic institutions and is divided into the following four reporting departments:

1. **Optical Injection Component Department:** This department is mainly engaged in the manufacture and sale of light guide plates and the development and sale of related molds.
2. **Metal Parts Stamping Department:** This department is mainly engaged in body metal stamping and welding, trading and development and trading of related molds.
3. **Other Departments:** This department is mainly engaged in the wholesale and retail of batteries.

The aforementioned reporting operations department did not aggregate more than one operating department.

The management individually monitors the operational results of its business units to make decisions on resource allocation and performance assessment. The performance of the department is assessed based on pre-tax profit and loss. The accounting policies of the reporting department are the same as the summary of the Group's important accounting policies. However, the income tax on the consolidated financial statements is managed on a group basis and is not allocated to the operating department.

The transfer pricing between operational departments is based on regular transactions similar to external third parties.

- (1) The information on the profit and loss and assets of the departments should be reported as follows

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

For the year ended 31 December 2022

	Optical Injection Component Department	Metal Parts Stamping Department	Others Department	Adjustment and elimination	Total
Income					
Revenue from external customers	\$465,689	\$1,085,630	\$-	\$-	\$1,551,319
Inter-department income	3,967	286,434	-	(290,401)	-
Total income	\$469,656	\$1,372,064	\$-	\$(290,401)	\$1,551,319
Interest expense	\$7,141	\$19,384	\$-	\$(5,434)	\$21,091
Depreciation and amortization	\$72,748	\$48,443	\$94	\$(8,441)	\$112,844
Income tax expense (income)	\$17,162	\$(26,994)	\$-	\$-	\$(9,832)
Department profit and loss	\$5,532	\$(112,850)	\$(141)	\$41,648	\$(65,811)
Assets					
Long-term equity investment by equity method	\$194,001	\$394,495	\$622	\$(589,118)	\$-
Capital expenditure on non-current assets	\$72,658	\$125,118	\$-	\$-	\$197,776
Departmental assets	\$1,348,775	\$1,412,956	\$1,264	\$(108,475)	\$2,654,520
Department debt	\$518,995	\$781,796	\$20	\$(109,541)	\$1,191,270

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

For the year ended 31 December 2021

	Optical Injection Component Department	Metal Parts Stamping Department	Others Department	Adjustment and elimination	Total
Income					
Revenue from external customers	\$340,504	\$1,151,096	\$-	\$-	\$1,491,600
Inter-department income	3,195	336,926	-	(340,121)	-
Total income	<u>\$343,699</u>	<u>\$1,488,022</u>	<u>\$-</u>	<u>\$(340,121)</u>	<u>\$1,491,600</u>
Interest expense	<u>\$6,845</u>	<u>\$10,123</u>	<u>\$-</u>	<u>\$(4,005)</u>	<u>\$12,963</u>
Depreciation and amortization	<u>\$79,233</u>	<u>\$50,582</u>	<u>\$94</u>	<u>\$(17,206)</u>	<u>\$112,703</u>
Income tax expense (income)	<u>\$11,988</u>	<u>\$(12,295)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(307)</u>
Department profit and loss	<u>\$30,277</u>	<u>\$6,405</u>	<u>\$(1,299)</u>	<u>\$(31,367)</u>	<u>\$4,016</u>
Assets					
Long-term equity investment by equity method	\$146,031	\$448,302	\$693	\$(595,026)	\$-
Capital expenditure on non-current assets	<u>\$99,659</u>	<u>\$73,974</u>	<u>\$-</u>	<u>\$(67,611)</u>	<u>\$106,022</u>
Departmental assets	<u>\$1,161,093</u>	<u>\$1,380,410</u>	<u>\$1,424</u>	<u>\$(171,007)</u>	<u>\$2,371,920</u>
Department debt	<u>\$532,195</u>	<u>\$675,129</u>	<u>\$39</u>	<u>\$(172,082)</u>	<u>\$1,035,281</u>

(2) The reporting departments' revenue, profit and loss, assets, liabilities and other major items that should be adjusted

In 2022 and 2021, the Group did not have any adjustments regarding each department's revenue, profit and loss, assets, liabilities and other major items.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(3) Product and Service Information

The Group's income from external customers is as follows:

<u>Product and service name</u>	<u>2022</u>	<u>2021</u>
Metal stamping parts	\$982,239	\$1,043,833
Optical injection parts	412,638	322,247
Tooling	143,818	117,463
Others	12,624	8,057
Total	<u>\$1,551,319</u>	<u>\$1,491,600</u>

(4) Regional financial information

a. Revenue from external customers:

<u>Country</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$167,234	\$119,496
China	1,384,085	1,372,104
Total	<u>\$1,551,319</u>	<u>\$1,491,600</u>

Revenue is classified based on country of clients.

b. Non-current assets:

<u>Country</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$648,775	\$585,628
China	636,491	421,499
Total	<u>\$1,285,266</u>	<u>\$1,007,127</u>

Non-current assets include real estate, plant and equipment, right-of-use assets, intangible assets, security deposits and prepaid equipment payments, but do not include financial instruments, deferred income tax assets and assets of retirement benefits.

TRADETOOL AUTO CO., LTD.

Notes to Financial Statements (Continued)

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

(5) Important customer information

The customers of the Group in 2022 and 2021 in which the sales of goods accounted for more than 10% of the income on the income statement were:

Customer	2022		2021	
	Sales amount	%	Sales amount	%
Company A	\$460,322	30%	\$561,803	38%
Company B	298,455	19%	213,982	14%
Company C	282,852	18%	238,982	16%
Total	<u>\$1,041,629</u>	<u>67%</u>	<u>\$1,014,346</u>	<u>68%</u>

TRADETOOL AUTO CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021

Notice to readers:

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: Rm. 7, 4F., No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan, R.O.C.

Telephone: 886-4-2258-5821

REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Tradetool Auto Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Tradetool Auto Co., Ltd. (the “Company”) as at 31 December 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at 31 December 2022 and 2021, and its parent company only financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2022 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation accounted for under equity method

The long-term equity investment of Tradetool Auto Co., Ltd. amounted to NT\$589,118 thousand, accounting for 50% of the total assets, which is significant to financial statements. We therefore considered this a key audit matter. The auditor's procedures included, but are not limited to, accounting for the Company's recognition of investment income in investee companies based on its shareholding ratio; discussing with management and understanding the assessment of important matters related to subsidiaries, so as to understand the reasonableness of the revenue recognition and the impairment assessment of accounts receivable of the subsidiaries, and evaluate the appropriateness of the disclosures of the notes to the financial statements by management. In addition, we also considered the appropriateness of the disclosures on investments using the equity method in Note 6 to the financial statements.

Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the parent company only financial statements.

As part of an audit in accordance with 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 parent company only 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only 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 2022 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Huang Yu Ting
Huang Tzu Ping

Ernst & Young, Taiwan
2 March 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 accepted and applied in the Republic of China.

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current assets			
Cash and cash equivalents	4, 6(1),12	\$84,017	\$81,853
Other receivables, net-related parties	6(2),7,12	76,444	110,198
Current tax assets	4	6	1,212
Other current financial assets	8,12	7,009	6,001
Other current assets- others		1,101	1,026
Total current assets		168,577	200,290
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4,12,13	28,986	44,816
Investments accounted for under the equity method	4, 6(3)	589,118	595,026
Property, plant and equipment	4, 6(4),8	44,094	45,040
Right-of-use assets	4	4,838	1,489
Investment property	4,6(5),8	273,010	277,020
Intangible assets	4	2,069	2,069
Deferred tax assets	4, 6(16)	55,618	72,666
Other non-current assets- others		3,506	2,493
Total non-current assets		1,001,239	1,040,619
Total assets		\$1,169,816	\$1,240,909

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 31 December 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current liabilities			
Short-term loans	4,6(6),8,12	\$40,000	\$-
Other payables	12	5,578	6,321
Lease liabilities, current	4,12	2,108	1,322
Current portion of long-term loans	4, 6(7),8,12	20,871	60,947
Other current liabilities- others		682	872
Total current liabilities		<u>69,239</u>	<u>69,462</u>
Non-current liabilities			
Long-term loans	4, 6(7),8,12	161,426	182,066
Deferred tax liabilities	4, 6(16)	34,812	46,884
Lease liabilities, non-current	4,12	<u>2,737</u>	<u>187</u>
Total non-current liabilities		<u>198,975</u>	<u>229,137</u>
Total liabilities		<u>268,214</u>	<u>298,599</u>
Equity attributable to the parent company			
Capital			
Common stock	4,6(9)	795,740	799,900
Capital surplus	4,6(9)	130,965	115,783
Retained earnings	4,6(9)		
Legal reserve		18,825	18,460
Special reserve		31,914	29,111
Retained earnings		<u>(34,124)</u>	<u>28,856</u>
Total retained earnings		<u>16,615</u>	<u>76,427</u>
Other components of equity			
Exchange differences on translation of foreign operations		(18,421)	(24,343)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		<u>(23,297)</u>	<u>(7,570)</u>
Total other components of equity		<u>(41,718)</u>	<u>(31,913)</u>
Treasury stock	4,6(9)	<u>-</u>	<u>(17,887)</u>
Total equity		<u>901,602</u>	<u>942,310</u>
Total liabilities and equity		<u>\$1,169,816</u>	<u>\$1,240,909</u>

(The accompanying notes are an integral part of the parent company only financial statements)

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December	
		2022	2021
Net sales	4, 6(3)(11), 7	\$(41,656)	\$30,096
Cost of sales		-	-
Gross (loss) profit		(41,656)	30,096
Operating expenses	6(13),7		
General and administrative		(39,816)	(51,236)
Expected credit gains	4	-	163
Total operating expenses		(39,816)	(51,073)
Operating loss		(81,472)	(20,977)
Non-operating income and expenses	6(14),7		
Interest revenue		5,124	2,425
Other gains and losses		26,206	34,934
Financial costs		(4,177)	(3,944)
Total non-operating income and expenses		27,153	33,415
(Loss) income from continuing operations before income tax		(54,319)	12,438
Income tax expense	4,6(16)	(5,493)	(8,643)
(Loss) income from continuing operations, net of tax		(59,812)	3,795
Other comprehensive income (loss)	6(15)(16)		
Items that may not to be reclassified subsequently to profit or loss			
Unrealised gains or losses from investments in equity instruments measured at fair value		(15,727)	(766)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(3)	7,403	(2,545)
Income tax related to items that may be reclassified subsequently to profit or loss		(1,481)	509
Total other comprehensive income, net of tax		(9,805)	(2,802)
Total comprehensive (loss) income		\$(69,617)	\$993
(Loss) earnings per share (NTD)	4,6(17)		
(loss) earnings per share-basic		\$(0.75)	\$0.05
(loss) earnings per share-diluted		\$(0.75)	\$0.05

(The accompanying notes are an integral part of the parent company only financial statements)

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Common Stock	Capital Surplus	Retained Earnings			Other components of equity		Treasury Stock	Total
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income		
Balance as at 1 Jan 2021	6(9)	\$799,900	\$115,253	\$17,729	\$35,143	\$35,824	\$(22,307)	\$(6,804)	\$(17,887)	\$956,851
Appropriations of earnings, 2020:										
Legal reserve				731		(731)				-
Special reserve					(6,032)	6,032				-
Cash dividends						(15,915)				(15,915)
Net income in 2021						3,795				3,795
Other comprehensive income, net of tax in 2021	6(15)						(2,036)	(766)		(2,802)
Total comprehensive income (loss)		-	-	-	-	3,795	(2,036)	(766)	-	993
Change in ownership of subsidiaries						(149)				(149)
Share-based payment transactions- Share-based payment expense	6(10)		530							530
Balance as at 31 Dec 2021	6(9)	\$799,900	\$115,783	\$18,460	\$29,111	\$28,856	\$(24,343)	\$(7,570)	\$(17,887)	\$942,310
Balance as at 1 Jan 2022	6(9)	\$799,900	\$115,783	\$18,460	\$29,111	\$28,856	\$(24,343)	\$(7,570)	\$(17,887)	\$942,310
Appropriations of earnings, 2021:										
Legal reserve				365		(365)				-
Special reserve					2,803	(2,803)				-
Cash dividends										-
Net loss in 2022						(59,812)				(59,812)
Other comprehensive income, net of tax in 2022	6(15)						5,922	(15,727)		(9,805)
Total comprehensive income (loss)		-	-	-	-	(59,812)	5,922	(15,727)	-	(69,617)
Retirement of treasury stock		(4,160)	(13,727)						17,887	-
Change in ownership of subsidiaries	6(9)(18)		28,909							28,909
Balance as at 31 Dec 2022	6(9)	\$795,740	\$130,965	\$18,825	\$31,914	(\$34,124)	\$(18,421)	\$(23,297)	\$-	\$901,602

(The accompanying notes are an integral part of the parent company only financial statements)

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended 31 December		
	Notes	2022	2021
Cash flows from operating activities:			
Net (loss) income before tax		\$(54,319)	\$12,438
Adjustments:			
Reconcile net income to net cash provided by operating activities:			
Depreciation		7,140	16,130
Expected credit gains		-	(163)
Interest expense		4,177	3,944
Interest income		(5,124)	(2,425)
Share-based payment expense		-	227
Gains on disposals of intangible assets		-	(1,721)
Share of profit or loss of subsidiaries, associates and joint ventures		41,656	(30,096)
Gains on lease modification		(4)	-
Dividends income		4,628	27,715
Changes in operating assets and liabilities:			
Decrease in accounts receivable		-	855
(Increase) decrease in other receivable- related parties		(33)	3,064
Increase in other current assets		(68)	(220)
Decrease in other payable		(768)	(263)
(Decrease) increase in other current liabilities		(190)	87
Cash (used in) provided by generated from operations		(2,905)	29,572
Interest received		5,017	2,717
Interest paid		(4,123)	(3,917)
Income tax paid		(792)	(4,100)
Net cash (used in) provided by generated from operating activities		(2,803)	24,272

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

TRADETOOL AUTO CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December	
		2022	2021
(Continued)			
Cash flows from investing activities:			
Acquisition of investments accounted for under the equity method		(3,961)	-
Acquisition of financial assets measured at fair value through other comprehensive income		-	(8,000)
Acquisition of property, plant and equipment		(234)	(170)
Disposal of intangible assets		-	3,790
Disposal of investment properties		-	63,821
Increase in deposits-out		(1,013)	-
Decrease (increase) in other receivable- related parties		33,887	(63,922)
(Increase) decrease in other financial assets		(1,008)	47,999
Net cash provided by investing activities		<u>27,671</u>	<u>43,518</u>
Cash flows from financing activities:			
Increase in short-term loans		40,000	-
Decrease in long-term loans		(60,716)	(40,666)
Decrease in lease liabilities		(1,988)	(1,969)
Cash dividends		-	(15,915)
Net cash (used in) generated from financing activities		<u>(22,704)</u>	<u>(58,550)</u>
Net increase in cash and cash equivalents		2,164	9,240
Cash and cash equivalents at beginning of period		81,853	72,613
Cash and cash equivalents at end of period	6(1)	<u>\$84,017</u>	<u>\$81,853</u>

(The accompanying notes are an integral part of the parent company only financial statements)

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Tradetool Auto Co., Ltd. (“the Company”), formerly known as Jeng Shiang Precision Ind Co., Ltd., was established on 27 September, 1983 with the approval of the Ministry of Economic Affairs. Its registered address is Rm. 7, 4F, No. 213, Chaofu Rd., Xitun Dist., Taichung City, Taiwan, R.O.C. . On 5 May 2016, the Company was changed to Tradetool Auto Co., Ltd. by the resolution of the shareholders' meeting.

The main activities of the Company are investment and holding of various automobiles’ related parts business.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 were authorized for issue by the Company’s board of directors on 2 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. As the Company is still currently determining the potential impact of the standards and interpretations listed under (3), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (1), (3), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), which is endorsed by the FSC.

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“\$”) unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements of the Company are presented in New Taiwan Dollars (NTD), which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of Foreign Currency Financial Statements

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(5) Current and Non-current Distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

- (a) The Company expects to settle the liability in normal operating cycle.
- (b) The Company holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

TRADETOOL AUTO CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This 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 assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (C) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money;
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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(d) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Investments accounted for under the equity method

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

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The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

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- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment;
or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture, the Company continues to apply the equity method without remeasuring the retained interest.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

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Items	Useful Lives
Buildings	5~50 years
Office equipment and other equipment	3~5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(11) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	10~50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

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The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(12) Leases

On the date that contracts are established, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- C. Amounts expected to be payable by the lessee under residual value guarantees.
- D. The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- E. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

A summary of the policies applied to the Company’s intangible assets is as follows:

	Others
Useful lives	Indefinite
Amortization method used	No amortization
Internally generated or acquired	Acquired

(14) Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost as a contra equity account. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to investment income, sale of goods and rendering of services. The accounting policies are explained as follows:

Investment income

Investment income refers to the economic benefits obtained by the Company from investment. The return obtained by an enterprise from external investment in a certain accounting period. When the invested company has a surplus, the investment company recognizes the investment income or loss according to the shareholding ratio. If there is investment income, debit "long-term investment-stocks", and credit "investment income".

Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term.

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(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the parent company only financial statements of the Company.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments on the grant day. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

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Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(19) Income Taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

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Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

(a) Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is not significant of the total property.

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(b) Operating lease commitment — Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires

determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Please refer to Note 6.

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Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2022	2021
Cash on hand	\$60	\$69
Bank deposits	83,957	81,784
Total	<u>\$84,017</u>	<u>\$81,853</u>

(2) Other receivables, net-related parties

	As at 31 December	
	2022	2021
Other receivables- financing provided to others	\$72,755	\$106,642
Other receivables- other	3,689	3,556
Total	<u>\$76,444</u>	<u>\$110,198</u>

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(3) Investments accounted for using the equity method

A. The following table lists the investments accounted for using the equity method of the Company:

	Main Business	Principal place of business / Company registration country	As at 31 December			
			2022		2021	
			Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Jeng Shiang Investment Holdings Co., Ltd. (Samoa)	Holding company	Samoa	\$3,181	100%	\$2,722	100%
Tan De Tech Co., Ltd.	Operating electronic components manufacturing industry, material wholesale industry and product design industry	Taiwan	\$190,820	36.91% (Note)	\$143,309	51%
Ching Way Industrial Co., Ltd. (Anguilla)	Holding company	Anguilla	\$100,682	100%	\$98,157	100%
Success Horizon Global Limited (Samoa)	Holding company	Samoa	\$293,813	100%	\$350,145	100%
Tradetool Green Energy Co., Ltd.	Operating various battery wholesale and retail business	Taiwan	\$622	50%	\$693	50%
Total			\$589,118		\$595,026	

Note: In order to meet the needs of the Group's transformation and business planning, the board of directors passed a special resolution on 14 March 2022 to approve the introduction of a subsidiary, Tan De Tech Co., Ltd. (hereinafter referred to as Tan De Company) through private placement to recommend The strategic investor handled the case of issuing ordinary shares B for cash capital increase, which caused the Company's shareholding in Tan De Company to drop from 51% to 36.91%.

B. For the years ended 31 December 2022 and 2021, the Company recognized share of profit or loss of subsidiaries, associates and joint ventures and exchange differences on translation of foreign operations, the details as follows:

Investees	For the years ended			
	31 December 2022		31 December 2021	
	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations
Jeng Shiang Investment Holdings Corp (Samoa)	\$419	\$40	\$560	\$(14)
Tan De Tech Co., Ltd.	19,269	-	5,835	-
Ching Way Industrial Co., Ltd. (Anguilla)	1,008	1,517	4,200	(608)
Success Horizon Global Limited (Samoa)	(62,281)	5,846	20,150	(1,923)
Tradetool Green Energy Co., Ltd.	(71)	-	(649)	-
	\$(41,656)	\$7,403	\$30,096	\$(2,545)

The associates had no contingent liabilities or capital commitments, and no investment were pledged.

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(4) Property, plant and equipment

	Land	Buildings	Office equipment and other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>					
As at 1 Jan. 2022	\$25,971	\$25,280	\$3,800	\$850	\$55,901
Additions	-	-	234	-	234
As at 31 Dec. 2022	<u>\$25,971</u>	<u>\$25,280</u>	<u>\$4,034</u>	<u>\$850</u>	<u>\$56,135</u>
<u>Depreciation and impairment:</u>					
As at 1 Jan. 2022	\$-	\$7,061	\$3,800	\$-	\$10,861
Depreciation	-	1,142	38	-	1,180
As at 31 Dec. 2022	<u>\$-</u>	<u>\$8,203</u>	<u>\$3,838</u>	<u>\$-</u>	<u>\$12,041</u>
<u>Cost:</u>					
As at 1 Jan. 2021	\$25,971	\$25,280	\$3,800	\$-	\$55,051
Additions	-	-	-	170	170
Transfers	-	-	-	680	680
As at 31 Dec. 2021	<u>\$25,971</u>	<u>\$25,280</u>	<u>\$3,800</u>	<u>\$850</u>	<u>\$55,901</u>
<u>Depreciation and impairment:</u>					
As at 1 Jan. 2021	\$-	\$5,914	\$3,711	\$-	\$9,625
Depreciation	-	1,147	89	-	1,236
As at 31 Dec. 2021	<u>\$-</u>	<u>\$7,061</u>	<u>\$3,800</u>	<u>\$-</u>	<u>\$10,861</u>
Net carrying amount:					
31 Dec. 2022	<u>\$25,971</u>	<u>\$17,077</u>	<u>\$196</u>	<u>\$850</u>	<u>\$44,094</u>
31 Dec. 2021	<u>\$25,971</u>	<u>\$18,219</u>	<u>\$-</u>	<u>\$850</u>	<u>\$45,040</u>

(A) Please refer to Note 8 for more details on property, plant and equipment under pledge as at 31 December 2022.

(B) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2022 and 2021.

(C) The major components of the Company's buildings are main buildings and other constructions, and depreciated according to their useful lives of 5~50 years.

(5) Investment property

The Company's investment properties include the buildings leased to a third party under operating lease. The non-cancellable period of the investment properties is 8 years, with a rental income in a fixed amount.

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	Land	Buildings	Total
Cost:			
As at 1 January 2022	\$108,080	\$191,303	\$299,383
Disposals	-	-	-
As at 31 December 2022	<u>\$108,080</u>	<u>\$191,303</u>	<u>\$299,383</u>
Depreciation and impairment:			
As at 1 January 2022	\$-	\$22,363	\$22,363
Depreciation	-	4,010	4,010
As at 31 December 2022	<u>\$-</u>	<u>\$26,373</u>	<u>\$26,373</u>
Cost:			
As at 1 January 2021	\$108,080	\$325,662	\$433,742
Disposals	-	(134,359)	(134,359)
As at 31 December 2021	<u>\$108,080</u>	<u>\$191,303</u>	<u>\$299,383</u>
Depreciation and impairment:			
As at 1 January 2021	\$-	\$79,934	\$79,934
Depreciation	-	12,967	12,967
Disposals	-	(70,538)	(70,538)
As at 31 December 2021	<u>\$-</u>	<u>\$22,363</u>	<u>\$22,363</u>
Net carrying amount:			
31 December 2022	<u>\$108,080</u>	<u>\$164,930</u>	<u>\$273,010</u>
31 December 2021	<u>\$108,080</u>	<u>\$168,940</u>	<u>\$277,020</u>
		<u>For the years ended 31 December</u>	
		<u>2022</u>	<u>2021</u>
Rental income from investment property		<u>\$9,323</u>	<u>\$18,798</u>

Please refer to Note 8 for more details on investment property under pledge.

The fair value of the investment properties held by the Company was unable to be measured reliably. After searching the website of Department of Land Administration, MOI and the real estate transaction net price inquiry service network referencing the actual transaction information in the neighboring areas, the fair value of the investment properties was greater than the book value at 31 December 2022. There should be no concern that the fair value of investment properties held by the Company will be impaired.

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(6) Short-term loans

	As at 31 December	
	2022	2021
Secured bank loans	\$40,000	\$-
Unused amount	\$20,000	\$-
Interest rate (%)	2.45%	-

Investment properties are pledged as collateral for secured bank loans, please refer to Note 8.

(7) Long-term loans

A. As at 31 December 2022:

Lenders	As at 31 December 2022	Interest rate (%)	Maturity date and terms of repayment	Guarantee
Taiwan Cooperative Bank	\$182,297	1.85%	2016/02/18-2031/02/18 Interest is paid monthly, repayable monthly for a total of 180 installments.	Yes
Subtotal	182,297			
Less: current portion	(20,871)			
Total	\$161,426			

B. As at 31 December 2021:

Lenders	As at 31 December 2021	Interest rate (%)	Maturity date and terms of repayment	Guarantee
Taiwan Cooperative Bank	\$203,013	1.35%	2016/02/18-2031/02/18 Interest is paid monthly, repayable monthly with a total of 180 installments.	Yes
CTBC Bank	40,000	1.79%~ 1.80%	2010/12/07-2022/12/25 with a grace period of 9 months. Upon maturity of the grace period, interest is paid quarterly, repayable quarterly with a total of 6 installments.	Yes
Subtotal	243,013			
Less: current portion	(60,947)			
Total	\$182,066			

Please refer to Note 8 for more details about the guarantees for the above-mentioned loans.

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(8) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NT\$815 thousand and NT\$936 thousand, respectively.

(9) Equities

A. Common stock

As at 31 December 2022 and 2021, the Company's authorized capital were both \$2,000,000 with par value of NT\$10 each. The paid-in capital amounted to \$799,900, divided into 79,990,000 shares. Each share has one voting right and a right to receive dividends.

On 11 November 2021, Company's board of directors resolved to cancel the 416 thousand treasury shares and set 8 January 2022 as the record date for capital reduction. The registration for share cancellation was completed on 17 January 2022. The Company's authorized capital was \$2,000,000 thousand with par value of NT\$10 each, divided into 200,000 thousand shares. The paid-in capital amounted to \$795,740 thousand with par value of NT\$10 each, divided into 79,574 thousand shares.

As at 31 December 2022, the Company's authorized capital was \$2,000,000 thousand with par value of NT\$10 each, divided into 200,000 thousand shares. The paid-in capital amounted to NT\$795,740 thousand with par value of NT\$10 each, divided into 79,574 thousand shares.

B. Capital surplus

According to the Company Act, the capital reserve must first make up for losses, then new shares or cash may be issued or distributed with the realized capital surplus in proportion to the shareholders' original shareholding percentage. The realized capital surplus referred to in the preceding paragraph includes the surplus from the issuance of stocks exceeding the par value and the income from endowments received by the company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of the capital reserve that may be allocated to capital shall not exceed 10% of the paid-in capital amount each year.

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	As at	
	31 December 2022	31 December 2021
Additional paid-in capital	\$79,563	\$93,290
Difference between consideration given/ received and carrying amount of interests in subsidiaries acquired/disposed of	4,814	4,814
Restricted stock plan for employees of the parents entity	1,834	1,834
Employee stock option	15,813	15,813
Increase through changes in ownership interests in subsidiaries	28,941	32
Total	<u>\$130,965</u>	<u>\$115,783</u>

C. Treasury stock

- a. In accordance with Article 28-2 of Securities and Exchange Act and Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, in order to stimulate employees' morale, the board of directors of the Company resolved to repurchase ordinary shares successively on 8 November 2018.
- b. Under Securities and Exchange Act, the proportion of the number of shares that the Company buy back shall not exceed 10% of the Company's issued shares. The total amount of shares purchased shall not exceed retained earnings plus the premium on issued shares and the balance of the realized capital reserve.
- c. The treasury stocks held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and shall not enjoy shareholder rights before transfer.
- d. Under Securities and Exchange Act, the shares repurchased for the transfer of shares to employees shall be transferred within 3 years from the date of the repurchase. If the shares are not transferred within the time limit, it shall be deemed that the Company issued no shares, and shall change the registration to cancel shares. For the repurchased shares to maintain the Company's credit and shareholders' rights and interests, the change registration and cancellation of the shares shall be carried out within 6 months from the date of repurchase.

For the year ended 31 December 2022:

	Beginning of shares	Increase	Decrease	Ending of shares
Transfer to employees (in thousands of shares)	416	-	(416)	-
Delivery amount	\$17,887	\$-	\$(17,887)	\$-

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As at 31 December 2021:

	Beginning of shares	Increase	Decrease	Ending of shares
Transfer to employees (in thousands of shares)	416	-	-	416
Delivery amount	\$17,887	\$-	\$-	\$17,887

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution is based on the Company's current year's earnings and accumulated earnings from previous years, and should reflect factors such as the Company's profitability, capital structure, and future development plan. The dividend distribution policy will depend on capital needs and factors such as the degree of dilution of earnings per share, and moderately can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 20% of the current year bonus distributed to shareholders.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 2 March 2023 and 30 May 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve used to offset a deficit	\$(18,825)	\$-		
Special reserve used to offset a deficit	(15,299)	-		
Legal reserve	-	365		
Special reserve	-	2,803		
Common stock -cash dividend	-	-	\$-	\$-

Please refer to Note 6. (13) for more details on employees' compensation and remuneration to directors and supervisors.

(10) Share-based payment plans

Employee stock option

As of 1 August 2022, the Company had the following share-based payment transactions, all of which were issued by the Company.

	Employee stock option
Date of grant	2 August 2017
Total number of share options granted	1,000 thousand of units
Period	2 August 2017 to 1 August 2022
Granted person	Limited to full-time employees within the Company and its subsidiaries
Vesting condition	Service for the next two years

(a) Measurement parameters of fair value on the date of grant

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The input values of the model are as follows:

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	2017
	<u>Employee stock option</u>
Fair value on grant date	\$13.71~\$19.96
Stock price on grant date	\$58.7
Exercise price	\$57.5
Expected volatility (%)	41.2705%~45.6470%
Expected option life (Years)	5 years
expected dividend	-
Risk-free interest rate (%)	0.5123%~0.7058%

Expected volatility is based on weighted average historical volatility adjusted for changes in expectations due to publicly available information. The duration of stock options shall be governed by the respective issuance regulations of individual companies. The risk-free rate is based on government bonds. The determination of fair value does not take into account the services and non-market performance conditions included in the transaction.

(b) Information of share-based payment plan

The following table contains more details on the aforementioned share-based payment plan:

	For the years ended 31 December			
	2022		2021	
	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (unit)
Outstanding at beginning of period	\$57.50	940,000	\$57.50	980,000
Forfeited		940,000 (Note)		(40,000)
Outstanding at end of period	-	<u>-</u>		<u>940,000</u>
Outstanding can exercised at end of period	-	<u>-</u>		<u>940,000</u>

Note: The terms of the employee stock option contract were from 2 August 2017 to 1 August 2022, and the initial stock option amount of 940,000 thousand shares had all expired on 1 August 2022.

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The following table contains the company recognized the expenses of share-based payment plan:

	For the years ended 31 December	
	2022	2021
Expenses recognized for share-based payment (Equity-delivered share-based payments)	\$-	\$227

There was no significant change in the share-based payment basis of the Company between 2022 and 2021.

(11) Operating Revenue

A. Details of revenue

	For the years ended 31 December	
	2022	2021
Investment (loss) income	\$(41,656)	\$30,096

For details of investment (loss) income, please refer to Note 6(3).

(12) Lease

A. Company as a lessor

Please refer to Note 6(5) for details on the Company's owner-occupied investment properties. Lease of owner-occupied investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

	For the years ended 31 December	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$9,323	\$18,798

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Please refer to Note 6(5) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2022 are as follows:

	As at	
	31 Dec. 2022	31 Dec. 2021
Not later than one year	\$9,000	\$9,000
Later than one year but not later than two years	9,000	9,000
Later than two years but not later than three years	9,000	9,000
Later than three years but not later than four years	3,750	9,000
Later than four years but not later than five years	-	3,750
Later than five years	-	-
Total	<u>\$30,750</u>	<u>\$39,750</u>

(13) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

Nature \ Function	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$-	\$16,759	\$16,759	\$-	\$19,680	\$19,680
Labor and health insurance	-	1,537	1,537	-	1,712	1,712
Pension	-	815	815	-	936	936
Other employee benefits expense	-	834	834	-	907	907
Directors' remuneration	-	5,421	5,421	-	5,330	5,330
Depreciation	-	7,140	7,140	-	16,130	16,130
Amortization	-	-	-	-	-	-

The number of employees of the Company for the years ended 31 December 2022 and 2021 were 21 and 22, respectively, including 6 and 4 non-employee directors.

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The average employee benefits expense for the year ended 31 December 2022 and 2021 were NT\$1,330 thousand and NT\$1,291 thousand, respectively. The average salary and bonus for the year ended 31 December 2022 and 2021 were NT\$1,117 thousand and NT\$1,093 thousand, respectively. The average salary and bonus adjusted by 2% year over year. The average supervisor compensation for the year ended 31 December 2022 and 2021 were NT\$50 thousand and NT\$126 thousand, respectively.

The Company's compensation policy as follows:

The directors' remuneration is determined according to Article 26 of the Company's Articles of Incorporation. When there is profit in current year, the Company shall appropriate no less than 3% as directors' remuneration. The procedure for determining the amount of remuneration is not only based on the usual level of payment in the industry, individual performance and contribution, company operating performance, but also the relevance of future risks and taking into account the results of directors' performance evaluations.

The managers and employees' compensation is determined according to Article 26 of the Company's Articles of Incorporation. When there is profit in current year, the Company shall appropriate 2% to 10% as employee compensation. The procedure for determining the amount is not only based on the usual level of payment in the industry, individual performance and contribution, company operating performance, but also the relevance of future risks and taking into account the results of annual performance evaluations.

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set aside no less than 2% and not more than 10% as employees' compensation and no higher than 3% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash. Such distribution shall be reported at the shareholders' meeting. Information on the board meeting resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

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The Company recognized the employees' compensation and remuneration to directors and supervisors as employee benefits expense based on profit of current year. If the board of directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day prior to the date of resolution. The difference between the estimates and the figures resolved at shareholders' meeting will be recognized in profit or loss of the subsequent year. The details of employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Employees' compensation	\$-	\$662
Remuneration to directors and supervisors	-	132

The Company suffered net loss before tax in 2022, therefore no employees' compensation and remuneration to directors and supervisors were estimated.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2022 and 2021.

(14) Non-operating income and expenses

A. Interest income

	For the years ended 31 December	
	2022	2021
Bank deposit interest	\$431	\$408
Others	4,693	2,017
Total	\$5,124	\$2,425

B. Other gains and losses

	For the years ended 31 December	
	2022	2021
Rental income	\$9,323	\$18,798
Managed service revenue	8,175	11,491
Foreign exchange income (losses), net	5,240	(705)
Gains on disposals of intangible assets	-	1,721
Others	3,468	3,629
Total	\$26,206	\$34,934

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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C. Financial costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	\$4,149	\$3,905
Interest on lease liabilities	28	39
Total	\$4,177	\$3,944

(15) Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Current reclassification adjustment	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments at fair value through other comprehensive income	\$(15,727)	\$-	\$(15,727)	\$-	\$(15,727)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	7,403	-	7,403	(1,481)	5,922
Total of other comprehensive income	\$(8,324)	\$-	\$(8,324)	\$(1,481)	\$(9,805)

B. For the year ended 31 December 2021

	Arising during the period	Current reclassification adjustment	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from equity instrument investments at fair value through other comprehensive income	\$(766)	\$-	\$(766)	\$-	\$(766)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(2,545)	-	(2,545)	509	(2,036)
Total of other comprehensive income	\$(3,311)	\$-	\$(3,311)	\$509	\$(2,802)

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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(16) Income tax

The major components of income tax expense are as follows:

	For the years ended 31 December	
	2022	2021
A. Income tax expense recognized in profit or loss		
Current income tax expense:		
Current income tax charge	\$24	\$-
Adjustments in respect of current income tax of prior periods	-	919
Others	1,974	2,602
Deferred income tax expense:		
Deferred income tax expense related to origination and reversal of temporary differences	3,495	5,122
Income tax expense recognized in profit or loss	<u>\$5,493</u>	<u>\$8,643</u>

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred income tax (income) expense:		
Exchange differences on translation of foreign operations	\$1,481	\$(509)
Income tax relating to components of other comprehensive income	<u>\$1,481</u>	<u>\$(509)</u>

C. Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	For the years ended 31 December	
	2022	2021
Accounting (loss) profit before tax from continuing operations	<u>\$(54,319)</u>	<u>\$12,438</u>
Tax at the domestic rates applicable to profits in the country concerned	\$(10,864)	\$2,488
Tax effect of deferred tax assets/liabilities	16,682	3,645
Tax effect of expenses not deductible for tax purposes	(2,323)	(1,010)
Tax underestimation of prior periods	24	-
Adjustments in respect of current income tax of prior periods	-	918
Chinese subsidiary remittances withholding tax invalidation transfer fees	1,974	2,602
Total income tax expenses recorded in profit or loss	<u>\$5,493</u>	<u>\$8,643</u>

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

D. Deferred tax assets and liabilities related to the following:

(A) For the year ended 31 December 2022

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as at 31 December
Temporary difference				
Allowance to reduce inventory to market	\$276	\$-	\$-	\$276
Unrealized exchange gain or loss	(33)	(100)	-	(133)
Loss deduction	57,295	(15,567)	-	41,728
Investments accounted for using the equity method	9,011	-	-	9,011
Exchange differences on translation of foreign financial statements	6,084	-	(1,481)	4,603
Unrealized investment profits	(46,683)	12,172	-	(34,511)
Unrealized profits on disposals investment	(168)	-	-	(168)
Deferred income tax expense		<u>\$(3,495)</u>	<u>\$(1,481)</u>	
Deferred income tax assets (liabilities)	<u>\$25,782</u>			<u>\$20,806</u>
The information presented in balance statement				
Deferred income tax assets	<u>\$72,666</u>			<u>\$55,618</u>
Deferred income tax liabilities	<u>\$(46,884)</u>			<u>\$(34,812)</u>

(B) For the year ended 31 December 2021

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as at 31 December
Temporary difference				
Allowance to reduce inventory to market	\$276	\$-	\$-	\$276
Unrealized exchange gain or loss	323	(356)	-	(33)
Loss deduction	61,071	(3,722)	-	57,295
Investments accounted for using the equity method	9,011	-	-	9,011
Exchange differences on translation of foreign financial statements	5,575	-	509	6,084
Unrealized investment profits	(45,639)	(1,044)	-	(46,683)
Unrealized profits on disposals investment	(168)	-	-	(168)
Deferred income tax (expense) income		<u>\$(5,122)</u>	<u>\$509</u>	
Deferred income tax assets (liabilities)	<u>\$30,395</u>			<u>\$25,782</u>
The information presented in balance statement:				
Deferred income tax assets	<u>\$76,202</u>			<u>\$72,666</u>
Deferred income tax liabilities	<u>\$(45,807)</u>			<u>\$(46,884)</u>

TRADETOOL AUTO CO., LTD.

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For the Years Ended 31 December 2022 and 2021

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E. The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as at		Expiration year
		31 Dec. 2022	31 Dec. 2021	
2016	\$62,824	\$62,096	\$62,096	2026
2017	20,968	20,968	20,968	2027
2018	189,209	189,209	189,209	2028
2020	13,850	13,850	13,850	2030
2022	5,576	5,576	-	2032
		<u>\$291,699</u>	<u>\$286,123</u>	

Unrecognized deferred tax assets

As of 31 December 2022, deferred tax assets that have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounted to NT\$16,612 thousand, as the future taxable profit may not be available.

F. The assessment of income tax returns: as at 31 Dec 2021, the Company's annual income tax had been assessed approved up to 2020.

(17) Earnings (loss) per share

A. Basic earnings (loss) per share

	For the years ended 31 December	
	2022	2021
(Loss) profit attributable to ordinary equity holders of the Company (in thousand NTD)	<u>\$(59,812)</u>	<u>\$3,795</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>79,574</u>	<u>79,574</u>
Basic earning (loss) per share (NTD)	<u>\$(0.75)</u>	<u>\$0.05</u>

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Notes to Parent Company Only Financial Statements (Continued)

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B. Diluted earnings (loss) per share

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit attributable to ordinary equity holders of the Company (in thousand NTD)	<u>\$(59,812)</u>	<u>\$3,795</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	79,574	79,574
Effect of dilution:		
Employees' compensation – stock (in thousands)	<u>-</u>	<u>18</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>79,574</u>	<u>79,592</u>
Diluted earning (loss) per share (NTD)	<u>\$(0.75)</u>	<u>\$0.05</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Tan De Tech Co., Ltd. (Tan De Tech)	Subsidiary
Xiangyang Tradetool Automobile Parts Co., Ltd. (Xiangyang Tradetool Parts)	Subsidiary
Xiangyang Tradetool Tooling Co., Ltd. (Xiangyang Tradetool Tooling)	Subsidiary (Note)
Hunan Baoyuan Automotive Parts Co., Ltd. (Hunan Baoyuan)	Subsidiary
Henan Baoheyuan Auto Parts Co., Ltd. (Henan Baoheyuan)	Subsidiary
Tan Cian Technology Co., Ltd. (Tan Cian Technology)	Associate
Vetron Power Co., Ltd. (Vetron Power)	Associate

Note: Xiangyang Tradetool Tooling Co., Ltd. ended its operation in April 2022 and remitted back the share capital. It completed the cancelation registration in September 2022.

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(2) The Company's significant transactions with related parties

A. Other receivables – related parties

Name of Related Parties	As at 31 December	
	2022	2021
Henan Baoheyuan	\$66,847	\$65,500
Xiangyang Tradetool Parts	6,809	41,652
Other related parties	2,788	3,046
Total	<u>\$76,444</u>	<u>\$110,198</u>

The Company's other receivables from Henan Baoheyuan and Xiangyang Tradetool Parts were mainly fund loans, and the interest rate is determined according to the principal and period, and the borrowing conditions are the same as those of ordinary companies.

B. Management service expenses

Name of Related Parties	For the years ended 31 December	
	2022	2021
Xiangyang Tradetool Parts	\$2,764	\$5,199
Henan Baoheyuan	2,615	3,385
Hunan Baoyuan	2,376	2,487
Other related parties	420	420
Total	<u>\$8,175</u>	<u>\$11,491</u>

Income from the Company's provision of management services to related parties.

C. Income fee

Name of Related Parties	For the years ended 31 December	
	2022	2021
Tan De Tech	\$1,266	\$1,178
Henan Baoheyuan	1,108	981
Xiangyang Tradetool Parts	971	768
Other related parties	-	116
Total	<u>\$3,345</u>	<u>\$3,043</u>

Income received by the Company for providing endorsement guarantees to related parties.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

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D. Rental income

	For the years ended 31 December	
	2022	2021
Tan De Tech	\$9,000	\$18,440
Other related parties	323	358
Total	<u>\$9,323</u>	<u>\$18,798</u>

The Company rents factory building and offices.

E. Property transactions

Details of the sale of buildings and construction ancillary equipment and intangible assets to related parties 2021 are as follows:

a. Disposal of houses and building equipment

Name of Related Parties	Undeducted balance	Price	Disposal of fixed asset benefits
Tan De Tech	<u>\$63,821</u>	<u>\$63,821</u>	<u>\$-</u>

b. Disposal of intangible assets

Name of Related Parties	Undeducted balance	Price	Disposal of fixed asset benefits
Tan De Tech	<u>\$2,069</u>	<u>\$3,790</u>	<u>\$1,721</u>

F. Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	\$15,655	\$15,958
Post-Employment Benefits	404	404
Share-based payment	-	145
Total	<u>\$15,964</u>	<u>\$16,507</u>

For details on the total remuneration paid to the above key management personnel, please refer to the Annual Report of the shareholders' meeting.

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The Company provided 3 rental cars for key management personnel in both 2022 and 2021. The depreciation expenses calculated at fair market value were NT\$1,950 thousand and NT\$1,927 thousand, respectively.

The Company paid NT\$2,500 thousand to management of subsidiary, in exchange for ownership in Tan De Technology on 25 February 2022. The ownership title transfer has completed on 22 April 2022.

G. Please refer to Note 13.1.(1) for the details of the financing provided by the Company to related parties.

H. Please refer to Note 13. 1.(2) for the details of the endorsement guarantee provided by the Company to related parties.

8. ASSETS PLEDGED AS SECURITY

The following assets were pledged:

	Book value		Secured liabilities
	31 December 2022	31 December 2021	
Property, Plant and Equipment-land	\$25,971	\$25,971	Short-term borrowings/ Bank loan
Property, Plant and Equipment-building	17,077	18,219	Short-term borrowings/ Bank loan
Investment property	273,010	277,020	Bank loan
Other current financial assets	7,009	6,001	Short-term borrowings from subsidiary
Total	<u>\$323,067</u>	<u>\$327,211</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

TRADETOOL AUTO CO., LTD.

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10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

	As at 31 December	
	2022	2021
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income	\$28,986	\$44,816
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	83,957	81,784
Accounts receivable	-	-
Other receivables - related parties	76,444	110,198
Other current financial assets	7,009	6,001
Subtotal	167,410	197,983
Total	\$196,396	\$242,799
	As at 31 December	
	2022	2021
<u>Financial Liabilities</u>		
Financial liabilities carried at amortized cost:		
Short-term loans	\$40,000	\$-
Other payables	5,578	6,321
Long-term loans (including long-term loans due within one year)	182,297	243,013
Lease liability	4,845	1,509
Total	\$232,720	\$250,843

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For the Years Ended 31 December 2022 and 2021

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(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Company is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

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The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT\$49 thousand and NT\$517 thousand, respectively.

When NTD strengthens/weakens against CNY by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NT\$1,104 thousand and NT\$762 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to Company's bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate will result in an increase/decrease of NT\$222 thousand and NT\$243 thousand for the years ended 31 December 2022 and 2021, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

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As at 31 December 2022 and 2021, accounts receivable from major customers were both NT\$0. The credit concentration risk of other accounts receivable is insignificant.

As at 31 December 2022 and 2021, the carrying amounts of the cash and cash equivalents (excluding cash on hand) and other current financial assets was NT\$90,966 thousand and NT\$87,785 thousand, respectively. Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>< 1 year</u>	<u>2 ~ 3 years</u>	<u>4 ~ 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As at 31 December 2022					
Bank loans (Short-term/ Long-term)	\$64,069	\$24,069	\$72,207	\$76,218	\$236,563
Other payables	5,578	-	-	-	5,578
Lease liability	2,176	1,567	1,217	-	4,960
As at 31 December 2021					
Bank loans (Short-term/ Long-term)	\$64,005	\$23,558	\$70,674	\$98,157	\$256,394
Other payables	6,321	-	-	-	6,321
Lease liability	1,334	187	-	-	1,521

Derivative financial liabilities

None.

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Notes to Parent Company Only Financial Statements (Continued)

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (including current portion with maturity less than one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	\$-	\$243,013	\$1,509	\$244,522
Cash flow	40,000	(60,716)	(1,988)	(22,704)
Non-cash change	-	-	5,324	5,324
As of 31 December 2022	\$40,000	\$182,297	\$4,845	\$227,142

Reconciliation of liabilities for the year ended 31 December 2021:

	Long-term loans (including current portion with maturity less than one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2021	\$283,697	\$3,440	\$287,119
Cash flow	(40,666)	(1,969)	(42,635)
Non-cash change	-	38	38
As of 31 December 2021	\$243,013	\$1,509	\$244,522

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

TRADETOOL AUTO CO., LTD.

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(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company does not hold derivatives that do not qualify for hedge accounting and have not yet expired.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Investments in equity instruments with no active market measured at fair value through other comprehensive profit or loss	\$-	\$-	\$28,986	\$28,986

As at 31 December 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Investments in equity instruments with no active market measured at fair value through other comprehensive profit or loss	\$-	\$-	\$44,816	\$44,816

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at 1 January 2022	\$44,816
Total gains and losses recognized for 2022:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(15,830)
Ending balances as at 31December 2022	\$28,986
	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at 1 January 2021	\$37,582
Total gains and losses recognized for 2021:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(766)
Acquisition/issues for the year ended 31 December 2021	8,000
Ending balances as at 31December 2021	\$44,816

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Information on significant unobservable inputs to valuation

The Company's fair value measurement classified as Level 3 mainly includes financial assets measured at fair value through other comprehensive profit or loss - equity securities investment.

Most of the Company's fair values are classified as Level 3 with only a single significant unobservable input, and only equity instrument investments with no active market have multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

For some equity investment instruments held by the Company that do not have active market quotations and are not for short-term trading purposes, the management obtains the recent financial reports of the investee company, evaluates the development of the industry and reviews publicly available information, and based on this review evaluates the current operating conditions and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in industry and market prospects are highly positively correlated with changes in the operations and future performance of the investee company.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2022

	Valuation techniques	significant unobservable inputs	Significant unobservable input and fair value relationship
Financial assets: financial assets at fair value through other comprehensive income			
Equity instrument investments for which no active market exists - Tan Cian Technology	Net asset value method	Net asset value	Not applicable
Equity instrument investments for which no active market exists - Huijia Health	At the price of the last inactive market transaction	P/E ratio of similar entities Lack of market liquidity discount	The higher the P/E ratio of similar entities, the higher the fair value of the stocks The higher the discount for lack of marketability, the lower the fair value of the stocks
Equity instrument investments for which no active market exists - Apogean Metal	Market approach	P/E ratio of similar entities Lack of market liquidity discount	The higher the P/E ratio of similar entities, the higher the fair value of the stocks The higher the discount for lack of marketability, the lower the fair value of the stocks

As at 31 December 2021

	Valuation techniques	significant unobservable inputs	Relationship between inputs and fair value
Financial assets: financial assets at fair value through other comprehensive income			
Equity instrument investments for which no active market exists - Tan Cian Technology	Net asset value method	Net asset value	Not applicable
Equity instrument investments for which no active market exists - Huijia Health	At the price of the last inactive market transaction	Not applicable	Not applicable
Equity instrument investments for which no active market exists - Apogean Metal	Market approach	P/E ratio of similar entities Lack of market liquidity discount	The higher the P/E ratio of similar entities, the higher the fair value of the stocks The higher the discount for lack of marketability, the lower the fair value of the stocks

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Fair value valuation techniques for financial instruments not measured by fair value

The methods and assumptions used by the Company to estimate instruments not measured at fair value are as follows:

For financial liabilities measured at amortized cost, if there are quotations from transactions or market makers, the most recent transaction prices and quotations are used as the basis for assessing fair value. If there is no market value for reference, the evaluation method is used to estimate.

The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	Unit: Thousands					
	As at 31 December 2022			As at 31 December 2021		
	Foreign Currency	Foreign exchange rate	NTD	Foreign Currency	Foreign exchange rate	NTD
<u>Financial assets</u>						
USD	\$158	30.7100	\$4,852	\$1,868	27.6800	\$51,706
CNY	25,041	4.4094	110,416	17,615	4.3415	76,476
<u>Financial liabilities</u>						
USD	\$-	30.7100	\$-	\$-	27.6800	\$-
CNY	1	4.4094	4	62	4.3415	269

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

Due to the large number of functional currencies used in the Company, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Company recognized \$5,240 thousand and \$(705) thousand for foreign exchange losses for the years ended 31 December 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others:

No.	Endorser/ Guarantor	Counterpart Party	Financial statement account Party	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing	Amount of sales to (purchas es from) counter- party	Reason for financing	Allowan ce for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note1)	Limit of total financing amount (Note 2)
													Item	Value		
0	The Company	Xiangyang Tradetool Parts	Other receiva ble- related parties	Yes	\$88,753 (USD1,500 , CNY10,000)	\$44,094 (CNY10,000)	\$6,614 (USD1,500)	4.85%	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$270,481	\$360,641
0	The Company	Henan Baoheyuan	Other receiva ble- related parties	Yes	\$133,192 (CNY30,000)	\$66,141 (CNY15,000)	\$66,141 (CNY15,000)	5.00%	There is a need for short-term financing	\$-	For operating	\$-	-	\$-	\$270,481	\$360,641

Note 1: According to the Company's operating procedures for lending funds to others, the loan to a single enterprise should not exceed 30% of the Company's latest financial statement net worth.

Note 2: According to the operating procedure of the Company's capital loan to others, the loan to total enterprise shall not exceed 40% of the net value of the Company's latest financial statement.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

B. Endorsement/guarantee provided to others:

No.	Endorser/ Guarantor	Endorsee		Limit of guarantee/ endorsement amount to a single entity (Note 1)	Maximum guarantee balance for the period	Ending balance	Actual amount drawn	Amount of collateral guarantee/ endorsement backed by property	Ratio of accumulated amount of guarantee to net equity of the most recent financial statements	Maximum guarantee limit (Note 2)	Guarantee from the parent to subsidiary
		Company name	Relationship								
0	The Company	Tan De Tech	Subsidiary of the Company	\$450,801	\$182,638	\$-	\$-	\$-	-	\$721,282	Yes
0	The Company	Xiangyang Tradetool Parts	Subsidiary of the Company	\$450,801	\$219,345 (USD5,500, CNY10,000)	\$153,187 (USD1,313, CNY25,600)	\$139,959 (USD1,313, CNY22,600)	\$-	17.00	\$721,282	Yes
0	The Company	Henan Baoheyuan	Subsidiary of the Company	\$450,801	\$198,621 (USD3,100, CNY22,000)	\$192,208 (USD3,100, CNY22,000)	\$192,208 (USD3,100, CNY22,000)	\$7,009	21.32	\$721,282	Yes

Note 1: The amount of endorsement and guarantee for a single enterprise who forms parent-subsidiary relationship with the Company and thus engages in endorsement and guarantee shall not exceed 50% of the Company's net worth.

Note 2: The total amount of the Company's external endorsement and guarantee shall not exceed 80% of the Company's net worth.

C. Securities held as at 31 December 2022:

Company held	Securities type and Securities name	Relationship with the Securities issuer	Financial Statement Account	31 December 2022				Note
				Shares/ Units	Carrying Value	Ownership Percentage	Market Value or Net Asset Value	
The Company	<u>Common stock</u> Tan Cian Technology Co., Ltd.	Other Related parties	Non-current financial assets at fair value through other comprehensive income	2,250,000	\$9,820	18.44%	\$9,820	
The Company	Apogean Metal Co., Ltd.	Other Related parties	Non-current financial assets at fair value through other comprehensive income	2,233,581	18,226	6.78%	18,226	
The Company	Hujia Health Life Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	200,000	940	1.00%	940	
			Total		\$28,986		\$28,986	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital for the year ended 31 December 2022: None.
- G. Related party transactions for purchases and sales exceeding the lower of NT \$100 million or 20 percent of capital stock for the year ended 31 December 2022: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as at 31 December 2022: None.
- I. Financial instruments and derivative transaction: None.
- J. Significant intercompany transactions between consolidated entities are as follows:

Units: thousands

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	The Company	Henan Baoheyuan	1	Other receivables - related parties	\$66,847 (USD8, CNY 15,102)	By mutual agreement	2.52%
1	Henan Baoheyuan	Xiangyang Tradetool Parts	3	Sales	\$268,404 (CNY 60,577)	Same as general customer trading conditions	17.30%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

(2) Information on investees

A. Names, locations, main business and products, original investment amount, investment as at 31 December 2022, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2022 (excluding investees in Mainland China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 31 December 2022			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				31 December 2022	31 December 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	Jeng Shiang (Samoan)	Samoan Islands	Holding company	\$204,486	\$204,486	50	100%	\$3,181	\$419	\$419	Note 1, 2
The Company	Tan De Tech	Taiwan	Operating electronic components manufacturing industry, material wholesale industry and product design industry	\$131,461	\$127,500	12,918	36.91%	\$190,820	\$47,763	\$19,269	Note 1, 3
The Company	Ching Way (Anguilla)	Anguilla Islands	Holding company	\$115,943	\$115,943	2,069	100%	\$100,682	\$1,008	\$1,008	Note 1, 2
The Company	Success Horizon Global	Samoan Islands	Holding company	\$321,605	\$321,605	10,682	100%	\$293,813	\$(62,281)	\$(62,281)	Note 1, 2
The Company	Tradetool Green Energy	Taiwan	Operating various battery wholesale and retail businesses	\$2,500	\$2,500	250	50%	\$622	\$(141)	\$(71)	Note 1

Note1: Consolidated into consolidated statements.

Note2: Current investment income from investees recognized by the Company included investment gain/loss recognized by their reinvested companies.

Note3: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

TRADETOOL AUTO CO., LTD.

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(3) Information on investment in Mainland China

A. Information on investments in Mainland China as at 31 December 2022:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2022	Investee gains(losses)	Percent age of Ownership	Equity in Earnings (Losses) Note 2	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2022
					Outflow	Inflow						
Jeng Shiang (Suzhou)	Operating various electronic components processing and trading business	\$-	Note 1	\$188,766 (USD5,531)	\$-	\$-	\$18,776 (USD5,531) (Note 3)	\$-	-	\$-	\$-	\$-
Suzhou Tradetool	Operating various electronic components processing and trading business	USD50	Note 1	\$1,588 (USD50)	\$-	\$-	\$1,588 (USD50)	\$419	100%	\$419	\$3,159	\$-
Hunan Baoyuan	Operating various auto parts manufacturing and sales business	CNY26,000	Note 1	\$95,454 (USD3,218)	\$-	\$-	\$95,454 (USD3,218)	\$5,601	51%	\$2,857	\$101,663	\$11,050 (USD403)
Xiangyang Tradetool Parts	Operating various auto parts manufacturing and sales business	CNY49,500	Note 1	\$320,463 (USD10,682)	\$-	\$-	\$320,463 (USD10,682)	\$(62,281)	100%	\$(62,281)	\$293,814	\$8,640 (USD308)
Xiangyang Tradetool Tooling	Operating various mold, inspection, fixture manufacturing and sales business	\$-	Note 1	Note 4	\$-	\$-	Note 4	\$(47)	-	\$(47)	\$-	\$-
Henan Baoheyuan	Operating various auto parts manufacturing and sales business	CNY80,000	Note 1	Note 4	\$-	\$-	Note 4	\$(52,144)	51%	\$(26,593)	\$145,716	\$-

TRADETOOL AUTO CO., LTD.

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For the Years Ended 31 December 2022 and 2021

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2022	Investee gains(losses)	Percent age of Ownership	Equity in Earnings (Losses) Note 2	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2022
					Outflow	Inflow						
Kaifeng Shengfayuan	Operating various auto parts sales and rental housing business	CNY32,530	Note 1	Note 4	\$-	\$-	Note 4	\$47	51%	\$(409) (Note 6)	\$155,934	\$-

Note 1: Invest in companies in mainland China through investment and establishment of companies in the third region.

Note 2: The investment gains and losses recognized in the current period are recognized on the basis of the financial statements of the same period audited by the certified accountants of the parent company in Taiwan.

Note 3: Jeng Shiang Precision Optronics (Suzhou) Co., Ltd. has been liquidated in December 2017, and repatriated the remaining investment amount of USD\$10,469 thousand. Therefore, the accumulated investment approved by the Ministry of Economic Affairs amounted to USD\$5,531 thousand.

Note 4: The Company invested CNY\$40,800 thousand and CNY\$2,000 thousand respectively through the investment business in the Xiangyang Tradetool Automobile Parts Co., Ltd. and then reinvested in the investee companies, Henan Baoheyuan Auto Parts Co., Ltd. and Xiangyang Tradetool Tooling Co., Ltd. Xiangyang Tradetool Tooling Co., Ltd ended its operation in April 2022, and repatriated the remaining investment amount of CNY\$234 thousand to Xiangyang Tradetool Automobile Parts Co., Ltd, completed the deregistration in September 2022. Henan Baoheyuan Auto Parts Co., Ltd invested CNY\$32,530 thousand to reinvested in the investee companies, Kaifeng Shengfayuan Auto Parts Co., Ltd. Because the reinvestment was direct investment in the mainland China area, and the investment funds were not remitted from Taiwan, so there is no need to apply to the Investment Committee of the Ministry of Economic Affairs.

Note 5: The above transactions have been eliminated when preparing the consolidated financial report.

Note 6: Kaifeng Shengfayuan Auto Parts Co., Ltd. has completed the change of business license on 11 February 2022. Hunan Baoyuan Automotive Parts Co., Ltd. gained a seat of executive director and increased its shareholding by 90.02%. The shareholding ratio increased from 9.98% to 100%.

Accumulated investment in Mainland China as at 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
\$598,262 (USD19,481)	\$598,262 (USD19,481)	\$877,950

Note 1: The Company's investment in Mainland China is limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

TRADETOOL AUTO CO., LTD.

Notes to Parent Company Only Financial Statements (Continued)

For the Years Ended 31 December 2022 and 2021

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

(4) Information on major shareholders

31 December 2022

Name \ Shares	Shareholding	Shareholding ratio
Ai Po Investment Limited	18,344,076	23.05%
Fu Ya Investment Limited	16,492,076	20.72%
HSU, JIH-HSIN	4,931,000	6.19%

14. DEPARTMENT INFORMATION

Please refer to the 2022 consolidated financial report.

Tradetool Auto Co., Ltd.



Representative: Chiang, Kai-Liang



April 2, 2023