

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2023 AND 2022

WITH

REVIEW REPORT OF INDEPENDENT AUDITORS

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.

Review Report of Independent Auditors
English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders of
TONG YANG INDUSTRY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of TONG YANG INDUSTRY CO., LTD. (the “Company”) and its subsidiaries as of 31 March 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 31 March 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China on Taiwan. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China on Taiwan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note IV.3, the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$6,294,315 thousand and NT\$6,644,354 thousand, constituting 18.54% and 18.67% of the consolidated total assets, and total liabilities of NT\$2,896,687 thousand and NT\$3,011,854 thousand, constituting 31.75% and 23.54% of the consolidated total liabilities as of 31 March 2023 and 2022, respectively; and total comprehensive income of NT\$(7,105) thousand and NT\$113,653 thousand, constituting (1.14)% and 21.56% of the consolidated total comprehensive income for the three-month periods ended 31 March 2023 and 2022, respectively. As explained in Note VI.7, the financial statements of

certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$981,690 thousand and NT\$2,021,850 thousand as of 31 March 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(14,009) thousand and NT\$3,815 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(1,793) thousand and NT\$71,864 thousand for the three-month periods ended 31 March 2023 and 2022, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note XIII was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 31 March 2023 and 2022, and their consolidated financial performance and cash flows for the three-month periods ended 31 March 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan.

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan
8 May 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, Ernest & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 March 2023, 31 December 2022 and 31 March 2022

(31 March 2023 and 2022 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Current assets				
Cash and cash equivalents	IV/VI.1	\$2,750,743	\$2,344,300	\$2,156,109
Financial assets at amortized cost-current	IV / VI. 3/VIII	28,931	117,816	10,304
Notes receivable,net	IV / VI. 4.16/VIII	593,509	376,873	402,645
Accounts receivable,net	IV/VI.5.6.16	3,930,142	3,552,270	3,694,646
Accounts receivable-related parties,net	IV/VI.5.16/VII	83,150	81,158	105,016
Other receivables	IV	175,135	148,946	82,906
Inventories,net	IV/VI.6	2,870,572	3,057,404	2,867,173
Other current assets	IV	322,961	308,221	365,499
Total current assets		10,755,143	9,986,988	9,684,298
Non-current assets				
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	462,066	359,454	186,315
Financial assets at amortized cost-noncurrent	IV/VI.3/VIII	18,098	18,098	18,098
Investments accounted for under the equity method	IV/VI.7	2,568,954	2,653,900	3,803,938
Property, plant and equipment	IV/VI.8/VIII	17,931,007	18,192,011	18,809,867
Right-of-use asset	IV/VI.17/VIII	255,605	265,237	281,937
Intangible assets	IV/VI.9.10	855,658	874,249	1,278,900
Deferred tax assets	IV/VI.21	145,676	146,272	231,025
Prepayment for equipments		585,189	701,087	913,573
Other noncurrent assets-others		363,998	342,876	379,713
Total non-current assets		23,186,251	23,553,184	25,903,366
Total assets		\$33,941,394	\$33,540,172	\$35,587,664

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 March 2023, 31 December 2022 and 31 March 2022
(31 March 2023 and 2022 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Current liabilities				
Short-term loans	IV/VI.11	\$1,105,910	\$1,237,828	\$2,166,052
Notes payable		325,417	117,234	5,844
Accounts payable		2,404,679	2,380,515	2,394,090
Accounts payable-related parties	VII	41,884	43,998	64,074
Other payables		949,936	1,135,661	944,560
Balance payable-machinery and equipment		528,295	573,378	549,370
Current tax liabilities	IV/VI.21	638,397	518,148	239,113
Lease liability-current	IV/VI.17	18,520	18,530	16,026
Current portion of long-term liabilities	IV/VI.12	383,566	382,304	447,518
Other current liabilities-others	IV/VI.7.15	465,632	482,277	1,215,748
Total current liabilities		<u>6,862,236</u>	<u>6,889,873</u>	<u>8,042,395</u>
Non-current liabilities				
Long-term loans	IV/VI.12	1,742,549	1,839,387	4,088,831
Deferred tax liabilities	IV/VI.21	366,103	366,500	321,779
Lease liability-noncurrent	IV/VI.17	16,697	16,702	25,844
Accrued pension liabilities	IV/VI.13	130,865	156,923	273,938
Other noncurrent liabilities-others		5,300	5,300	39,549
Total non-current liabilities		<u>2,261,514</u>	<u>2,384,812</u>	<u>4,749,941</u>
Total liabilities		<u>9,123,750</u>	<u>9,274,685</u>	<u>12,792,336</u>
Equity attributable to the parent company				
Capital	IV/VI.14			
Common stock		5,914,771	5,914,771	5,914,771
Capital surplus	IV/VI.14	4,150,503	4,150,081	4,150,081
Retained earnings	IV/VI.14			
Legal reserve		2,648,261	2,648,261	2,577,332
Special reserve		473,048	473,048	202,797
Unappropriated earnings		11,149,465	10,659,059	9,567,039
Subtotal		<u>14,270,774</u>	<u>13,780,368</u>	<u>12,347,168</u>
Other equity	IV/VI.14	32,365	(96,706)	(264,051)
Non-controlling interests	IV/VI.14	449,231	516,973	647,359
Total equity		<u>24,817,644</u>	<u>24,265,487</u>	<u>22,795,328</u>
Total liabilities and equity		<u>\$33,941,394</u>	<u>\$33,540,172</u>	<u>\$35,587,664</u>

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month ended 31 March 2023 and 2022
(Reviewed, Not Audited)

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

ITEMS	NOTE	2023.1.1~2023.3.31	2022.1.1~2022.3.31
Operating revenues	IV/VI.15/VII	\$5,598,265	\$5,024,238
Operating costs	IV/VI.6.18/VII	(4,109,431)	(4,031,741)
Gross profit		1,488,834	992,497
Operating expenses	IV/VI.16.17.18/VII		
Sales and marketing expenses		(391,929)	(363,272)
General and administrative expenses		(249,021)	(247,274)
Research and development expenses		(127,075)	(113,258)
Expected credit losses		(770)	(2,500)
Subtotal		(768,795)	(726,304)
Operating income		720,039	266,193
Non-operating income and expenses			
Other revenue	IV/VI.19	55,177	40,785
Other gain and loss	IV/VI.19	(61,563)	105,891
Financial costs	IV/VI.19	(17,049)	(28,210)
Share of profit or loss of associates and joint ventures	IV/VI.7	(71,190)	2,192
Subtotal		(94,625)	120,658
Income from continuing operations before income tax		625,414	386,851
Income tax expense	IV/VI.21	(131,395)	(86,384)
Net income		\$494,019	\$300,467
Other comprehensive income	IV/VI.20		
Items that may not be reclassified subsequently to profit or loss			
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		102,612	(27,679)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operations		29,408	115,817
Share of other comprehensive income (loss) of associates accounted for using the equity method		(3,036)	138,646
Total other comprehensive income, net of tax		128,984	226,784
Total comprehensive income		\$623,003	\$527,251
Net income (loss) attributable to:			
Stockholders of the parent		\$490,406	\$301,339
Non-controlling interests		\$3,613	\$(872)
Comprehensive income (loss) attributable to:			
Stockholder of the parent		\$619,477	\$510,336
Non-controlling interests		\$3,526	\$16,915
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.22	\$0.83	\$0.51
Earnings per share-diluted	IV/VI.22	\$0.83	\$0.51

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month ended 31 March 2023 and 2022
(Reviewed, Not Audited)
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company								Non-controlling interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other equity		Total		
			Legal Reserve	Special reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income			
Balance as of 1 January 2022	\$5,914,771	\$4,149,857	\$2,577,332	\$202,797	\$9,265,700	\$(610,658)	\$137,610	\$21,637,409	\$630,444	\$22,267,853
Other changes in additional paid-in capital	-	224	-	-	-	-	-	224	-	224
Net income (loss) for the three-month ended 31 March 2022	-	-	-	-	301,339	-	-	301,339	(872)	300,467
Other comprehensive income (loss), net of tax for the three-month ended 31 March 2022	-	-	-	-	-	236,676	(27,679)	208,997	17,787	226,784
Total comprehensive income (loss)	-	-	-	-	301,339	236,676	(27,679)	510,336	16,915	527,251
Balance as of 31 March 2022	<u>\$5,914,771</u>	<u>\$4,150,081</u>	<u>\$2,577,332</u>	<u>\$202,797</u>	<u>\$9,567,039</u>	<u>\$(373,982)</u>	<u>\$109,931</u>	<u>\$22,147,969</u>	<u>\$647,359</u>	<u>\$22,795,328</u>
Balance as of 1 January 2023	\$5,914,771	\$4,150,081	\$2,648,261	\$473,048	\$10,659,059	\$(379,776)	\$283,070	\$23,748,514	\$516,973	\$24,265,487
Other changes in additional paid-in capital	-	422	-	-	-	-	-	422	-	422
Net income (loss) for the three-month ended 31 March 2023	-	-	-	-	490,406	-	-	490,406	3,613	494,019
Other comprehensive income (loss), net of tax for the three-month ended 31 March 2023	-	-	-	-	-	26,459	102,612	129,071	(87)	128,984
Total comprehensive income (loss)	-	-	-	-	490,406	26,459	102,612	619,477	3,526	623,003
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(71,268)	(71,268)
Balance as of 31 March 2023	<u>\$5,914,771</u>	<u>\$4,150,503</u>	<u>\$2,648,261</u>	<u>\$473,048</u>	<u>\$11,149,465</u>	<u>\$(353,317)</u>	<u>\$385,682</u>	<u>\$24,368,413</u>	<u>\$449,231</u>	<u>\$24,817,644</u>

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

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month ended 31 March 2023 and 2022

(Reviewed, Not Audited)

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2023.1.1~ 2023.3.31	2022.1.1~ 2022.3.31	ITEMS	2023.1.1~ 2023.3.31	2022.1.1~ 2022.3.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$625,414	\$386,851	Disposal of financial assets at amortized cost	88,885	21,110
Adjustments for:			Acquisition of property, plant and equipment	(509,541)	(536,029)
Income and expense adjustments:			Disposal of property, plant and equipment	69,653	22,677
Depreciation (including right-of-use assets)	703,508	729,503	Acquisition of intangible assets	(61,430)	(105,036)
Amortization	57,897	106,324	Other current liabilities	-	783,125
Expected credit losses	770	2,500	Net cash (used in) provided by investing activities	(412,433)	185,847
Interest expense	17,049	28,210			
Interest revenue	(13,959)	(936)			
Share of profit of associates for using the equity method	71,191	(2,192)	Cash flows from financing activities:		
(Gain) Loss on disposal of property, plant and equipment	(12,357)	(1,464)	(Decrease) Increase in short-term loans	(131,918)	231,227
Impairment loss on non-financial assets	43,401	-	Borrow in long-term loans	-	234,719
Changes in operating assets and liabilities:			Reimburse long-term loans	(95,576)	(541,959)
Notes receivable,net	(216,636)	(356,407)	Reimburse lease principal	(31)	(30)
Accounts receivable,net	(387,463)	(179,094)	Interest paid	(17,604)	(29,756)
Accounts receivable-related parties,net	(1,992)	(2,208)	Net cash used in financing activities	(245,129)	(105,799)
Other receivable	(20,493)	19,248			
Inventories	186,832	179,333	Effect of exchange rate changes on cash and cash equivalents	(7,306)	(30,573)
Other current assets	10,022	(23,003)			
Other non-current assets	(30,777)	(10,102)	Net increase in cash and cash equivalents	414,564	702,599
Other operating assets	42,926	-	Cash and cash equivalents at beginning of period	2,344,300	1,453,510
Notes payable	208,183	(25,834)	Cash and cash equivalents at end of period	\$2,758,864	\$2,156,109
Accounts payable	24,164	(49,125)			
Accounts payable-related parties	(2,114)	(2,064)	Cash and cash equivalents reported in the statement of financial position	\$2,750,743	\$2,156,109
Other payables	(182,564)	(146,048)	(Non-current) assets (or disposal groups) classified as held for sale, net	8,121	-
Other current liabilities	(15,921)	49,516	Cash and cash equivalents at end of period	\$2,758,864	\$2,156,109
Accrued pension liabilities	(26,058)	(49,543)			
Other non-current liabilities	-	(491)			
Cash generated from operations	1,081,023	652,974			
Interest received	9,356	936			
Income tax paid	(10,947)	(786)			
Net cash provided by operating activities	1,079,432	653,124			

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Periods Ended 31 March 2023 and 2022
(Reviewed, Not Audited)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

1. TONG YANG INDUSTRY CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China (the “ROC”) on 30 October 1967. The Company’s principal activities consist of the manufacture and sale of parts, components and models for automobile. The Company became a listed company on Taiwan Stock Exchange on 12 December 1994.
2. The Company merged with TAIWAN KAI YIH INDUSTRIAL CO., LTD. (TKY) on 1 September 2010 and was the surviving company. The Company merged with KAI MING INDUSTRIAL CO., LTD. (KM) on 1 October 2011 and was the surviving company.

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

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as “the Group”) for the three month period ended 31 March 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of directors on 8 May 2023.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

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.

Item	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

- (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

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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. The Group determined that the newly published standards and interpretations have no material impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

1. Statement of Compliance

The consolidated financial statements of the Group for the three months ended 31 March 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

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 ("NT\$") unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statement

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.

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 arrangement;
- 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 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 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. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- f. recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

Invest Company	Investee Company	Major business	Percentage of Ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
The Company	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Manufacture and sale of automobile parts	58.95%	58.95%	58.95%
The Company	TONG YANG HOLDING CORPORATION (TONG YANG HOLDING)	Investment holding	100.00%	100.00%	100.00%
The Company	HOW BOND INVESTMENT CO., LTD. (HOW BOND)	Investment holding	100.00%	100.00%	100.00%

Invest Company	Investee Company	Major business	Percentage of Ownership (%)		
			31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
The Company	TYG EUROPE S.R.L (TYG EUROPE)	Manufacture and sale of automobile parts	-% (Note 2)	-% (Note 2)	100.00%
The Company	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Sale of automobile parts and tooling mold	100.00%	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	Manufacture and sale of automobile parts	-% (Note 3)	55.00%	55.00%
TONG YANG HOLDING	FUZHOU TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	55.00% (Note 3)	25.00% (Note 1)	25.00% (Note 1)
TONG YANG HOLDING	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	Design, manufacture and sale of tooling mold	90.00%	90.00%	90.00%
TONG YANG HOLDING	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TONG YANG HOLDING	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TONG YANG HOLDING	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	Product Design, R&D, Testing and Service	100.00%	100.00%	100.00%
DAJING YUCHYANG	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	-% (Note 3)	54.55%	54.55%
HOW BOND	TYG HOLDING (U.S.A.), INC. (TYG HOLDING)	Investment holding	100.00%	100.00%	100.00%
HOW BOND	NANJING TONG YANG AUTO PARTS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TYG HOLDING	TYG MANAGEMENT, INC.	Management consult	100.00%	100.00%	100.00%
TYG HOLDING	TYG LEASING, L.P.	Leasing	99.00%	99.00%	99.00%
TYG HOLDING	TYG PRODUCTS, L.P.	Manufacture and sale of automobile parts	99.00%	99.00%	99.00%

Note 1: The Company and subsidiaries directly or indirectly hold more than 50% of shares.

Note 2: The Company disposed of all the equity interest in TYG EUROPE in November 2022, and the Group lost control of TYG EUROPE accordingly.

Note 3: In February 2023, the Group carried out the equity investment adjustment of TONG YANG HOLDING CORPORATION, a third-region investee, to invest in DAJING YUCHYANG and DAJING TONG YANG. TONG YANG HOLDING CORPORATION purchased 30% equity interest of DAJING TONG YANG, and adjusted the 30% indirect equity investment in DAJING TONG YANG by DAJING YUCHYANG to direct equity investment. It also sold 55% equity interest of DAJING YUCHYANG, thus, the Group lose control over it.

Expect for TONG YANG HOLDING and FUZHOU TONG YANG, the other consolidated subsidiaries' financial reports were not reviewed by the independent accountants and whose total assets amounted to NT\$6,294,315 thousand and NT\$6,644,354 thousand; the total liabilities amounted to NT\$2,896,687 thousand and NT\$3,011,854 thousand as of 31 March 2023 and 2022; the total comprehensive income amounted to NT\$(7,105) thousand, NT\$113,653 thousand for the three-month periods ended 31 March 2023 and 2022.

4. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

5. The same accounting policies applied in the Group's consolidated financial statements for the three-month period ended March 31, 2023 and 2022 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022 except for description below. For summary of other significant accounting policies, please refer to the Group's consolidated financial statements for the year ended December 31, 2022.

(1) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(2) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) 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 income approach (for example the discounted cash flow model) or the 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.

(2) Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on 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 less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease.

(4) Revenue Recognition-Sales Returns and Discounts

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(5) 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 countries 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, tax credits and deductible temporary differences to the extent that it is probable that future 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) 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.

(7) Inventory Valuation

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.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Cash on hand	\$4,388	\$4,220	\$3,839
Saving account	1,652,251	1,939,611	1,245,998
Time deposits	1,003,969	320,469	795,501
Cash equivalents — short-term notes and bills	90,135	80,000	110,771
Total	<u>\$2,750,743</u>	<u>\$2,344,300</u>	<u>\$2,156,109</u>

2. Financial assets at fair value through other comprehensive income

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current			
Unlisted companies stocks	<u>\$462,066</u>	<u>\$359,454</u>	<u>\$186,315</u>

The Group classified certain of its financial assets at fair value through other comprehensive income were not pledged.

3. Financial assets measured at amortized cost

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Time deposits	\$28,931	\$29,172	\$10,304
Restricted deposits	18,098	106,742	18,098
Total	<u>\$47,029</u>	<u>\$135,914</u>	<u>\$28,402</u>
Current	\$28,931	\$117,816	\$10,304
Non-current	18,098	18,098	18,098
Total	<u>\$47,029</u>	<u>\$135,914</u>	<u>\$28,402</u>

The Group classified certain financial assets as financial assets measured at amortized cost.

Please refer to Note 6.(16) for more details on accumulated impairment and Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

4. Notes Receivables

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Notes receivables-from operating	\$594,160	\$377,524	\$403,296
Less: allowance for doubtful accounts	(651)	(651)	(651)
Total	<u>\$593,509</u>	<u>\$376,873</u>	<u>\$402,645</u>

Please refer to Note 8 for more details on notes receivables under pledge.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6.(16) for more details on accumulated impairment and Note 12 for more details on credit risk.

5. Accounts Receivables and Accounts Receivables-Related Parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Accounts receivables	\$3,966,436	\$3,582,463	\$3,724,308
Less: allowance for doubtful accounts	(36,294)	(30,193)	(29,662)
Subtotal	3,930,142	3,552,270	3,694,646
Accounts receivables-related parties	83,150	81,158	105,016
Less: allowance for doubtful accounts	-	-	-
Subtotal	83,150	81,158	105,016
Total	<u>\$4,013,292</u>	<u>\$3,633,428</u>	<u>\$3,799,662</u>

Accounts receivables were not pledged.

Trade receivables are generally on 15-120 day terms. Accounts receivables amounted to NT\$4,049,586 thousand, NT\$3,663,621 thousand and NT\$3,829,324 thousand as at 31 March 2023, 31 December 2022 and 31 March 2022. Please refer to Note 6.(16) for more details on impairment of trade receivables for the three-month ended 31 March 2023 and 2022 and please refer to Note 12 for credit risk disclosure.

6. Inventories

Details are as follows:

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Raw materials	\$683,850	\$714,608	\$639,424
Supplies and parts	231,382	253,482	268,540
Work in process	519,714	544,882	538,567
Finished goods	1,328,665	1,450,674	1,302,035
Merchandise	106,961	93,758	118,607
Net	<u>\$2,870,572</u>	<u>\$3,057,404</u>	<u>\$2,867,173</u>

The cost of inventories recognized in expenses amounted to NT\$4,109,431 thousand and NT\$4,031,741 thousand for the three-month periods ended 31 March 2023 and 2022, respectively, including the write-down of inventories gain from price recovery of NT\$1,482 thousand and NT\$140 thousand for the three-month periods ended 31 March 2023 and 2022, respectively.

Inventories were not pledged.

7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

Investee Company	31 Mar. 2023		31 Dec. 2022		31 Mar. 2022	
	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Unlisted company</u>						
TUNG YANG CHEMICAL CO., LTD.	\$108,547	40.00%	\$117,324	40.00%	\$117,929	40.00%
C&D CAPITAL CORPORATION.	-	-%	-	-%	1,171	33.34%
C&D II CAPITAL CORPORATION.	67,513	42.53%	74,387	42.53%	70,377	42.53%
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	1,587,264	49.00%	1,645,687	49.00%	1,782,088	49.00%
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	377,118	49.00%	381,092	49.00%	529,785	49.00%
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	328,797	45.00%	334,567	45.00%	354,377	45.00%
NBC (WUHAN) CO., LTD.	-	-%	-	-%	304,972	40.00%
NBC (NANJING) CO., LTD.	-	-%	-	-%	50,803	40.00%
NBC (TIANJIN) CO., LTD.	-	-%	-	-%	118,033	40.00%
WUHAN XIANG XING AUTO PARTS CO., LTD.	84,587	25.00%	85,710	25.00%	93,555	25.00%
NBC (CHANGCHUEN) CO., LTD.	-	-%	-	-%	-	40.00%
NBC (GUANGZHOU) CO., LTD.	-	-%	-	-%	365,635	40.00%
WU'S PLASTICS CO.,LTD.(literal translation)	15,128	50.00%	15,133	50.00%	15,213	50.00%
Total	<u>\$2,568,954</u>		<u>\$2,653,900</u>		<u>\$3,803,938</u>	

Note 1: NBC (WUHAN), NBC (NANJING), NBC (TIANJIN), NBC (CHANGCHUEN) and NBC (GUANGZHOU) CO., LTD. were sold in May 2022.

Note 2: In November 2022, C&D CAPITAL CORPORATION. has implemented the liquidation procedure.

- (2) The Group's investments in the associates are not individually material. The related share of investment in the associates amounted to NT\$2,568,954 thousand, NT\$2,653,900 thousand and NT\$3,803,938 thousand as at 31 March 2023, 31 December 2022 and 31 March 2022.

The aggregate financial information of the Group's investments in associates is as follows:

	1 Jan.~ 31 Mar. 2023	1 Jan.~ 31 Mar. 2022
Profit or loss from continuing operations	\$(71,190)	\$2,192
Other comprehensive income	(3,036)	138,646
Total comprehensive income	<u>\$(74,226)</u>	<u>\$140,838</u>

- (3) The carrying amount of investments accounted for under the equity method in investees except for Chang Chuen Faway Tong Yang Plastics Co., Ltd., whose unreviewed financial statements, amounted to NT\$981,690 thousand and NT\$2,021,850 thousand, as of 31 March 2023 and 2022, respectively. The share of the profit or loss of these associates and joint ventures accounted for using the equity method amounted to NT\$(14,009) thousand, NT\$3,815 thousand for the three-month periods ended 31 March 2023 and 2022, respectively. The share of other comprehensive income of these associates and joint ventures accounted for using the equity method amounted to NT\$(1,793) thousand, NT\$71,864 thousand for the three-month period ended 31 March 2023 and 2022, respectively. These amounts were based on the unreviewed financial statements of the investees.
- (4) The associates had no contingent liabilities or capital commitments and as investment in the associates were not pledged of 31 March 2023, 31 December 2022 and 31 March 2022.

8. Property, plant and equipment

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Owner occupied property, plant and equipment	<u>\$17,931,007</u>	<u>\$18,192,011</u>	<u>\$18,809,867</u>

										Construction in progress and equipment awaiting inspection	Total
	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements		
Cost:											
1 Jan. 2023	\$4,102,956	\$8,427,518	\$7,185,605	\$12,088,621	\$103,066	\$410,365	\$497,006	\$488,398	\$135	\$110,607	\$33,414,277
Addition	-	8,935	76,774	407,513	5,215	12,054	24,695	11,043	-	14,799	561,028
Disposal	-	-	(65,242)	(256,515)	(410)	(5,312)	-	(288)	-	(4,146)	(331,913)
Exchange difference	(117)	(3,265)	1,194	(2,100)	3,034	(50)	(5)	(4,301)	-	(205)	(5,815)
Transfer	-	7,138	-	-	-	-	-	-	-	(7,138)	-
Other	-	(277,601)	(243,216)	-	-	-	(8,888)	(59,409)	-	-	(589,114)
31 Mar. 2023	<u>\$4,102,839</u>	<u>\$8,162,725</u>	<u>\$6,955,115</u>	<u>\$12,237,519</u>	<u>\$110,905</u>	<u>\$417,057</u>	<u>\$512,808</u>	<u>\$435,443</u>	<u>\$135</u>	<u>\$113,917</u>	<u>\$33,048,463</u>
1 Jan. 2022	\$3,991,542	\$8,106,862	\$7,517,496	\$12,675,919	\$129,170	\$417,821	\$505,047	\$538,311	\$135	\$258,738	\$34,141,041
Addition	-	9,212	25,692	373,084	6,965	6,950	2,873	8,401	-	124,024	557,201
Disposal	-	-	(25,703)	(14,774)	(357)	(2,074)	-	(146)	-	-	(43,054)
Exchange difference	434	90,867	124,000	27,856	1,884	1,302	2,352	5,354	-	3,716	257,765
Transfer	-	-	279	2,228	-	-	-	-	-	(2,507)	-
31 Mar. 2022	<u>\$3,991,976</u>	<u>\$8,206,941</u>	<u>\$7,641,764</u>	<u>\$13,064,313</u>	<u>\$137,662</u>	<u>\$423,999</u>	<u>\$510,272</u>	<u>\$551,920</u>	<u>\$135</u>	<u>\$383,971</u>	<u>\$34,912,953</u>
Depreciation and impairment:											
1 Jan. 2023	\$-	\$3,185,139	\$4,895,001	\$6,207,681	\$58,587	\$252,443	\$287,544	\$335,751	\$120	\$-	\$15,222,266
Depreciation	-	81,317	152,415	415,700	3,500	11,750	12,943	18,693	11	-	696,329
Disposal	-	-	(54,332)	(214,830)	(267)	(4,954)	-	(234)	-	-	(274,617)
Exchange difference	-	(1,341)	(1,193)	(1,135)	1,663	(37)	12	1,526	-	-	(505)
Other	-	(227,491)	(230,780)	-	-	-	(8,379)	(59,367)	-	-	(526,017)
31 Mar. 2023	<u>\$-</u>	<u>\$3,037,624</u>	<u>\$4,761,111</u>	<u>\$6,407,416</u>	<u>\$63,483</u>	<u>\$259,202</u>	<u>\$292,120</u>	<u>\$296,369</u>	<u>\$131</u>	<u>\$-</u>	<u>\$15,117,456</u>

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
1 Jan. 2022	\$-	\$2,953,182	\$4,676,345	\$6,674,682	\$78,297	\$239,982	\$261,958	\$372,693	\$75	\$-	\$15,257,214
Depreciation	-	78,360	173,351	419,810	4,550	12,687	13,142	20,280	11	-	722,191
Disposal	-	-	(15,381)	(4,309)	(345)	(1,681)	-	(125)	-	-	(21,841)
Exchange difference	-	35,782	81,269	19,750	1,481	900	1,349	4,991	-	-	145,522
31 Mar. 2022	<u>\$-</u>	<u>\$3,067,324</u>	<u>\$4,915,584</u>	<u>\$7,109,933</u>	<u>\$83,983</u>	<u>\$251,888</u>	<u>\$276,449</u>	<u>\$397,839</u>	<u>\$86</u>	<u>\$-</u>	<u>\$16,103,086</u>

Net book value:

31 Mar. 2023	<u>\$4,102,839</u>	<u>\$5,125,101</u>	<u>\$2,194,004</u>	<u>\$5,830,103</u>	<u>\$47,422</u>	<u>\$157,855</u>	<u>\$220,688</u>	<u>\$139,074</u>	<u>\$4</u>	<u>\$113,917</u>	<u>\$17,931,007</u>
31 Dec. 2022	<u>\$4,102,956</u>	<u>\$5,242,379</u>	<u>\$2,290,604</u>	<u>\$5,880,940</u>	<u>\$44,479</u>	<u>\$157,922</u>	<u>\$209,462</u>	<u>\$152,647</u>	<u>\$15</u>	<u>\$110,607</u>	<u>\$18,192,011</u>
31 Mar. 2022	<u>\$3,991,976</u>	<u>\$5,139,617</u>	<u>\$2,726,180</u>	<u>\$5,954,380</u>	<u>\$53,679</u>	<u>\$172,111</u>	<u>\$233,823</u>	<u>\$154,081</u>	<u>\$49</u>	<u>\$383,971</u>	<u>\$18,809,867</u>

The amount of capitalized interests and interest rates are as follows:

Items	1 Jan. ~ 31 Mar. 2023	1 Jan. ~ 31 Mar. 2022
Construction in progress	\$745	\$1,299
The interest rate interval of borrowing cost capitalization	0.42%~0.48%	0.48%~0.54%

Please refer to Note 8 for more details on property, plant and equipment under pledge.

9. Intangible assets

	Software	Other intangible assets	Goodwill	Total
Cost:				
1 Jan. 2023	\$223,058	\$2,982,194	\$319,650	\$3,524,902
Addition - acquired separately	5,681	55,749	-	61,430
Decrease	(32,960)	(43,631)	-	(76,591)
Exchange differences	(151)	(1,230)	-	(1,381)
Other	(2,722)	21,200	-	18,478
31 Mar. 2023	<u>\$192,906</u>	<u>\$3,014,282</u>	<u>\$319,650</u>	<u>\$3,526,838</u>
1 Jan. 2022	\$253,763	\$3,351,537	\$319,650	\$3,924,950
Addition - acquired separately	7,119	97,917	-	105,036
Decrease	(21,573)	(15,632)	-	(37,205)
Exchange differences	2,841	86,451	-	89,292
31 Mar. 2022	<u>\$242,150</u>	<u>\$3,520,273</u>	<u>\$319,650</u>	<u>\$4,082,073</u>
Amortization and impairment:				
1 Jan. 2023	\$174,337	\$2,476,316	\$-	\$2,650,653
Amortization	6,952	50,945	-	57,897
Decrease	(32,960)	(705)	-	(33,665)
Exchange differences	(130)	(853)	-	(983)
Other	(2,722)	-	-	(2,722)
31 Mar. 2023	<u>\$145,477</u>	<u>\$2,525,703</u>	<u>\$-</u>	<u>\$2,671,180</u>
1 Jan. 2022	\$193,793	\$2,470,204	\$-	\$2,663,997
Amortization	9,155	97,169	-	106,324
Decrease	(21,573)	(890)	-	(22,463)
Exchange differences	2,472	52,843	-	55,315
31 Mar. 2022	<u>\$183,847</u>	<u>\$2,619,326</u>	<u>\$-</u>	<u>\$2,803,173</u>
Net book value:				
31 Mar. 2023	<u>\$47,429</u>	<u>\$488,579</u>	<u>\$319,650</u>	<u>\$855,658</u>
31 Dec. 2022	<u>\$48,721</u>	<u>\$505,878</u>	<u>\$319,650</u>	<u>\$874,249</u>
31 Mar. 2022	<u>\$58,303</u>	<u>\$900,947</u>	<u>\$319,650</u>	<u>\$1,278,900</u>

Intangible assets amortization

	1 Jan. ~ 31 Mar. 2023	1 Jan. ~ 31 Mar. 2022
Included in cost of goods sold :		
Amortization	\$49,532	\$96,067
Included in sales and marketing expenses :		
Amortization	\$1,109	\$379
Included in general and administrative expenses :		
Amortization	\$6,381	\$9,262
Included in research and development expenses :		
Amortization	\$875	\$616

10. Impairment test of goodwill and uncertain useful life intangible assets

For the purpose of impairment test, goodwill acquired as a result of business combination has been allocated to Aftermarket-department A CGU.

The book value of goodwill allocated to CGU.

	Goodwill Aftermarket- department A
31 Mar. 2023	\$319,650
31 Dec. 2022	\$319,650
31 Mar. 2022	\$319,650

After Market-Department A CGU

The recoverable amount of Aftermarket-department A CGU is determined by value-in-use, and the value-in-use is calculated based on the five year cash flow forecast which is authorized by management. Cash flow forecast has been updated to reflect the fluctuation of related product demands. The discount rate used by cash flow forecast were 11.39% and 11.56% for the three-month periods ended 31 March 2023 and 2022, and the cash flow over five year period was projected by the growth rate based on past experiences and the long-term average growth rate of the related industry. Based on the updated analysis result, management considered that there was no impairment of goodwill which have been amortized to the cash generated unit.

The key assumptions used to calculate value-in-use

The following assumptions were the most sensitive in the calculation of value-in-use of After Market-department A:

- (1) Gross margin
- (2) Discount rate
- (3) Raw materials prices inflation
- (4) Growth rate used to extrapolate cash flows beyond the budget period.

Gross profit margin - Gross profit margin is calculated by actual average gross profit margin of the past and recent market information according to financial budget period.

Maintenance market - department A: expected to use the average gross profit margin with slight increase each year as future economic output is expected to rise and taking into consideration the future industry changes.

Discount rate - Discount rate represents the market's assessment of every GCU's specific risk (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The calculation of discount rate was based on the specific situations of the Company and its operating departments, deriving from weight average capital costs (WACC). WACC considered both liability and equity. Equity costs derives from the expected return from the investment made by the investor of the Company, and the liability costs is based on the loans which the Company is obligated to repay. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

The rising price range of materials - The estimates are based on the recent prices published by the major suppliers and the actual material price fluctuation in the past.

Growth rate estimates - Growth rate is calculated based on historical sales data and future industry information. Long-term average growth rate of the maintenance market-department A is projected by taking into account these two factors.

Sensitivity of changes in assumptions

Regarding the evaluation of value-in-use of maintenance market - department A, the management believes that it is unlikely the aforementioned assumptions will change, which would make the unit's book value amount significantly higher than the recoverable amount.

11. Short-term Loans

	<u>Interest rate range</u>	<u>31 Mar. 2023</u>		
Unsecured Loans	3.45%~6.68%	\$703,012		
Secured Loans	3.90%~4.80%	402,898		
Total		<u>\$1,105,910</u>		
	<u>Interest rate range</u>	<u>31 Dec. 2022</u>	<u>Interest rate range</u>	<u>31 Mar. 2022</u>
Unsecured Loans	1.90%~5.00%	\$931,686	0.52%~6.57%	\$1,635,319
Secured Loans	3.90%~4.80%	306,142	4.05%~4.95%	530,733
Total		<u>\$1,237,828</u>		<u>\$2,166,052</u>

Please refer to Note 8 for the detail of the assets pledged as collateral.

12. Long-term Loans

Details are as follows:

		31 Mar. 2023		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$377,888	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,214 dollars, with the last payment being NT\$4,972,238 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	122,500	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,502 dollars, with the last payment being NT\$3,062,406 dollars, starting from Aug. 2022.
Chang Hwa Bank	17 Dec. 2020~ 15 Dec. 2030	35,334	(Note)	Principal is repaid by 84 monthly payment of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2024.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	440,870	(Note)	Principal is repaid by 84 monthly payment of NT\$5,800,916 dollars, with the last payment being NT\$5,800,972 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	142,916	(Note)	Principal is repaid by 48 monthly payment of NT\$3,572,919 dollars, with the last payment being NT\$3,572,807 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	41,223	(Note)	Principal is repaid by 84 monthly payment of NT\$490,750, starting from May. 2025.

		31 Mar. 2023		
Creditors	Period	Amount	Interest rate	Redemption
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	\$377,888	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,212 dollars, with the last payment being NT\$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	122,500	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500 dollars, starting from Aug. 2022.
CTBC Bank	17 Dec. 2022~ 15 Dec. 2031	35,334	(Note)	Principal is repaid by 84 monthly payment of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2025.
O-bank	4 Jul. 2019~ 15 Jul. 2029	303,715	(Note)	Principal is repaid by 85 monthly payment of NT\$3,996,272 dollars, with the last payment being NT\$3,994,152 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	96,728	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142 dollars, with the last payment being NT\$2,381,184 dollars, starting from Jul. 2022.
O-bank	17 May. 2022~ 15 May. 2032	29,219	(Note)	Principal is repaid by 85 monthly payment of NT\$343,753, with the last payment being NT\$343,748, starting from May. 2025.
Subtotal		2,126,115		
Less: current portion		(383,566)		
Total		<u>\$1,742,549</u>		

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$392,805	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,214, with the last payment being NT\$4,972,238, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	131,688	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,502, with the last payment being NT\$3,062,406, starting from Aug. 2022.
Chang Hwa Bank	17 Dec. 2020~ 15 Dec. 2030	35,334	(Note)	Principal is repaid by 84 monthly payment of NT\$420,643, with the last payment being NT\$420,631, starting from Jan. 2024.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	458,272	(Note)	Principal is repaid by 84 monthly payment of NT\$5,800,916, with the last payment being NT\$5,800,972, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	153,635	(Note)	Principal is repaid by 48 monthly payment of NT\$3,572,919, with the last payment being NT\$3,572,807, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	41,223	(Note)	Principal is repaid by 84 monthly payment of NT\$490,750, starting from May. 2025.

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	\$392,805	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,212, with the last payment being NT\$4,972,404, starting from Aug. 2022.
CTBC Bank	17 Dec. 2021~ 15 Dec. 2031	35,334	(Note)	Principal is repaid by 84 monthly payment of NT\$420,643, with the last payment being NT\$420,631, starting from Jan. 2025.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	131,688	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500, starting from Aug. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2029	315,703	(Note)	Principal is repaid by 85 monthly payment of NT\$3,996,272, with the last payment being NT\$3,994,152, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	103,985	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142, with the last payment being NT\$2,381,184, starting from Jul. 2022.
O-bank	17 May. 2022~ 15 May. 2032	29,219	(Note)	Principal is repaid by 85 monthly payment of NT\$343,753, with the last payment being NT\$343,748, starting from May. 2025.
Subtotal		2,221,691		
Less: current portion		(382,304)		
Total		<u>\$1,839,387</u>		

		31 Mar. 2022		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$417,666	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,214 dollars, with the last payment being NT\$4,972,238 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	147,000	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,502 dollars, with the last payment being NT\$3,062,406 dollars, starting from Aug. 2022.
Chang Hwa Bank	17 Dec. 2020~ 15 Dec. 2030	35,334	(Note)	Principal is repaid by 84 monthly payment of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2024.
Bank of Taiwan	22 Dec. 2021~ 22 Dec. 2023	70,000	0.95%	Bullet repayment on expiry date.
Hua Nan Bank	19 Aug. 2019~ 15 Sep. 2024	348,055	(Note)	Principal is repaid by 24 monthly payment of NT\$14,502,293 dollars, with the last payment being NT\$14,502,261 dollars, starting from Oct. 2022.
Hua Nan Bank	17 Jun. 2021~ 15 Jun. 2026	79,200	(Note)	Principal is repaid by 24 monthly payment of NT\$3,300 thousand, starting from Jul. 2024.
KGI Bank	25 Dec. 2020~ 25 Dec. 2023	50,000	1.14%	Bullet repayment on expiry date.
KGI Bank	20 Aug. 2019~ 15 Sep. 2024	348,055	(Note)	Principal is repaid by 25 monthly payment of NT\$13,922,200 dollars, starting from Sep. 2022.

		31 Mar. 2022		
Creditors	Period	Amount	Interest	Redemption
			rate	
First Bank	25 Nov. 2021~ 25 Nov. 2023	\$100,000	0.95%	Bullet repayment on expiry date.
Yuanta Commercial Bank	7 Oct. 2021~ 6 Oct. 2023	200,000	0.95%	Bullet repayment on expiry date.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	487,277	(Note)	Principal is repaid by 84 monthly payment of NT\$5,800,916 dollars, with the last payment being NT\$5,800,972 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	171,500	(Note)	Principal is repaid by 48 monthly payment of NT\$3,572,919 dollars, with the last payment being NT\$3,572,807 dollars, starting from Aug. 2022.
Taishin International Bank	31 Oct. 2021~ 31 Oct. 2023	150,000	1.13%	Bullet repayment on expiry date.
Mega Commercial Bank	8 Aug. 2021~ 7 Aug. 2023	40,000	1.05%	Bullet repayment on expiry date.
Cathay United Bank	30 Apr. 2021~ 30 Apr. 2023	60,000	1.12%	Bullet repayment on expiry date.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	417,666	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,212 dollars, with the last payment being NT\$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	147,000	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500 dollars, starting from Aug. 2022.
CTBC Bank	17 Dec. 2021~ 15 Dec. 2031	30,608	(Note)	Principal is repaid by 84 monthly payment of NT\$364,381 dollars, with the last payment being NT\$364,377 dollars, starting from Jan. 2025.

		31 Mar. 2022		
Creditors	Period	Amount	Interest	Redemption
			rate	
O-bank	4 Jul. 2019~ 15 Jul. 2029	\$339,681	(Note)	Principal is repaid by 85 monthly payment of NT\$3,996,273 dollars, with the last payment being NT\$3,994,068 dollars, starting from Jul. 2022
O-bank	4 Jul. 2019~ 15 Jul. 2026	118,500	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142 dollars, with the last payment being NT\$2,381,184 dollars, starting from Jul. 2022
HSBC Bank	1 Apr. 2021~ 31 Mar. 2023	250,000	1.03%	Bullet repayment on expiry date.
Mizuho Corporate Bank	30 Jul. 2021~ 30 Jul. 2023	160,000	1.10%	Bullet repayment on expiry date.
DBS Bank	4 Oct. 2021~ 4 Oct. 2023	100,000	1.10%	Bullet repayment on expiry date.
BPM Bank	20 Dec. 2019~ 31 Dec. 2022	1,764 (EUR 56)	1.75%	Principal is repaid by 12 quarterly payments of EUR 19 thousand.
Taishin International Bank	25 Mar. 2022~ 31 Oct. 2023	83,862 (USD 2,930)	1.55%	Bullet repayment on expiry date.
Hua Nan Bank	23 Mar. 2022~ 31 Oct. 2023	14,311 (USD 500)	1.88%	Bullet repayment on expiry date.
E. Sun Commercial Bank	14 Jul. 2021~ 24 Nov. 2023	68,120 (USD 2,380)	1.24% ~1.50%	Bullet repayment on expiry date.
CTBC Bank	18 Mar. 2022~ 31 Oct. 2023	51,520 (USD 1,800)	1.31% ~1.35%	Bullet repayment on expiry date.
Chang Hwa Bank	7 Jul. 2021~ 30 Apr. 2023	49,230 (USD 1,720)	1.40%	Bullet repayment on expiry date.
Subtotal		4,536,349		
Less: current portion		(447,518)		
Total		<u>\$4,088,831</u>		

Please refer to Note 8 for the detail of the assets pledged as collateral.

Note: In 2019, the Group enter into contracts with designated banks in accordance with the “Project Loans Guidelines to Welcome Overseas Taiwanese Businesses to Return to Invest in Taiwan”. The terms and conditions have been prescribed in accordance with the approval letter. The interest rates are based on the variable interest rate of the two-year fixed deposit of Chunghwa Post Co., Ltd minus 0.095% ~ 0.995%, and must not exceed the variable interest rates of the two-year fixed deposit of Chunghwa Post Co., Ltd plus 0.5 percentage points of annual interest.

13. Post-Employment Benefits

Defined contribution plan

Pension expenses under the defined contribution plan for the three-month periods ended 31 March 2023 and 2022 were NT\$40,916 thousand and NT\$28,239 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three-month periods ended 31 March 2023 and 2022 were NT\$526 thousand and NT\$802 thousand, respectively.

14. Equity

(1) Common stock

As of 31 March 2023, 31 December 2022 and 31 March 2022, TONG YANG INDUSTRY CO., LTD.’s registered capital was all NT\$8,000,000 thousand with par value at NT\$10 per share, and had 591,477 thousand common shares, 591,477 thousand common shares authorized to be issued, respectively. Each share has the right to vote and receive dividends.

(2) Capital surplus

	As at		
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Common stock	\$232,190	\$232,190	\$232,190
Bond conversion	695,219	695,219	695,219
Treasury stock transactions	93,950	93,950	93,950
Difference between acquisition of subsidiaries’ share and book value	6,032	6,032	6,032
Changes in ownership interests in subsidiaries	3,712	3,712	3,712
Share of comprehensive income of associate and joint ventures accounted for under the equity method	90,302	90,302	90,302
Premium from merger	2,960,398	2,960,398	2,960,398
Other	68,700	68,278	68,278
Total	<u>\$4,150,503</u>	<u>\$4,150,081</u>	<u>\$4,150,081</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall appropriate 10% as legal reserve and special reserve according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, the board of directors shall propose a income distribution proposal. When issuing new shares, it should be submitted to the shareholders meeting for resolution. The board of directors of the Company is able to distribute more than two-thirds of the directors and more than half of the directors' resolutions, and for all or part of the dividends and bonuses, which is a part of the legal reserve or capital surplus, shall be distributed in cash and reported to the board of directors.

According to the R.O.C. Company Act, the Company's net income, after deducting previous years' losses, if any, is appropriated as legal reserve prior to any distribution until such reserve is equal to the Company's paid-in capital. The Company Act provides that where legal reserve may be distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

When the Company distributing distributable earnings, it shall set aside to special reserve, 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 according to the requirements for the adoption of 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.

The FSC on 31 March 2022 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

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 10 March 2023 and 17 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$223,729	\$70,929		
Special reserve	(376,342)	270,251		
Common stock -cash dividend	1,478,693	502,756	NT\$2.50/ per share	NT\$0.85/ per share
Total	<u>\$1,326,080</u>	<u>\$843,936</u>		

Please refer to Note 6.(18) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors and supervisors.

(4) Non-controlling interests:

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Balance as of 1 January	\$516,973	\$630,444
Attributable to non-controlling interests net (loss)	3,613	(872)
Attributable to non-controlling interests other comprehensive income:		
Exchange differences resulting from translating the financial statements of foreign operations	(87)	17,787
Other	(71,268)	-
Balance as of 31 March	<u>\$449,231</u>	<u>\$647,359</u>

15. Operating Revenue

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Sales - Finished goods	\$4,796,172	\$4,194,493
Sales - Merchandise	608,334	621,461
Sales - Others	193,759	208,284
Total	<u>\$5,598,265</u>	<u>\$5,024,238</u>

Analysis of revenue from contracts with customers during the three-month periods ended 31 March 2023 and 2022 are as follows:

(1) Disaggregation of revenue

For the three-month period ended 31 March 2023:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,460,708	\$3,335,464	\$4,796,172
Sales - Merchandise	17,852	590,482	608,334
Sales - Others	168,364	25,395	193,759
Total	<u>\$1,646,924</u>	<u>\$3,951,341</u>	<u>\$5,598,265</u>

Timing of revenue recognition:

At a point in time	<u>\$1,646,924</u>	<u>\$3,951,341</u>	<u>\$5,598,265</u>
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For the three-month period ended 31 March 2022:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,335,519	\$2,858,974	\$4,194,493
Sales - Merchandise	51,503	569,958	621,461
Sales - Others	183,381	24,903	208,284
Total	<u>\$1,570,403</u>	<u>\$3,453,835</u>	<u>\$5,024,238</u>

Timing of revenue recognition:

At a point in time	<u>\$1,570,403</u>	<u>\$3,453,835</u>	<u>\$5,024,238</u>
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(2) Contract balances

A. Contract assets - current

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	1 Jan. 2022
Sales of goods	\$133,794	\$192,722	\$101,426	\$74,605
Less: loss allowance	-	-	-	-
Total	<u>\$133,794</u>	<u>\$192,722</u>	<u>\$101,426</u>	<u>\$74,605</u>

The significant changes in the Group's balances of contract assets during the three-month periods ended 31 March 2023 and 2022 are as follows:

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
The opening balance transferred to trade receivables	\$(176,112)	\$(72,966)
The current contract consideration has not yet been unconditionally charged	117,184	99,787

B. Contract liabilities - current

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	1 Jan. 2022
Sales of goods	<u>\$274,624</u>	<u>\$296,474</u>	<u>\$282,179</u>	<u>\$242,073</u>

The significant changes in the Group's balances of contract liabilities for the three-month periods ended 31 March 2023 and 2022 are as follows:

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
The opening balance transferred to revenue	\$(101,064)	\$(78,222)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	79,214	118,328

16. Expected credit losses / (gains)

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Operating Expense- Expected credit losses		
Accounts Receivables	<u>\$770</u>	<u>\$2,500</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Group transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

The Group measures the loss allowance of its Contract Assets and Trade Receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 March 2023, 31 December 2022 and 31 March 2022 are as follows:

The Group considers that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follow:

As at 31 March 2023

		Overdue					
		181-360					
	Not yet due	<=30 days	31-90 days	91-180days	days	>=360 days	Total
Gross carrying							
amount	\$4,348,485	\$285,119	\$8,868	\$753	\$-	\$521	\$4,643,746
Loss ratio	0.5%	0.5~1%	1~6%	7~21%	22~93%	100%	
Lifetime expected							
credit losses	34,440	1,654	225	105	-	521	36,945
Carrying amount	\$4,314,045	\$283,465	\$8,643	\$648	\$-	\$-	\$4,606,801

As at 31 December 2022

	Overdue						
	181-360						
	Not yet due	<=30 days	31-90 days	91-180days	days	>=360 days	Total
Gross carrying							
amount	\$3,682,026	\$331,347	\$14,227	\$6,427	\$4,739	\$2,379	\$4,041,145
Loss ratio	0.5%	0.5~1%	2~4%	5~22%	23~95%	100%	
Lifetime expected							
credit losses	22,777	1,943	290	781	2,674	2,379	30,844
Carrying amount	\$3,659,249	\$329,404	\$13,937	\$5,646	\$2,065	\$-	\$4,010,301

As at 31 March 2022

	Overdue						
	181-360						
	Not yet due	<=30 days	31-90 days	91-180days	days	>=360 days	Total
Gross carrying							
amount	\$3,829,461	\$368,599	\$30,830	\$2,462	\$482	\$786	\$4,232,620
Loss ratio	0.5%	0.5~1%	1~3%	4~16%	17~75%	100%	
Lifetime expected							
credit losses	26,396	2,101	491	239	300	786	30,313
Carrying amount	\$3,803,065	\$366,498	\$30,339	\$2,223	\$182	\$-	\$4,202,307

The movement in the provision for impairment of note receivables and trade receivables during the three-month periods ended 31 March 2023 and 2022 are as follows:

	Contract assets	Note receivables	Trade receivables
1 Jan. 2023	\$-	\$651	\$30,193
Addition/(reversal) for the current period	-	-	770
Write off	-	-	-
Other	-	-	5,353
Exchange difference	-	-	(22)
31 Mar. 2023	<u>\$-</u>	<u>\$651</u>	<u>\$36,294</u>

	Contract assets	Note receivables	Trade receivables
1 Jan. 2022	\$-	\$651	\$26,608
Addition/(reversal) for the current period	-	-	2,500
Write off	-	-	-
Exchange difference	-	-	554
31 Mar. 2022	<u>\$-</u>	<u>\$651</u>	<u>\$29,662</u>

17. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and other equipment. The lease terms range from 2 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Land	\$243,024	\$251,625	\$273,235
Other equipment	12,581	13,612	8,702
Total	<u>\$255,605</u>	<u>\$265,237</u>	<u>\$281,937</u>

During the three-month periods ended 31 March 2023 and 2022, the Group's additions to right-of-use assets amounting to NT\$0 thousand and NT\$39 thousand.

(b) Lease liabilities

	As at		
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Lease liabilities	\$35,217	\$35,232	\$41,870
Current	18,520	18,530	16,026
Non-current	16,697	16,702	25,844
Total	\$35,217	\$35,232	\$41,870

Please refer to Note 6.(19) for the interest on lease liabilities recognized during the three-month periods ended 31 March 2023 and 2022 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 March 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Land	\$ 6,212	\$6,345
Other equipment	967	967
Total	\$7,179	\$7,312

C. Income and costs relating to leasing activities

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
The expenses relating to short-term leases	\$2,763	\$2,548
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of lowvalue assets)	80	582
Total	\$2,843	\$3,130

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income for the three-month periods ended 31 March 2023 and 2022 were NT\$0 thousand and NT\$6 thousand, to reflect changes in lease payments that arise from such rent concessions to which the the Group has applied the practical expedient.

D. Cash outflow relating to leasing activities

During the three-month periods ended 31 March 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$2,874 thousand and NT\$3,281 thousand.

18. For the three-month periods ended 31 March 2023 and 2022, the Group's personnel, depreciation and amortization expenses are summarized as follows:

Function Character	1 Jan. 2023~31 Mar. 2023			1 Jan. 2022~31 Mar. 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating costs	Classified as operating costs
Salaries	\$ 469,958	\$337,869	\$807,827	\$371,498	\$270,100	\$641,598
Insurances	48,594	35,232	83,826	41,867	27,161	69,028
Pensions	22,295	19,147	41,442	15,793	13,248	29,041
Other personnel expenses	17,709	25,323	43,032	17,685	17,096	34,781
Depreciations	646,495	57,013	703,508	663,051	66,452	729,503
Amortization	49,532	8,365	57,897	96,067	10,257	106,324

According to the resolution, if the Company's annual profit is more than NT\$ 500,000 thousand, NT\$ 5,000 thousand is distributable as employees' compensation and NT\$15,000 thousand is distributable as remuneration to directors and supervisors; if the Company's annual profit is less than NT\$500,000 thousand then 1% of profit of the current year is distributable as employees' compensation and no higher than 3% profit of the current year is distributable as remuneration to directors and supervisors.

However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors is available from the "Market Observation Post System" on the website of the TWSE.

The Company accrued employees' compensation and remunerations to director based on the level of the profit of the three months ended 31 March 2023 and 2022. The amounts of employees' compensation and remunerations to directors were NT\$1,250 thousand and NT\$3,750 thousand for the three months ended 31 March 2023 and 2022. The employees' compensation and remunerations to directors were recognized as expense.

A resolution was approved at the board of directors' meeting held on 10 March 2023 to distribute NT\$5,000 thousand and NT\$15,000 thousand in cash as employee's compensation and remuneration to directors and supervisors, respectively. There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2022 earnings and the estimated amount in the financial statements for the year ended 2022.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2021 earnings and the estimated amount in the financial statements for the year ended 2021.

19. Non-operating income and expenses

(1) Other income

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Rent income	\$2,558	\$3,062
Interest income	13,959	936
Other income-other	38,660	36,787
Total	<u>\$55,177</u>	<u>\$40,785</u>

(2) Other gains and losses

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Gains (losses) on disposal of property, plant and equipment	\$12,357	\$1,464
Foreign exchange gain (loss) - net	(24,883)	105,724
Impairment loss	(43,401)	-
Other losses	(5,636)	(1,297)
Total	<u>\$(61,563)</u>	<u>\$105,891</u>

(3) Finance costs

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Bank Loans	\$(16,969)	\$(28,089)
Lease liability interest expenses	(80)	(121)
Interest expenses subtotal	<u>(17,049)</u>	<u>(28,210)</u>
Total	<u>\$(17,049)</u>	<u>\$(28,210)</u>

20. Components of other comprehensive income

	Arising during the period	Income tax profit (expense)	Other comprehensive income, net of tax
Three months ended 31 Mar. 2023			
Not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$102,612	\$-	\$102,612
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	29,408	-	29,408
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(3,036)	-	(3,036)
Total other comprehensive income	<u>\$128,984</u>	<u>\$-</u>	<u>\$128,984</u>

	Arising during the period	Income tax profit (expense)	Other comprehensive income, net of tax
Three months ended 31 Mar. 2022			
Not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$(27,679)	\$-	\$(27,679)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	115,817	-	115,817
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	138,646	-	138,646
Total other comprehensive income	<u>\$226,784</u>	<u>\$-</u>	<u>\$226,784</u>

21. Income Tax

The major components of income tax expense are as follows:

Income tax recorded in profit or loss

	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Current income tax expense :		
Current income tax charge	\$131,395	\$85,468
Deferred income tax expense :		
Deferred tax expense relating to origination reversal of temporary difference	-	916
Total Income tax expense	\$131,395	\$86,384

The assessment of income tax returns

As of 31 March 2023, the Company and subsidiaries' income tax filings are as follows:

	The assessment of income tax returns
The Company	2021
Subsidiary – RU YANG INDUSTRIAL CO., LTD.	2021
Subsidiary – DING CHUNG INDUSTRY CO., LTD.	2021

22. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	1 Jan. 2023～ 31 Mar. 2023	1 Jan. 2022～ 31 Mar. 2022
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$490,406	\$301,339
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Basic earnings per share (NT\$)	\$0.83	\$0.51
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$490,406	\$301,339
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Effect of dilution:		
Employee bonus—stock (in thousands)	111	178
Weighted average number of ordinary shares outstanding after dilution (in thousands)	591,588	591,655
Diluted earnings per share (NT\$)	\$0.83	\$0.51

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

23. Disposal groups held for sale

	31 Mar. 2023
Non-current assets held for sale	99,702
Liabilities directly related to non-current assets held for sale	(2,828)
Equity directly related to non-current assets held for sale	(28,704)
Less: Accumulated impairment	(43,401)
Net amount of disposal groups held for sale	\$24,769

(1) On 17 January 2023, the Group passed the resolution of the board of directors to carry out the equity investment adjustment of TONG YANG HOLDING CORPORATION, a third-region investee, to invest in DAJING YUCHYANG and DAJING TONG YANG. TONG YANG HOLDING CORPORATION purchased 30% equity interest of DAJING TONG YANG, and adjusted the 30% indirect equity investment in DAJING TONG YANG by DAJING YUCHYANG to direct equity investment. It also sold 55% equity interest of DAJING YUCHYANG to Chongqing Dajiang Industry Co., Ltd. The related assets and liabilities have been reclassified to disposal groups held for sale.

(2) The Group recognized impairment loss of NT\$43,401 thousand based on the shareholding ratio after measuring the lower of the book value and the fair value less cost of disposal.

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follow:

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>
TUNG YANG CHEMICAL CO., LTD.	Associate
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	Associate
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Associate
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	Associate
NBC (WUHAN) CO., LTD.	Associate(Note 1)
WUHAN XIANG XING AUTO PARTS CO., LTD.	Associate
NBC (GUANGZHOU) CO., LTD.	Associate(Note 1)
TAI Plus LLC	Other related party

(Note 1): In May 2022, the Group sold 40% of the equity shares of NBC (WUHAN) and NBC (GUANGZHOU) CO., LTD., held by TONG YANG HOLDING CORPORATION, a third-region investment enterprise. Thus, they were not associates to the Group since the month.

(1) Sales

	1 Jan. 2023 ~ 31 Mar. 2023	1 Jan. 2022 ~ 31 Mar. 2022
Associates industries	\$102,003	\$95,754

The prices and collection conditions are the same between associates industries and non-related parties.

(2) Purchases

	1 Jan. 2023 ~ 31 Mar. 2023	1 Jan. 2022 ~ 31 Mar. 2022
Associates industries	\$40,346	\$55,512

The prices and payment conditions are the same between associates industries and non-related parties.

(3) Accounts Receivables - Related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Associates industries	\$83,150	\$81,158	\$105,016

(4) Accounts Payables - Related parties

	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022
Associates industries	\$41,884	\$43,998	\$64,074

(5) Key management personnel compensation

	1 Jan. 2023 ~ 31 Mar. 2023	1 Jan. 2022 ~ 31 Mar. 2022
Short-term employee benefits	\$18,321	\$17,963
Post-employment benefits	27	27
Total	\$18,348	\$17,990

(6) Other

The amount of service fees paid by the Group to an other related party for the three-month periods ended 31 March 2023 and 2022 were NT\$2,743 thousand and NT\$2,499 thousand, respectively.

VIII. ASSETS PLEDGED AS COLLATERAL

The following assets of the Group are pledged as collaterals:

Item	Amount			Purpose of pledge
	31 Mar. 2023	31 Dec. 2022	31 Mar. 2022	
Financial assets measured at amortized cost- time deposits	\$18,098	\$106,742	\$18,098	Notes payables and guarantee
Notes receivables	324,993	280,913	5,585	Notes payables
Property, plant and equipment- Land	225,647	225,647	225,647	Bank loans
Property, plant and equipment- Buildings	883,815	891,686	939,869	Bank loans
Right-of-use asset	163,992	165,339	172,039	Bank loans
Total	\$1,616,545	\$1,670,327	\$1,361,238	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

1. As of 31 March 2023, the Company was involved in the following activities that were not shown in the financial statements:

(1) Unused letters of credit (in thousands)

<u>Currency</u>	<u>31 Mar. 2023</u>
USD	1,402
JPY	8,658
NTD	83,383

(2) The financial institution provided a guarantee of NTD\$73,000 thousand to the Company's vendors for securing the Company's purchases from them.

2. As of 31 March 2023, the related parties, FUZHOU TONG YANG, TONG YANG HOLDING CORPORATION, XIANGYANG TONG YANG, GUANGZHOU TONG YANG TATEMATSU, DA JIANG TONG YANG and NANJING TONG YANG borrowed from the financial institution and the Company issued "letter of support" to the financial institution stating that the Company will continue to assist the affiliated institutions to sustain a satisfactory financial position until the related bank borrowings have been paid off.

3. As of 31 March 2023, the related parties, FUSHUN TONG YANG borrowed from the financial institution and the TONG YANG HOLDING CORPORATION issued "letter of support" to the financial institution stating that the Company will continue to assist the affiliated institutions to sustain a satisfactory financial position until the related bank borrowings have been paid off.

4. As of 31 March 2023, the Company has entered into a binding contract for the second quarter of 2023 with CHINA STEEL CORPORATION. The contract price is NT\$212,803 thousand. The Company has already drawn up a guarantee note of NT\$18,000 thousand.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	<u>31 Mar. 2023</u>	<u>31 Dec. 2022</u>	<u>31 Mar. 2022</u>
Financial assets at fair value through other comprehensive income	\$462,066	\$359,454	\$186,315
Financial assets measured at amortized cost:			
Cash and cash equivalents (excludes cash on hand)	2,746,355	2,272,185	2,152,270
Financial assets measured at amortized cost	47,029	135,914	28,402
Notes receivables	593,509	376,873	402,645
Accounts receivables (related parties included)	4,013,292	3,633,428	3,799,662
Other receivables	175,135	148,946	82,906
Total	<u>\$8,037,386</u>	<u>\$6,926,800</u>	<u>\$6,652,200</u>

Financial Liabilities

	<u>31 Mar. 2023</u>	<u>31 Dec. 2022</u>	<u>31 Mar. 2022</u>
Financial liabilities at amortized cost:			
Short-term loans	\$1,105,910	\$1,237,828	\$2,166,052
Payables	4,250,211	4,250,786	3,957,938
Lease liabilities	35,217	35,232	41,870
Long-term loans (current portion included)	2,126,115	2,221,691	4,536,349
Total	<u>\$7,517,453</u>	<u>\$7,745,537</u>	<u>\$10,702,209</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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

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 are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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 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 affected by USD. Sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended 31 March 2023 and 2022 decreases/increases by NT\$37,998 thousand and NT\$23,275 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of 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 the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps.

At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended 31 March 2023 and 2022 to decrease/increase by NT\$110 thousand and NT\$ 1,138 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12.(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

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 accounts receivables 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 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 customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As of 31 March 2023, 31 December 2022 and 31 March 2022, accounts receivables from top ten customers represented 59%, 48% and 35% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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. Consequently, there is no significant credit risk for these counter parties.

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, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. 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 instruments

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
31 Mar. 2023					
Loans	\$1,518,695	\$397,909	\$408,501	\$962,277	\$3,287,382
Payables	4,250,211	-	-	-	4,250,211
Lease liabilities	17,901	14,178	2,464	2,937	37,480
31 Dec. 2022					
Loans	\$1,644,636	\$395,163	\$405,025	\$1,061,989	\$3,506,813
Payables	4,250,786	-	-	-	4,250,786
Lease liabilities	18,601	13,828	2,044	1,041	35,514
31 Mar. 2022					
Loans	\$2,704,917	\$2,184,840	\$591,272	\$1,331,284	\$6,812,313
Payables	3,957,938	-	-	-	3,957,938
Lease liabilities	16,032	15,216	10,816	341	42,405

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended 31 March 2023 :

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
1 Jan. 2023	\$1,237,828	\$2,221,691	\$35,232	\$3,494,751
Cash flows	(131,918)	(95,576)	(31)	(227,525)
Non-cash change	-	-	16	16
Foreign exchange movement	-	-	-	-
31 Mar. 2023	<u>\$1,105,910</u>	<u>\$2,126,115</u>	<u>\$35,217</u>	<u>\$3,267,242</u>

Reconciliation of liabilities for the three months ended 31 March 2022 :

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
1 Jan. 2022	\$1,934,825	\$4,834,838	\$41,741	\$6,811,404
Cash flows	231,227	(307,240)	(30)	(76,043)
Non-cash change	-	-	159	159
Foreign exchange movement	-	8,751	-	8,751
31 Mar. 2022	<u>\$2,166,052</u>	<u>\$4,536,349</u>	<u>\$41,870</u>	<u>\$6,744,271</u>

7. Fair value of financial instruments

(1) 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 Group to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, trade receivables, 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 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).

- D. Fair value of debt instruments without market quotations, and bank loans, are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The book value of financial assets and liabilities measured at amortized cost of the Group approximate the fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

8. 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 Group 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:

31 Mar. 2023

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$462,066	\$462,066

31 Dec. 2022

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$359,454	\$359,454

31 Mar. 2022

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$186,315	\$186,315

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended 31 March 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Measured at fair value through other comprehensive income- stocks	Measured at fair value through other comprehensive income- stocks
	1 Jan. 2023~ 31 Mar. 2023	1 Jan. 2022~ 31 Mar. 2022
Beginning balances	\$359,454	\$213,994
Total gains and losses recognized:		
Amount recognized in OCI	102,612	(27,679)
Ending balances	<u>\$462,066</u>	<u>\$186,315</u>

Information on significant unobservable inputs to valuation

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 March 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	8.33~ 12.69	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase/decrease in the Group's equity by NT\$45,207 thousand

As at 31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	6.44~ 12.79	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase/decrease in the Group's equity by NT\$34,945 thousand

As at 31 March 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	8.73~ 32.72	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase/decrease in the Group's equity by NT\$17,631 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance 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.

9. Significant assets and liabilities denominated in foreign currencies

The Group's significant assets and liabilities denominated in foreign currencies are as follows:

Unit: thousands			
31 Mar. 2023			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$126,330	30.454	\$3,847,254
CNY	474,401	4.429	2,101,122
Non-monetary items:			
CNY	536,863	4.429	2,377,766
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,558	30.454	\$47,447
CNY	637,325	4.429	2,822,712

31 Dec. 2022			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$119,027	30.708	\$3,655,081
CNY	439,383	4.432	1,947,345
Non-monetary items:			
CNY	552,134	4.432	2,447,056
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,750	30.708	\$53,739
CNY	630,048	4.432	2,792,373
31 Mar. 2022			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$93,154	28.622	\$2,666,254
CNY	493,878	4.513	2,228,871
Non-monetary items:			
CNY	797,529	4.513	3,599,248
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$11,836	28.622	\$338,770
CNY	661,747	4.513	2,986,464

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the three-month periods ended 31 March 2023 and 2022, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$(24,883) thousands, NT\$105,724 thousand, respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

10. 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 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.

11. Technical license agreement:

- ① According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 11 September 2017, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4X45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ② According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 19 March 2018, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4B45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ③ According to a technical license agreement made between the Company and Hitachi Chemical CORPORATION (Now renamed to Resonac Corporation) on 17 July 2018, Hitachi shall provide technical information and relevant technical assistance regarding to all-plastic tailgate of cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ④ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 15 March 2019, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 20MY 3X45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ⑤ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 4 December 2020, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 5A45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ⑥ According to a technical license agreement made between the Company and FALTEC. On 15 November 2022, FALTEC shall provide technical information and relevant technical assistance regarding to automobile parts of P33A cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

XIII. ADDITIONAL DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
 - (a) Financing provided to others for the three months ended 31 March 2023: Please refer to Attachment 2.
 - (b) Endorsement/Guarantee provided to others for the three months ended 31 March 2023: Please refer to Attachment 3.
 - (c) Securities held as of 31 March 2023 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 4.

- (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 three months ended 31 March 2023: 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 three months ended 31 March 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended 31 March 2023: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three months ended 31 March 2023: None.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 March 2023: None.
- (i) Financial instruments and derivative transactions: None.
- (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 March 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 March 2023: Please refer to Attachment 5.

(3) Investment in Mainland China:

- (a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 2 , Attachment 3 and Attachment 6.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 7.

XIV. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on its products and services and has two reportable segments as follows:

Assembly Market: Responsible for the required automobile parts of the car market of production and sales group.

Maintenance Market: Responsible for the production and sales of after-sales maintenance services market automobile parts.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment information about profit and assets (loss and liabilities).

1 Jan. 2023~ 31 Mar. 2023	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$1,646,924	\$3,951,341	\$-	\$5,598,265
Inter-segment	-	-	-	-
Total revenue	<u>\$1,646,924</u>	<u>\$3,951,341</u>	<u>\$-</u>	<u>\$5,598,265</u>
Segment profit	<u>\$(230,106)</u>	<u>\$851,907</u>	<u>\$3,613</u> Note	<u>\$625,414</u>

Note:

None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ 3,613 thousand.

1 Jan. 2022~ 31 Mar. 2022	Assembly Market	Maintenance Market	Adjustments and eliminations		Total
Revenue					
External					
customers	\$1,570,403	\$3,453,835	\$-		\$5,024,238
Inter-segment	-	-	-		-
Total revenue	<u>\$1,570,403</u>	<u>\$3,453,835</u>	<u>\$-</u>		<u>\$5,024,238</u>
Segment profit	<u>\$(81,644)</u>	<u>\$469,367</u>	<u>\$(872)</u>	Note	<u>\$386,851</u>

Note:

None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ (872) thousand.

Attachment 1: The business relationship, significant transactions and amounts between parent company and subsidiaries

No.(Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	DING CHUNG INDUSTRY CO., LTD.	1	Sales	\$16,245	Approximately 45-120 days from the date of sale	0.29%
0	The Company	TYG PRODUCTS	1	Sales	10,359	Approximately 90 days from the date of sale	0.19%
0	The Company	DING CHUNG INDUSTRY CO., LTD.	1	Account receivables	9,974	Approximately 45-120 days from the date of sale	0.03%
0	The Company	TYG PRODUCTS	1	Account receivables	23,285	Approximately 90 days from the date of sale	0.07%
1	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Account receivables	11,298	90 days after the invoice is opened	0.03%
2	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	3	Sales	8,404	According to the contract	0.15%
3	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	3	Other receivables	88,580	Financing	0.26%
4	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	3	Other receivables	152,270	Financing	0.45%

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: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, interim cumulative balances are used as basis.

Attachment 2: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related -Party	Maximum balance for the period (Note 8)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counterparty (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	\$133,410 (RMB 30,000)	\$88,580 (RMB 20,000)	\$88,580 (RMB 20,000)	-%	2	-	Need for operating	-	-	-	\$914,077 (USD 30,015)	\$1,828,154 (USD 60,030)	(Note 7)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	\$88,940 (RMB 20,000)	-	-	-%	2	-	Need for operating	-	-	-	\$914,077 (USD 30,015)	\$1,828,154 (USD 60,030)	(Note 7)
1	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	Other receivables	Y	\$167,640 (USD 5,500)	\$167,497 (USD 5,500)	\$152,270 (USD 5,000)	-%	2	-	Need for operating	-	-	-	\$374,228	\$498,971	(Note 7)

(Note 1) The financial information of the parent 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) Limit of financing amount for individual counterparty:

- (1) Limit of financing amount for individual counterparty shall not exceed the needed amount for operation.
- (2) The Company : Limit of financing amount for individual counterparty shall not exceed 10% of the lender's net assets value as of the period.
TONG YANG HOLDING CORPORATION : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.
HOW BOND INVESTMENT CO.,LTD : Limit of financing amount for individual counterparty shall not exceed 30% of the lender's net assets value as of the period.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net asset value.

(Note 4) The financing provided to others are coded as follows:

- (1) Business contacts is coded "1".
- (2) Short-term financing is coded "2".

(Note 5) If financing provided to others is coded "1", the amount of business transactions should be filled in.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects.

(Note 7) The above transactions were all made between consolidated entities in the Group and have been reversed.

(Note 8) The balance of which is at its maximum balance of financing provided to others in the current year.

(Note 9) The exchange rate of the US dollar to the NTD is 1:30.454

The exchange rate of the RMB to the NTD is 1:4.429.

Attachment 3: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 6)	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company name	Relationship (Note 2)											
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD	(2)	\$914,077 (USD 30,015)	\$698, 179 (RMB 157,000)	\$695,353 (RMB 157,000)	\$229,444 (RMB 51,805)	-	15.21%	\$1,828,154 (USD 60,030)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	\$914,077 (USD 30,015)	\$511,405 (RMB 115,000)	\$509,335 (RMB 115,000)	\$230,308 (RMB 52,000)	-	11.14%	\$1,828,154 (USD 60,030)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	(2)	\$914,077 (USD 30,015)	\$152,400 (USD 5,000)	\$152,270 (USD 5,000)	\$132,870 (RMB 30,000)	-	3.33%	\$1,828,154 (USD 60,030)	Y	N	Y	(Note 5)

Note 1: The Company and its subsidiaries are coded as follows:

The Company is coded "0".

The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, the receiving parties shall be disclosed as one of the following:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for receiving party is 20% of the net worth of the financial report reviewed by the certified public accountants as of 31 March 2023.

Note 4: Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 March 2023.

Note 5: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 6: The balance of which is at its maximum balance of endorsement/guarantee provided to others in the current year.

Note 7: The exchange rate of US dollar to NTD is 1:30.454.

The exchange rate of the RMB to the NTD is 1:4.429.

Attachment 4: Securities held as of 31 March 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 March 2023				Note
				Shares(thousand)	Book value (thousands)	Percentage of ownership (%)	Fair value (Note2)	
The Company	stock-FONG YUE CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	20	10,000	10.00%	500	
	stock-PRO FORTUNE INDUSTRIAL,CO.,LTD	"	"	5,472	381,643	14.14%	69.74	
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	stock-PRO FORTUNE INDUSTRIAL,CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,010	70,423	2.61%	69.74	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Financial asset measured at fair value through other comprehensive income-non current refers to the fair value per share after the comparable company's evaluation.

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 March 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 March 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 March 2023			Shareholding ratio* net value of the investee company at the end of the period	Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)				
The Company	TUNG YANG CHEMICAL CO., LTD.	Taiwan	Processing and trading of coatings and chemical raw materials	\$58,465	\$58,465	3,600	40.00%	\$108,547	\$106,490	\$4,858	\$1,943	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,059,545 (USD 91,058)	3,059,545 (USD 91,058)	59,000	100.00%	4,570,006	4,570,394	(193,726)	(193,726)	(Note4)
	HOW BOND INVESTMENT CO.,LTD.	British Virgin Islands	Holding company	603,434 (USD 16,000)	603,434 (USD 16,000)	16,000	100.00%	1,239,489	1,247,428	40,285	40,285	(Note4)
	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Taiwan	Automobile parts and components import and export business	66,865	66,865	2,000	100.00%	91,378	91,378	207	207	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	240,128	240,136	2,522	1,487	(Note4)
	C&D CAPITAL II CORPORATION	British Virgin Islands	Holding company	154,475 (USD 4,776)	154,475 (USD 4,776)	4,776	42.53%	67,513	145,130	-	(5,664)	(Note6)
	WU'S PLASTICS CO.,LTD.(literal translation)	Taiwan	Production and sales of automotive parts	15,000	15,000	1,500	50.00%	15,128	15,128	(10)	(5)	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 March 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 March 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 March 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)			
TONG YANG HOLDING CORPORATION	CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 13,230	USD 13,230	-	49.00%	USD52,120	USD(3,829)	USD(1,876)	
	FUZHOU TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 34,000	USD 34,000	-	100.00%	USD7,472	USD(1,320)	USD(1,320)	(Note 4)
	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 8,150	USD 8,150	-	-%	-	USD (12)	USD (6)	(Note 4)
	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 3,250	USD 3,250	-	55.00%	USD 12,743	USD 216	USD 119	(Note 4)
	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 12,375	USD 12,375	-	45.00%	USD 10,797	USD (403)	USD (181)	
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD37,798	USD37,798	-	100.00%	USD9,394	USD(1,014)	USD(1,014)	(Note 4)
	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 18,500	USD 18,500	-	100.00%	USD16,457	USD(608)	USD(608)	(Note 4)
	WUHAN XIANG XING AUTO PARTS CO., LTD.	China	Production and sales of various motor vehicles supporting plastic products, etc.	USD 3,000	USD 3,000	-	25.00%	USD2,778	USD(139)	USD(35)	
	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	China	Design, manufacture, maintenance and trading of all types of molds	USD 7,599	USD 7,599	-	90.00%	USD4,424	USD(52)	USD(47)	(Note 4)
	CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 17,150	USD 17,150	-	49.00%	USD12,383	USD(248)	USD(121)	
	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	China	Product design, technology development, experimental testing and service management, etc.	USD 1,840	USD 1,840	-	100.00%	USD1,951	USD66	USD66	(Note 4)

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 March 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 March 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 March 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)			
CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	RMB 56,985	RMB 56,985	-	-%	RMB -	RMB29	RMB16	(Note 4.7)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	USD-	USD-	1	100.00%	767,519	39,246	39,246	(Note 4.5)
	NANJING TONG YANG AUTO PARTS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	820,610	820,610	-	100.00%	297,813	2,407	2,407	(Note 4)

Note 1: The original investment amount does not include the amount of surplus to capital increase.

Note 2: The investment income recognized for this period is based on the direct investee companies own outstanding shares.

Note 3: The investment income recognized for this period had eliminated unrealized gain or loss on the transactions between the Company and its investees.

Note 4: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 5: TYG HOLDING (U.S.A), INC is a foreign holding investee company, and it prepares consolidated financial statements only, the disclosure of the company's investments over which the Company has significant influence or control, directly or indirectly, is only disclosed to the level of the holding company.

Note 6: Investment income(loss) recognized during this period includes the valuation income(loss) of financial assets at fair value according to IFRS9.

Note 7: In February 2023, the Group carried out the equity investment adjustment of TONG YANG HOLDING CORPORATION, a third-region investee, to invest in DAJING YUCHYANG and DAJING TONG YANG. TONG YANG HOLDING CORPORATION purchased 30% equity interest of DAJING TONG YANG, and adjusted the 30% indirect equity investment in DAJING TONG YANG by DAJING YUCHYANG to direct equity investment. It also sold 55% equity interest of DAJING YUCHYANG, thus, the Group lose control over it.

Note 8: The exchange rate of US dollar to NTD is 1:30.454.

The exchange rate of RMB to NTD is 1:4.429.

The average exchange rate of US dollar to NTD is 1: 30.479.

The average exchange rate of RMB to NTD is 1:4.423.

Attachment 6: Investment in Mainland China

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 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 March 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 31 March 2022 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 31 March 2023
					Outflow	Inflow						
Nanjing Tongyang Plastic Products Co., Ltd.	1. Regarding automobile bumpers and their parts, and other motor vehicles, parts and accessories for motorcycles, chemical raw materials, production and sales of pollution prevention equipment, and varnished water and other varnishes based on natural polymers. Business of processing and trading of paint materials and fine chemical raw materials. 2. All of them are domestic products sold in mainland China. Due to market segmentation, there is no adverse impact on the company's operations.	USD -	Note 1	USD 3,659	-	-	USD 3,659	-	-	-	-	-
Wuhu You Shr Tongyang Plastics Co., Ltd.		USD -	Note 1	USD 4,407	-	-	USD 4,407	-	-	-	-	-
Haerbin Hafei Kai Yih Metal Co., Ltd.		USD -	Note 1	USD 10,860	-	-	USD 10,860	-	-	-	-	-
Tianjin Mitsuboshi Belting Co., Ltd.		USD -	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		USD -	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 35,000	Note 1	USD 25,808	-	-	USD 25,808	USD (1,320)	100.00%	USD (1,320)	USD 7,472	-
Chongqing Dajing Yuchang Plastics Co., Ltd.		USD 13,000	Note 1	USD 6,372	-	-	USD 6,372	USD(12)	-	USD(6)	-	USD 4,000
NBC (Guangzhou) Co., Ltd.		USD -	Note 1	USD (6,340)	-	-	USD (6,340)	-	-	-	-	USD 6,340
NBC (Changchuen) Co., Ltd.		USD -	Note 1	USD 469	-	-	USD 469	-	-	-	-	-
NBC (Tianjin) Co., Ltd.		USD -	Note 1	USD (998)	-	-	USD (998)	-	-	-	-	USD 998
Tianjin Binhai NBC Co., Ltd.		RMB -	Note 1	USD 2,960	-	-	USD 2,960	-	-	-	-	-
Chang Chuen Faway Tong Yang Plastics Co., Ltd.		USD 27,000	Note 1	USD 9,747	-	-	USD 9,747	USD (3,829)	49.00%	USD (1,876)	USD 52,120	USD 7,000
Haerbin Hafei Tongyang Plastic Products Co., Ltd.		USD -	Note 1	USD 4,113	-	-	USD 4,113	-	-	-	-	-
NBC (Wuhan) Co., Ltd.		USD -	Note 1	USD (4,602)	-	-	USD (4,602)	-	-	-	-	USD 4,602
NBC (Nanjing) Co., Ltd.		USD -	Note 1	USD (43)	-	-	USD (43)	-	-	-	-	USD43
Chongqing Dajiang Tongyang Plastic Products Co., Ltd.		USD 13,000	Note 1	USD 3,692	-	-	USD 3,692	USD 216	55.00%	USD 119	USD 12,743	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD(403)	45.00%	USD (181)	USD 10,797	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD 12,000	Note 1	USD 3,228	-	-	USD 3,228	USD(139)	25.00%	USD (35)	USD 2,778	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	2,407	100.00%	2,407	297, 813	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 100,000	Note 1	USD 11,172	-	-	USD 11,172	USD (52)	90.00%	USD (47)	USD 4,424	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (248)	49.00%	USD (121)	USD 12,383	-
Fuzhou Kai Ming Mold Co., Ltd.		USD -	Note 3	USD 200	-	-	USD 200	-	-	-	-	-
Xiangyang Tong Yang Automobile Component Co., Ltd.		USD 46,500	Note 1	USD 39,651	-	-	USD 39,651	USD (1,014)	100.00%	USD (1,014)	USD 9,394	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD (608)	100.00%	USD (608)	USD 16,457	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 66	100.00%	USD 66	USD 1,951	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$200,123	US\$200,123	(Note 6)

Note 1: Indirectly investment in Mainland China through companies registered in a third region - TONG YANG HOLDING CORPORATION.

Note 2: Indirectly investment in Mainland China through companies registered in a third region - HOW BOND INVESTMENT CO., LTD.

Note 3: Indirectly investment in Mainland China through companies registered in a third region - Jundong International Co., Ltd.

Note 4: The exchange rate of US dollar to NTD is 1:30.454, the exchange rate of RMB to NTD is 1:4.429; the average exchange rate of US dollar to NTD is 1: 30.479, the average exchange rate of RMB to NTD is 1: 4.423.

Note 5. The book value of the investment at the end of the period is calculated based on the shareholding ratio of the direct or indirect investment of the company.

Note 6: According to the provisions of 97.8.22 “Investment or Technical Cooperation Licensing in Mainland China” and “Investment or Technical Cooperation Review Principles in Mainland China”, the cumulative amount of investors' investment in mainland China depends on the upper limit of other enterprises: net value or a combined net value of 60%, whichever is higher. However, the Ministry of Economic Affairs issued the certificate of compliance with the business scope of the company's operating headquarters. The enterprise or multinational company is not limited to this. The company is applicable to the corporate operation headquarters, so there is no quota.

Attachment 7: Information on major shareholders

Name of major shareholders	Number of shares held	Percentage of ownership
YEONG-MAW WU	38,006,787	6.42%
YUNG-FENG WU	36,677,497	6.20%
YUNG-HSIANG WU	33,903,930	5.73%

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter.

The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%. The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

Note 2: If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee. Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.