

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

Independent Auditors' Review Report
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 30 September 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2023 and 2022, changes in equity and cash flows for the nine-month periods ended 30 September 2023 and 2022, and notes to the consolidated financial statements, including the summary of material 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 auditors. Those statements reflect total assets of NT\$6,079,573 thousand and NT\$6,516,830 thousand, constituting 17.74% and 19.28% of the consolidated total assets, and total liabilities of NT\$2,665,115 thousand and NT\$3,150,681 thousand, constituting 29.85% and 31.45% of the consolidated total liabilities as of 30 September 2023 and 2022, respectively; the total comprehensive income of NT\$83,394 thousand, NT\$10,247 thousand, NT\$(6,719) thousand and NT\$(126,695) thousand which represented 6.56%, 1.29%, (0.26)% and (6.24)% of the consolidated total comprehensive income, for the three-month periods and the nine-month periods

ended 30 September 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 auditors. Those associates and joint ventures under equity method amounted to NT\$936,061 thousand and NT\$1,099,562 thousand as of 30 September 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(21,945) thousand, NT\$(46,143) thousand, NT\$(66,106) thousand and NT\$(64,663) thousand for the three-month periods and the nine-month periods ended 30 September 2023 and 2022, respectively; and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$27,890 thousand, NT\$14,820 thousand, NT\$4,673 thousand and NT\$95,222 thousand of the consolidated total comprehensive income for the three-month periods and the nine-month periods ended 30 September 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 auditors.

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 auditors 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 of 30 September 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2023 and 2022, and their consolidated cash flows for the nine-month periods ended 30 September 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
9 November 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 Standards on Auditing of the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & 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

30 September 2023, 31 December 2022 and 30 September 2022

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Current assets				
Cash and cash equivalents	IV/VI.1	\$3,135,284	\$2,344,300	\$1,864,363
Financial assets at amortized cost-current	IV/VI.3/VIII	241,314	117,816	33,803
Notes receivable,net	IV/VI.4.16/VIII	439,087	376,873	289,489
Accounts receivable,net	IV/VI.5.15.16/VIII	4,331,498	3,552,270	4,009,881
Accounts receivable-related parties,net	IV/VI.5.16/VII	72,700	81,158	78,404
Other receivables	IV	229,267	148,946	210,318
Inventories,net	IV/VI.6	2,693,042	3,057,404	2,988,084
Other current assets	IV	260,171	308,221	277,309
Total current assets		11,402,363	9,986,988	9,751,651
Non-current assets				
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	633,338	359,454	160,387
Financial assets at amortized cost-noncurrent	IV/VI.3/VIII	11,498	18,098	18,098
Investments accounted for under the equity method	IV/VI.7	2,518,127	2,653,900	2,764,023
Property, plant and equipment	IV/VI.8/VIII	17,371,805	18,192,011	18,291,159
Right-of-use assets	IV/VI.17/VIII	242,612	265,237	266,607
Intangible assets	IV/VI.9.10	861,598	874,249	1,104,956
Deferred tax assets	IV/VI.21	145,646	146,272	211,960
Prepayment for equipment		689,622	701,087	819,293
Other noncurrent assets-others		385,143	342,876	416,239
Total non-current assets		22,859,389	23,553,184	24,052,722
Total assets		\$34,261,752	\$33,540,172	\$33,804,373

(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
30 September 2023, 31 December 2022 and 30 September 2022
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Current liabilities				
Short-term loans	IV/VI.11	\$913,386	\$1,237,828	\$1,058,947
Notes payable		235,902	117,234	243,522
Accounts payable		2,520,298	2,380,515	2,631,497
Accounts payable-related parties	VII	32,553	43,998	45,587
Other payables		1,255,401	1,135,661	1,070,610
Balance payable-machinery and equipment		481,117	573,378	533,395
Current tax liabilities	IV/VI.21	585,804	518,148	460,014
Lease liabilities-current	IV/VI.17	15,282	18,530	16,648
Current portion of long-term liabilities	IV/VI.12	386,090	382,304	455,392
Other current liabilities-others	IV/VI.7.15	442,126	482,277	484,713
Total current liabilities		6,867,959	6,889,873	7,000,325
Non-current liabilities				
Long-term loans	IV/VI.12	1,548,873	1,839,387	2,386,421
Deferred tax liabilities	IV/VI.21	367,404	366,500	330,547
Lease liabilities-noncurrent	IV/VI.17	5,911	16,702	11,976
Accrued pension liabilities	IV/VI.13	126,257	156,923	269,175
Other noncurrent liabilities-others		11,441	5,300	20,270
Total non-current liabilities		2,059,886	2,384,812	3,018,389
Total liabilities		8,927,845	9,274,685	10,018,714
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		2,871,990	2,648,261	2,648,261
Special reserve		96,706	473,048	473,048
Unappropriated earnings		11,555,642	10,659,059	10,229,490
Subtotal		14,524,338	13,780,368	13,350,799
Other equity	IV/VI.14	286,984	(96,706)	(156,153)
Non-controlling interests	IV/VI.14	457,311	516,973	526,161
Total equity		25,333,907	24,265,487	23,785,659
Total liabilities and equity		\$34,261,752	\$33,540,172	\$33,804,373

(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 and nine-month periods ended 30 September 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	2023.7.1~ 2023.9.30	2022.7.1~ 2022.9.30	2023.1.1~ 2023.9.30	2022.1.1~ 2022.9.30
Operating revenues	IV/VI.15/VII	\$6,154,072	\$5,526,946	\$17,303,529	\$15,970,078
Operating costs	IV/VI.6.18/VII	(4,296,071)	(4,166,659)	(12,345,482)	(12,358,940)
Gross profit		1,858,001	1,360,287	4,958,047	3,611,138
Operating expenses	IV/VI.16.17.18/VII				
Sales and marketing expenses		(432,924)	(400,245)	(1,243,786)	(1,158,054)
General and administrative expenses		(270,027)	(265,183)	(783,828)	(778,449)
Research and development expenses		(134,393)	(136,792)	(392,412)	(371,850)
Expected credit losses		(2,537)	-	(3,307)	(3,600)
Subtotal		(839,881)	(802,220)	(2,423,333)	(2,311,953)
Operating income		1,018,120	558,067	2,534,714	1,299,185
Non-operating income and expenses					
Other income	IV/VI.19	78,353	56,509	216,545	146,353
Other gain and loss	IV/VI.19	123,613	218,149	127,502	768,930
Financial costs	IV/VI.19	(14,015)	(18,217)	(47,330)	(73,413)
Share of profit or loss of associates and joint ventures	IV/VI.7	33,802	49,155	(16,655)	52,582
Subtotal		221,753	305,596	280,062	894,452
Income from continuing operations before income tax		1,239,873	863,663	2,814,776	2,193,637
Income tax expense	IV/VI.21	(251,917)	(181,440)	(573,607)	(493,032)
Net income		\$987,956	\$682,223	\$2,241,169	\$1,700,605
Other comprehensive income	IV/VI.20				
Items that may not be reclassified subsequently to profit or loss					
Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income		90,484	(31,827)	273,884	(53,607)
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations		118,624	119,971	112,503	238,797
Share of other comprehensive income (loss) of associates accounted for using the equity method		74,168	25,552	(3,436)	143,560
Total other comprehensive income, net of tax		283,276	113,696	382,951	328,750
Total comprehensive income (loss)		\$1,271,232	\$795,919	\$2,624,120	\$2,029,355
Net income (loss) attributable to:					
Stockholders of the parent		\$974,310	\$699,268	\$2,222,663	\$1,807,726
Non-controlling interests		\$13,646	\$(17,045)	18,506	\$(107,121)
Comprehensive income (loss) attributable to:					
Stockholder of the parent		\$1,248,172	\$810,712	\$2,606,353	\$2,124,621
Non-controlling interests		\$23,060	\$(14,793)	\$17,767	\$(95,266)
Earnings per share (NTD)					
Earnings per share-basic	IV/VI.22	\$1.65	\$1.19	\$3.76	\$3.06
Earnings per share-diluted	IV/VI.22	\$1.65	\$1.19	\$3.76	\$3.06

(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 nine-month ended 30 September 2023 and 2022
(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
Appropriation and distribution of 2021 retained earning										
Legal reserve	-	-	70,929	-	(70,929)	-	-	-	-	-
Special reserve	-	-	-	270,251	(270,251)	-	-	-	-	-
Cash dividends	-	-	-	-	(502,756)	-	-	(502,756)	-	(502,756)
Other changes in additional paid-in capital	-	224	-	-	-	-	-	224	-	224
Net income (loss) for the nine-month ended 30 September 2022	-	-	-	-	1,807,726	-	-	1,807,726	(107,121)	1,700,605
Other comprehensive (loss), net of tax for the nine-month ended 30 September 2022	-	-	-	-	-	370,502	(53,607)	316,895	11,855	328,750
Total comprehensive income (loss)	-	-	-	-	1,807,726	370,502	(53,607)	2,124,621	(95,266)	2,029,355
(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	(9,017)	(9,017)
Balance as of 30 September 2022	<u>\$5,914,771</u>	<u>\$4,150,081</u>	<u>\$2,648,261</u>	<u>\$473,048</u>	<u>\$10,229,490</u>	<u>\$(240,156)</u>	<u>\$84,003</u>	<u>\$23,259,498</u>	<u>\$526,161</u>	<u>\$23,785,659</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
Appropriation and distribution of 2022 retained earning										
Legal reserve	-	-	223,729	-	(223,729)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,478,693)	-	-	(1,478,693)	-	(1,478,693)
Special reserve	-	-	-	(376,342)	376,342	-	-	-	-	-
Other changes in additional paid-in capital	-	422	-	-	-	-	-	422	-	422
Net income (loss) for the nine-month ended 30 September 2023	-	-	-	-	2,222,663	-	-	2,222,663	18,506	2,241,169
Other comprehensive income(loss), net of tax for the nine-month ended 30 September 2023	-	-	-	-	-	109,806	273,884	383,690	(739)	382,951
Total comprehensive income (loss)	-	-	-	-	2,222,663	109,806	273,884	2,606,353	17,767	2,624,120
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(77,429)	(77,429)
Balance as of 30 September 2023	<u>\$5,914,771</u>	<u>\$4,150,503</u>	<u>\$2,871,990</u>	<u>\$96,706</u>	<u>\$11,555,642</u>	<u>\$(269,970)</u>	<u>\$556,954</u>	<u>\$24,876,596</u>	<u>\$457,311</u>	<u>\$25,333,907</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 nine-month ended 30 September 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2023.1.1~ 2023.9.30	2022.1.1~ 2022.9.30	ITEMS	2023.1.1~ 2023.9.30	2022.1.1~ 2022.9.30
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$2,814,776	\$2,193,637	Acquisition of financial assets at amortized cost	(552,840)	(33,706)
Adjustments for:			Disposal of financial assets at amortized cost	435,942	31,317
Income and expense adjustments:			Disposal of equity investments under equity method	-	1,446,141
Depreciation(including right-of-use assets)	2,088,714	2,156,678	Proceeds from capital reduction of equity investments under equity method	-	3,109
Amortization	142,952	253,996	Acquisition of property, plant and equipment	(1,685,174)	(1,508,902)
Expected credit losses	3,307	3,600	Disposal of property, plant and equipment	164,965	57,152
Interest expense	47,330	73,413	Acquisition of intangible assets	(125,142)	(354,467)
Interest income	(56,417)	(9,434)	Disposal of intangible assets	-	31,602
Dividend income	(17,352)	(17,694)	Net cash used in investing activities	(1,762,249)	(327,754)
Share of loss (profit) of associates for using the equity method	16,655	(52,582)			
(Gain) loss on disposal of property, plant and equipment	(7,194)	680	Cash flows from financing activities:		
Loss on disposal of intangible assets	-	107,071	Decrease in short-term loans	(324,442)	(875,878)
(Gain) on disposal of equity investments under equity method	-	(583,965)	Borrow in long-term loans	-	106,332
Impairment loss on non-financial assets	91,064	126,934	Reimburse long-term loans	(286,728)	(2,110,716)
Changes in operating assets and liabilities:			Reimburse lease principal	(15,651)	(15,669)
Notes receivable,net	(62,214)	(243,251)	Cash dividends	(1,478,693)	(502,756)
Accounts receivable,net	(791,356)	(495,429)	Interest paid	(49,370)	(79,143)
Accounts receivable,related parties,net	8,458	24,404	Change in non-controlling interests	(4,508)	(9,017)
Other receivables	(24,952)	10,517	Net cash used in financing activities	(2,159,392)	(3,486,847)
Inventories	364,362	58,422			
Other current assets	72,812	65,187		50,399	65,523
Other non-current assets	(51,922)	(61,370)	Effect of exchange rate changes on cash and cash equivalents		
Other operating assets	99,946	150,859		790,984	410,853
Notes payable	118,668	211,844	Net increase in cash and cash equivalents	2,344,300	1,453,510
Accounts payable	139,783	188,282	Cash and cash equivalents at beginning of period	\$3,135,284	\$1,864,363
Accounts payable,related parties	(11,445)	(20,551)	Cash and cash equivalents at end of period		
Other payables	124,470	(15,615)			
Other current liabilities	(39,427)	101,606			
Accrued pension liabilities	(30,666)	(54,306)			
Other non-current liabilities	6,141	2,148			
Cash generated from operations	5,046,493	4,175,081			
Interest received	48,411	9,434			
Dividend received	71,743	134,116			
Income tax paid	(504,421)	(158,700)			
Net cash provided by operating activities	4,662,226	4,159,931			

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Nine-Month Periods Ended 30 September 2023 and 2022
(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 and motorcycle. 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 nine-month ended 30 September 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of directors on 9 November 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.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The Group determined that the newly published standards and interpretations have no material impact on the Group.

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

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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

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 MATERIAL ACCOUNTING POLICIES

1. Statement of Compliance

The consolidated financial statements of the Group for the nine months ended 30 September 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. recognizes any surplus or deficit in profit or loss; and
- f. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Invest Company	Investee Company	Major business	Percentage of Ownership (%)		
			30 Sep. 2023	31 Dec. 2022	30 Sep. 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%
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	55.00% (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	54.55% (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%

Invest Company	Investee Company	Major business	Percentage of Ownership (%)		
			30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
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 December 2022, and the Group lost control of TYG EUROPE accordingly.

(Note 3): In August 2023, the Company's Board of Directors resolved to cancel the original plan to sell 55% of the equity of DAJING YUCHYANG and instead to liquidate DAJING YUCHYANG directly. The original indirect investment of 30% equity in DAJING TONG YANG through DAJING YUCHYANG was adjusted to the direct investment by TONG YANG HOLDING.

Expect for TONG YANG HOLDING and FUZHOU TONG YANG, the other consolidated subsidiaries' financial reports were 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\$6,079,573 thousand and NT\$6,516,830 thousand; total liabilities amounted to NT\$2,665,115 thousand and NT\$3,150,681 thousand as of 30 September 2023 and 2022; the total comprehensive income amounted to NT\$83,394 thousand, NT\$10,247 thousand, NT\$(6,719) thousand and NT\$(126,695) thousand for the three-month and nine-month periods ended 30 September 2023 and 2022.

- The same accounting policies applied in the Group's consolidated financial statements for the nine-month periods ended September 30, 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 recognised 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

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Cash on hand	\$3,440	\$4,220	\$4,196
Saving account	1,705,276	1,939,611	1,572,458
Time deposits	1,335,984	320,469	197,152
Cash equivalents — short-term notes and bills	90,584	80,000	90,557
Total	<u>\$3,135,284</u>	<u>\$2,344,300</u>	<u>\$1,864,363</u>

2. Financial assets at fair value through other comprehensive income

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Equity instrument investments measured at fair value through other comprehensive income – Non-current			
Unlisted companies stocks	<u>\$633,338</u>	<u>\$359,454</u>	<u>\$160,387</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

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Time deposits	\$194,092	\$29,172	\$30,156
Restricted deposits	58,720	106,742	21,745
Total	<u>\$252,812</u>	<u>\$135,914</u>	<u>\$51,901</u>
Current	\$241,314	\$117,816	\$33,803
Non-current	11,498	18,098	18,098
Total	<u>\$252,812</u>	<u>\$135,914</u>	<u>\$51,901</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, net

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Notes receivables-from operating	\$439,738	\$377,524	\$290,140
Less: allowance for doubtful accounts	(651)	(651)	(651)
Total	<u>\$439,087</u>	<u>\$376,873</u>	<u>\$289,489</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

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Accounts receivables	\$4,370,437	\$3,582,463	\$4,040,767
Less: allowance for doubtful accounts	(38,939)	(30,193)	(30,886)
Subtotal	<u>4,331,498</u>	<u>3,552,270</u>	<u>4,009,881</u>
Accounts receivables-related parties	72,700	81,158	78,404
Less: allowance for doubtful accounts	-	-	-
Subtotal	<u>72,700</u>	<u>81,158</u>	<u>78,404</u>
Total	<u>\$4,404,198</u>	<u>\$3,633,428</u>	<u>\$4,088,285</u>

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

Trade receivables are generally on 15-120 day terms. Accounts receivables amounted to NT\$4,443,137 thousand, NT\$3,663,621 and NT\$4,119,171 thousand as at 30 September 2023, 31 December 2022 and 30 September 2022. Please refer to Note 6.(16) for more details on impairment of trade receivables for the nine-month ended 30 September 2023 and 2022 and please refer to Note 12 for credit risk disclosure.

6. Inventories, net

Details are as follows:

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Raw materials	\$551,496	\$714,608	\$709,601
Supplies and parts	225,224	253,482	264,879
Work in process	465,678	544,882	574,507
Finished goods	1,342,986	1,450,674	1,323,298
Merchandise	107,658	93,758	115,799
Total	<u>\$2,693,042</u>	<u>\$3,057,404</u>	<u>\$2,988,084</u>

The cost of inventories recognized in expenses amounted to NT\$4,296,071 thousand and NT\$4,166,659 thousand for the three-month periods ended 30 September 2023 and 2022, respectively, including the write-down of inventory gains from price recovery of NT\$4,129 thousand and NT\$1,748 thousand for the three month periods ended 30 September 2023 and 2022, respectively.

The cost of inventories recognized in expenses amounted to NT\$12,345,482 thousand and NT\$12,358,940 thousand for the nine-month periods ended 30 September 2023 and 2022, respectively, including the write-down of inventory gains from price recovery of NT\$6,782 thousand and NT\$168 thousand for the nine-month periods ended 30 September 2023 and 2022, respectively.

Inventories were not pledged.

7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

Investee Company	30 Sep. 2023		31 Dec. 2022		30 Sep. 2022	
	Percentage		Percentage		Percentage	
	of		of		of	
	Amount	ownership	Amount	ownership	Amount	ownership
<u>Unlisted company</u>						
TUNG YANG CHEMICAL CO., LTD.	\$113,836	40.00%	\$117,324	40.00%	\$113,252	40.00%
C&D CAPITAL CORPORATION.(Note 1)	-	-%	-	-%	2,352	33.34%
C&D II CAPITAL CORPORATION.	68,604	42.53%	74,387	42.53%	77,296	42.53%
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	1,582,066	49.00%	1,645,687	49.00%	1,664,461	49.00%
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	325,297	49.00%	381,092	49.00%	461,638	49.00%
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	324,268	45.00%	334,567	45.00%	347,433	45.00%
WUHAN XIANG XING AUTO PARTS CO., LTD.	88,896	25.00%	85,710	25.00%	82,433	25.00%
WU'S PLASTICS CO.,LTD.(literal translation)	15,160	50.00%	15,133	50.00%	15,158	50.00%
Total	<u>\$2,518,127</u>		<u>\$2,653,900</u>		<u>\$2,764,023</u>	

Note 1: 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\$2,518,127 thousand, NT\$2,653,900 and NT\$2,764,023 thousand as at 30 September 2023, 31 December 2022 and 30 September 2022.

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

	1 Jul.~ 30 Sep.2023	1 Jul.~ 30 Sep.2022	1 Jan.~ 30 Sep.2023	1 Jan.~ 30 Sep.2022
Profit or loss from continuing operations	\$33,802	\$49,155	\$(16,655)	\$52,582
Other comprehensive income	74,168	25,552	(3,436)	143,560
Total comprehensive income	<u>\$107,970</u>	<u>\$74,707</u>	<u>\$(20,091)</u>	<u>\$196,142</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\$936,061 thousand and NT\$1,099,562 thousand, as of 30 September 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\$(21,945) thousand, NT\$(46,143) thousand, NT\$(66,106) thousand and NT\$(64,663) thousand for the three-month periods starting from 1 July and the nine-month periods ended 30 September 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\$27,890 thousand, NT\$14,820 thousand, NT\$4,673 thousand and NT\$95,222 thousand for the three-month periods starting from 1 July and the nine-month periods ended 30 September 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 30 September 2023, 31 December 2022 and 30 September 2022.

8. Property, plant and equipment

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Owner occupied property, plant and equipment	<u>\$17,371,805</u>	<u>\$18,192,011</u>	<u>\$18,291,159</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	-	26,507	146,736	1,128,004	21,518	34,689	39,113	30,479	-	74,775	1,501,821
Disposal	-	(89,566)	(713,843)	(1,484,428)	(8,416)	(68,694)	(37,403)	(75,815)	(135)	(4,121)	(2,482,421)
Exchange difference	722	13,990	7,338	10,204	7	87	(130)	(25)	-	(12)	32,181
Transfer	-	54,164	4,428	-	3,072	-	-	(4,428)	-	(54,164)	3,072
Other	-	(277,600)	(245,592)	-	-	-	(8,888)	(59,409)	-	-	(591,489)
30 Sep. 2023	<u>\$4,103,678</u>	<u>\$8,155,013</u>	<u>\$6,384,672</u>	<u>\$11,742,401</u>	<u>\$119,247</u>	<u>\$376,447</u>	<u>\$489,698</u>	<u>\$379,200</u>	<u>\$ -</u>	<u>\$127,085</u>	<u>\$31,877,441</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	110,089	14,682	160,782	1,129,061	26,216	21,713	12,089	26,935	-	106,812	1,608,379
Disposal	-	(10,438)	(116,557)	(749,917)	(13,450)	(18,768)	(827)	(27,531)	-	-	(937,488)
Exchange difference	1,885	105,445	112,786	36,203	2,326	1,300	1,693	4,055	-	3,510	269,203
Transfer	-	6,934	1,656	2,211	14,497	-	-	-	-	(25,298)	-
Other	-	-	-	-	-	-	-	(5,799)	-	(5,346)	(11,145)
30 Sep. 2022	<u>\$4,103,516</u>	<u>\$8,223,485</u>	<u>\$7,676,163</u>	<u>\$13,093,477</u>	<u>\$158,759</u>	<u>\$422,066</u>	<u>\$518,002</u>	<u>\$535,971</u>	<u>\$135</u>	<u>\$338,416</u>	<u>\$35,069,990</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	-	240,797	440,316	1,250,515	11,433	34,436	38,029	52,008	15	-	2,067,549
Impairment loss	-	762	46,848	-	53	-	-	-	-	-	47,663
Disposal	-	(89,566)	(689,064)	(1,358,060)	(8,255)	(67,426)	(37,055)	(75,089)	(135)	-	(2,324,650)
Exchange difference	-	10,625	338	4,907	15	87	(46)	94	-	-	16,020
Transfer	-	-	-	-	1,699	-	-	1,373	-	-	3,072
Other	-	(227,491)	(231,047)	-	-	-	(8,379)	(59,367)	-	-	(526,284)
30 Sep. 2023	<u>\$-</u>	<u>\$3,120,266</u>	<u>\$4,462,392</u>	<u>\$6,105,043</u>	<u>\$63,532</u>	<u>\$219,540</u>	<u>\$280,093</u>	<u>\$254,770</u>	<u>\$ -</u>	<u>\$-</u>	<u>\$14,505,636</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	
1 Jan. 2022	\$-	\$2,953,182	\$4,676,345	\$6,674,682	\$78,297	\$239,982	\$261,958	\$372,693	\$75	\$-
Depreciation	-	233,911	494,489	1,256,774	14,539	37,077	39,299	58,047	34	-
Impairment loss	-	-	109,575	17,001	-	-	70	288	-	-
Disposal	-	(9,404)	(82,704)	(727,843)	(13,333)	(18,212)	(827)	(27,333)	-	-
Exchange difference	-	49,186	65,419	19,660	1,762	885	972	3,807	-	-
Other	-	-	-	-	-	-	-	(1,522)	-	-
30 Sep. 2022	\$-	\$3,226,875	\$5,263,124	\$7,240,274	\$81,265	\$259,732	\$301,472	\$405,980	\$109	\$-

Net book value:

30 Sep. 2023	\$4,103,678	\$5,034,747	\$1,922,280	\$5,637,358	\$55,715	\$156,907	\$209,605	\$124,430	\$-	\$127,085	\$17,371,805
31 Dec. 2022	\$4,102,956	\$5,242,379	\$2,290,604	\$5,880,940	\$44,479	\$157,922	\$209,462	\$152,647	\$15	\$110,607	\$18,192,011
30 Sep. 2022	\$4,103,516	\$4,996,610	\$2,413,039	\$5,853,203	\$77,494	\$162,334	\$216,530	\$129,991	\$26	\$338,416	\$18,291,159

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

Items	1 Jan. ~ 30 Sep. 2023	1 Jan. ~ 30 Sep. 2022
Construction in progress	\$2,582	\$4,068
The interest rate interval of borrowing cost capitalization	0.42%~0.6%	0.48%~0.58%

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	18,233	106,909	-	125,142
Decrease	(38,716)	(104,656)	-	(143,372)
Exchange differences	728	(4,985)	-	(4,257)
Other	(2,722)	106,538	-	103,816
30 Sep. 2023	<u>\$200,581</u>	<u>\$3,086,000</u>	<u>\$319,650</u>	<u>\$3,606,231</u>
1 Jan. 2022	\$253,763	\$3,351,537	\$319,650	\$3,924,950
Addition - acquired separately	20,466	334,001	-	354,467
Decrease	(24,185)	(589,731)	-	(613,916)
Exchange differences	3,605	57,846	-	61,451
Other	-	11,145	-	11,145
30 Sep. 2022	<u>\$253,649</u>	<u>\$3,164,798</u>	<u>\$319,650</u>	<u>\$3,738,097</u>
Amortization and impairment:				
1 Jan. 2023	\$174,337	\$2,476,316	\$-	\$2,650,653
Amortization	19,166	123,786	-	142,952
Decrease	(38,716)	(4,710)	-	(43,426)
Exchange differences	567	(3,391)	-	(2,824)
Other	(2,722)	-	-	(2,722)
30 Sep. 2023	<u>\$152,632</u>	<u>\$2,592,001</u>	<u>\$-</u>	<u>\$2,744,633</u>
1 Jan. 2022	\$193,793	\$2,470,204	\$-	\$2,663,997
Amortization	26,254	227,742	-	253,996
Decrease	(24,185)	(300,199)	-	(324,384)
Exchange differences	3,124	34,886	-	38,010
Other	-	1,522	-	1,522
30 Sep. 2022	<u>\$198,986</u>	<u>\$2,434,155</u>	<u>\$-</u>	<u>\$2,633,141</u>
Net book value:				
30 Sep. 2023	<u>\$47,949</u>	<u>\$493,999</u>	<u>\$319,650</u>	<u>\$861,598</u>
31 Dec. 2022	<u>\$48,721</u>	<u>\$505,878</u>	<u>\$319,650</u>	<u>\$874,249</u>
30 Sep. 2022	<u>\$54,663</u>	<u>\$730,643</u>	<u>\$319,650</u>	<u>\$1,104,956</u>

Intangible assets amortization

	1 Jul. ~ 30 Sep.2023	1 Jul. ~ 30 Sep.2022	1 Jan. ~ 30 Sep.2023	1 Jan. ~ 30 Sep.2022
Included in cost of goods sold :				
Amortization	<u>\$23,079</u>	<u>\$103,388</u>	<u>\$119,705</u>	<u>\$224,550</u>
Included in sales and marketing expenses :				
Amortization	<u>\$1,073</u>	<u>\$67</u>	<u>\$3,280</u>	<u>\$1,043</u>
Included in general and administrative expenses :				
Amortization	<u>\$4,523</u>	<u>\$7,990</u>	<u>\$17,430</u>	<u>\$26,353</u>
Included in research and development expenses :				
Amortization	<u>\$787</u>	<u>\$821</u>	<u>\$2,537</u>	<u>\$2,050</u>

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
30 Sep. 2023	<u>\$319,650</u>
31 Dec. 2022	<u>\$319,650</u>
30 Sep. 2022	<u>\$319,650</u>

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 nine-month periods ended 30 September 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 were 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>30 Sep. 2023</u>
Unsecured Loans	3.60%~7.24%	\$542,472
Secured Loans	4.10%~4.80%	370,914
Total		<u>\$913,386</u>

	<u>Interest rate range</u>	<u>31 Dec. 2022</u>
Unsecured Loans	1.90%~5.00%	\$931,686
Secured Loans	3.90%~4.80%	306,142
Total		<u>\$1,237,828</u>

	<u>Interest rate range</u>	<u>30 Sep. 2022</u>
Unsecured Loans	3.45%~6.26%	\$710,420
Secured Loans	1.86%~4.90%	348,527
Total		<u>\$1,058,947</u>

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

12. Long-term Loans

Details are as follows:

<u>Creditors</u>	<u>Period</u>	<u>30 Sep. 2023</u>		<u>Redemption</u>
		<u>Amount</u>	<u>Interest rate</u>	
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$348,055	(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	104,125	(Note)	Principal is repaid by 48 monthly payment, with the first to third instalments paying NT\$3,062,502 each, the fourth to 47th instalments paying NT\$3,062,498 each and the last payment being NT\$3,062,582, starting from Aug. 2022.

		30 Sep. 2023		
Creditors	Period	Amount	Interest rate	Redemption
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	406,064	(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	121,479	(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.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	348,055	(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	5 Jul. 2019~ 15 Jul. 2026	104,125	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500, 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.
O-bank	4 Jul. 2019~ 15 Jul. 2029	279,737	(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.

		30 Sep. 2023		
Creditors	Period	Amount	Interest rate	Redemption
O-bank	4 Jul. 2019~ 15 Jul. 2026	82,213	(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		1,934,963		
Less: current portion		(386,090)		
Total		<u>\$1,548,873</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, with the first to third instalments paying NT\$3,062,502 each, the fourth to 47th instalments paying NT\$3,062,498 each and the last payment being NT\$3,062,582, 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.

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
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.
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.

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
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>		

		30 Sep. 2022		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$407,722	(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	140,875	(Note)	Principal is repaid by 48 monthly payment, with the first to third instalments paying NT\$3,062,502 each, the fourth to 47th instalments paying NT\$3,062,498 each and the last payment being NT\$3,062,582, 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.
Hua Nan Bank	19 Aug. 2019~ 15 Sep. 2024	246,539	(Note)	Principal is repaid by 24 monthly payment of NT\$14,502,293, with the last payment being NT\$14,502,261, starting from Oct. 2022. The company has repaid NT\$101,516 thousand in 2022.

Creditors	Period	30 Sep. 2022		Redemption
		Amount	Interest rate	
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.
Hua Nan Bank	17 May. 2022~ 15 May. 2027	29,445	(Note)	Principal is repaid by 24 monthly payment of NT\$1,226,875, starting from Jun. 2025.
KGI Bank	20 Aug. 2019~ 15 Sep. 2024	167,067	(Note)	Principal is repaid by 25 monthly payment of NT\$13,922,200, starting from Sep. 2022. The company has repaid NT\$167,066 thousand in 2022.
KGI Bank	20 Aug. 2019~ 15 Sep. 2024	1,718	(Note)	Principal is repaid by 25 monthly payment of NT\$143,200, starting from Sep. 2022. The company has repaid NT\$1,718 thousand in 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	475,675	(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	164,354	(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.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	407,722	(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.

Creditors	Period	30 Sep. 2022		Redemption
		Amount	Interest rate	
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	140,875	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500, 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.
O-bank	4 Jul. 2019~ 15 Jul. 2029	327,692	(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. 2029	111,243	(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.
BPM Bank	20 Dec. 2019~ 31 Dec. 2022	576 (EUR 19)	1.75%	Principal is repaid by 12 quarterly payments of EUR 19 thousand.
Subtotal		2,841,813		
Less: current portion		(455,392)		
Total		<u>\$2,386,421</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 30 September 2023 and 2022 were NT\$31,203 thousand and NT\$30,946 thousand, respectively.

Pension expenses under the defined contribution plan for the nine-month periods ended 30 September 2023 and 2022 were NT\$89,989 thousand and NT\$87,617 thousand, respectively.

Defined benefits plan

Pension expenses under the defined benefits plan for the three-month periods ended 30 September 2023 and 2022 were NT\$526 thousand and NT\$803 thousand, respectively.

Pension expenses under the defined benefits plan for the nine-month periods ended 30 September 2023 and 2022 were NT\$1,579 thousand and NT\$2,407 thousand, respectively.

14. Equity

(1) Common stock

As of 30 September 2023, 31 December 2022 and 30 September 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		
	30 Sep. 2023	31 Dec. 2022	30 Sep.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 2021 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 19 June 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 (reversed)	(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~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Balance as of 1 January	\$516,973	\$630,444
Attributable to non-controlling interests net (loss)	18,506	(107,121)
Attributable to non-controlling interests other comprehensive income:		
Exchange differences resulting from translating the financial statements of foreign operations	(739)	11,855
Other	(77,429)	(9,017)
Balance as of 30 September	<u>\$457,311</u>	<u>\$526,161</u>

15. Sales Revenue

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Sales - Finished goods	\$5,144,595	\$4,714,873	\$14,709,824	\$13,425,925
Sales - Merchandise	737,027	716,983	1,992,776	1,973,016
Sales - Others	272,450	95,090	600,929	571,137
Total	<u>\$6,154,072</u>	<u>\$5,526,946</u>	<u>\$17,303,529</u>	<u>\$15,970,078</u>

Analysis of revenue from contracts with customers during the nine-month periods ended 30 September 2023 and 2022 are as follows:

(1) Disaggregation of revenue

For the three-month period ended 30 September 2023:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,411,982	\$3,732,614	\$5,144,596
Sales - Merchandise	43,311	693,715	737,026
Sales - Others	211,633	60,817	272,450
Total	<u>\$1,666,926</u>	<u>\$4,487,146</u>	<u>\$6,154,072</u>

Timing of revenue recognition:

At a point in time	<u>\$1,666,926</u>	<u>\$4,487,146</u>	<u>\$6,154,072</u>
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For the nine-month period ended 30 September 2023:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$4,128,285	\$10,581,539	\$14,709,824
Sales - Merchandise	78,626	1,914,150	1,992,776
Sales - Others	490,800	110,129	600,929
Total	<u>\$4,697,711</u>	<u>\$12,605,818</u>	<u>\$17,303,529</u>

Timing of revenue recognition:

At a point in time	<u>\$4,697,711</u>	<u>\$12,605,818</u>	<u>\$17,303,529</u>
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For the three-month period ended 30 September 2022:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,483,677	\$3,231,196	\$4,714,873
Sales - Merchandise	95,322	621,661	716,983
Sales - Others	77,712	17,378	95,090
Total	<u>\$1,656,711</u>	<u>\$3,870,235</u>	<u>\$5,526,946</u>

Timing of revenue recognition:

At a point in time	<u>\$1,656,711</u>	<u>\$3,870,235</u>	<u>\$5,526,946</u>
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For the nine-month period ended 30 September 2022:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$4,009,857	\$9,416,068	\$13,425,925
Sales - Merchandise	171,274	1,801,742	1,973,016
Sales - Others	473,797	97,340	571,137
Total	<u>\$4,654,928</u>	<u>\$11,315,150</u>	<u>\$15,970,078</u>

Timing of revenue recognition:

At a point in time	<u>\$4,654,928</u>	<u>\$11,315,150</u>	<u>\$15,970,078</u>
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(2) Contract balances

A. Contract assets - current

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022	1 Jan. 2022
Sales of goods	\$249,939	\$192,722	\$71,520	\$74,605
Less: loss allowance	-	-	-	-
Total	<u>\$249,939</u>	<u>\$192,722</u>	<u>\$71,520</u>	<u>\$74,605</u>

The significant changes in the Group's balances of contract assets during the nine-month periods ended 30 September 2023 and 2022 are as follows:

	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
The opening balance transferred to trade receivables	\$(192,722)	\$(74,605)
The current contract consideration has not yet been unconditionally charged	249,939	71,520

B. Contract liabilities - current

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022	1 Jan. 2022
Sales of goods	<u>\$242,342</u>	<u>\$296,474</u>	<u>\$301,981</u>	<u>\$242,073</u>

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended 30 September 2022 and 2020 are as follows:

	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
The opening balance transferred to revenue	\$(150,195)	\$(152,694)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	96,063	212,602

16. Expected credit losses / (gains)

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Operating Expense- Expected credit losses				
Accounts Receivables	<u>\$2,537</u>	<u>\$-</u>	<u>\$3,307</u>	<u>\$3,600</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 30 September 2023, 31 December 2022 and 30 September 2022 is 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 30 September 2023

	Not yet due	Overdue					Total
		<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying							
amount	\$4,458,673	\$408,723	\$13,198	\$1,034	\$1,247	\$-	\$4,882,875
Loss ratio	0.5%	0.5~1%	1~5%	5~21%	21~100%	100%	
Lifetime expected							
credit losses	36,218	2,262	302	127	681	-	39,590
Carrying amount	\$4,422,455	\$406,461	\$12,896	\$907	\$566	\$-	\$4,843,285

As at 31 December 2022

	Not yet due	Overdue					Total
		<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
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 30 September 2022

	Not yet due	Overdue					Total
		<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying							
amount	\$4,011,222	\$365,424	\$23,419	\$5,851	\$903	\$2,492	\$4,409,311
Loss ratio	0.5%	0.5~1%	1~5%	11~20%	34~94%	100%	
Lifetime expected							
credit losses	25,035	2,223	323	1,084	380	2,492	31,537
Carrying amount	\$3,986,187	\$363,201	\$23,096	\$4,767	\$523	\$-	\$4,377,774

The movement in the provision for impairment of note receivables and trade receivables during the nine-month periods ended 30 September 2023 and 2022 are as follows:

	Contract assets	Note receivables	Trade receivables
1 Jan. 2023	\$-	\$651	\$30,193
Addition/(reversal) for the current period	-	-	3,307
Write off	-	-	-
Other	-	-	5,322
Exchange difference	-	-	117
30 Sep. 2023	<u>\$-</u>	<u>\$651</u>	<u>\$38,939</u>

	Contract assets	Note receivables	Trade receivables
1 Jan. 2022	\$-	\$651	\$26,608
Addition/(reversal) for the current period	-	-	3,600
Write off	-	-	-
Exchange difference	-	-	678
30 Sep. 2022	<u>\$-</u>	<u>\$651</u>	<u>\$30,886</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		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Land	\$231,001	\$251,625	\$259,839
Other equipment	11,611	13,612	6,768
Total	<u>\$242,612</u>	<u>\$265,237</u>	<u>\$266,607</u>

During the nine-month periods ended 30 September 2023 and 2022, the Group's additions to right-of-use assets amounting to NT\$1,052 thousand and NT\$2,233 thousand.

(b) Lease liabilities

	As at		
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Lease liabilities	<u>\$21,193</u>	<u>\$35,232</u>	<u>\$28,624</u>
Current	15,282	18,530	16,648
Non-current	<u>5,911</u>	<u>16,702</u>	<u>11,976</u>
Total	<u>\$21,193</u>	<u>\$35,232</u>	<u>\$28,624</u>

Please refer to Note 6.(19) for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2023 and 2022 refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 30 September 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Land	\$5,972	\$6,537	\$18,265	\$19,607
Other equipment	967	967	2,900	2,901
Total	<u>\$6,939</u>	<u>\$7,504</u>	<u>\$21,165</u>	<u>\$22,508</u>

C. Income and costs relating to leasing activities

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
The expenses relating to short-term leases	\$2,738	\$2,553	\$8,324	\$7,651
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	<u>166</u>	<u>677</u>	<u>337</u>	<u>2,006</u>
Total	<u>\$2,904</u>	<u>\$3,230</u>	<u>\$8,661</u>	<u>\$9,657</u>

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 30 September 2023

and 2022 were NT\$0 thousand and NT\$1,075 thousand and for the nine-month periods ended 30 September 2023 and 2022 were NT\$0 thousand and NT\$2,249 thousand, to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

D. Cash outflow relating to leasing activities

During the nine-month periods ended 30 September 2023 and 2022, the Group's total cash outflows for leases amounting to NT24,499 thousand and NT\$25,644 thousand.

18. For the three-month periods and nine-month periods ended 30 September 2023 and 2022, the Group's personnel, depreciation and amortization expenses are summarized as follows:

Function Character	1 Jul. 2023~30 Sep. 2023			1 Jul. 2022~30 Sep. 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Salaries	\$475,601	\$327,065	\$802,666	\$438,739	\$314,681	\$753,420
Insurances	46,248	23,149	69,397	43,223	29,022	72,245
Pensions	17,372	14,357	31,729	16,616	15,133	31,749
Other personnel expenses	17,948	16,950	34,898	18,776	18,021	36,797
Depreciations	631,626	55,745	687,371	650,846	57,635	708,481
Amortization	23,079	6,383	29,462	103,388	8,878	112,266

Function Character	1 Jan. 2023~30 Sep. 2023			1 Jan. 2022~30 Sep. 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Salaries	\$1,374,354	\$937,085	\$2,311,439	\$1,225,627	\$876,843	\$2,102,470
Insurances	136,369	87,489	223,858	126,731	82,223	208,954
Pensions	50,421	41,147	91,568	48,501	41,523	90,024
Other personnel expenses	54,071	48,532	102,603	54,334	50,324	104,658
Depreciations	1,919,571	169,143	2,088,714	1,971,449	185,229	2,156,678
Amortization	119,705	23,247	142,952	224,550	29,446	253,996

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-month periods ended 30 September 2023 and 2022. The amounts of employees' compensation and remunerations to directors were NT\$1,250 thousand and NT\$3,750 thousand, for the nine-month periods ended 30 September 2023 and 2022, the amounts of employees' compensation and remunerations to directors were NT\$3,750 thousand and NT\$11,250 thousand, for the nine-month periods ended 30 September 2023 and 2022.

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 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Rent income	\$1,119	\$5,767	\$4,854	\$11,407
Interest income	20,900	4,692	56,417	9,434
Dividend income	7,629	-	17,352	17,694
Other income-other	48,705	46,050	137,922	107,818
Total	<u>\$78,353</u>	<u>\$56,509</u>	<u>\$216,545</u>	<u>\$146,353</u>

(2) Other gains and losses

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
(Losses) gains on disposal of property, plant and equipment	\$(1,796)	\$(1,175)	\$7,194	\$(680)
(Losses) on disposal of intangible assets	-	(23)	-	(107,071)
Gain on disposal of equity investments under equity method	-	9,491	-	583,965
Foreign exchange gain , net	187,481	209,429	240,519	415,593
Impairment loss	(47,663)	(16)	(91,064)	(126,934)
Other (losses) gains	(14,409)	443	(29,147)	4,057
Total	<u>\$123,613</u>	<u>\$218,149</u>	<u>\$127,502</u>	<u>\$768,930</u>

(3) Finance costs

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Bank Loans	\$(13,978)	\$(18,134)	\$(47,143)	\$(73,095)
Lease liability interest expenses	(37)	(83)	(187)	(318)
Interest expenses subtotal	<u>(14,015)</u>	<u>(18,217)</u>	<u>(47,330)</u>	<u>(73,413)</u>
Total	<u>\$ (14,015)</u>	<u>\$ (18,217)</u>	<u>\$ (47,330)</u>	<u>\$ (73,413)</u>

20. Components of other comprehensive income

	Arising during	Income tax profit	Other
Three months ended 30 Sep. 2023	the period	(expense)	comprehensive
Not to be reclassified to profit or loss in subsequent periods:			income, net of tax
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$90,484	\$-	\$90,484
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	118,624	-	118,624
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	74,168	-	74,168
Total other comprehensive income	<u>\$283,276</u>	<u>\$-</u>	<u>\$283,276</u>

	Arising during	Income tax profit	Other
Three months ended 30 Sep. 2022	the period	(expense)	comprehensive
Not to be reclassified to profit or loss in subsequent periods:			income, net of tax
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$(31,827)	\$-	\$(31,827)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	119,971	-	119,971
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	25,552	-	25,552
Total other comprehensive income	<u>\$113,696</u>	<u>\$-</u>	<u>\$113,696</u>

	Arising during	Income tax profit	Other
Nine months ended 30 Sep. 2023	the period	(expense)	comprehensive
			income, net of tax
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	\$273,884	\$-	\$273,884
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	112,503	-	112,503
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(3,436)	-	(3,436)
Total other comprehensive income	<u>\$382,951</u>	<u>\$-</u>	<u>\$382,951</u>

	Arising during	Income tax profit	Other
Nine months ended 30 Sep. 2022	the period	(expense)	comprehensive
			income, net of tax
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	\$(53,607)	\$-	\$(53,607)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	238,797	-	238,797
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	143,560	-	143,560
Total other comprehensive income	<u>\$328,750</u>	<u>\$-</u>	<u>\$328,750</u>

21. Income Tax

The major components of income tax expense (income) are as follows:

Income tax recorded in profit or loss

	1 Jul. 2023 ~ 30 Sep. 2023	1 Jul. 2022 ~ 30 Sep. 2022	1 Jan. 2023 ~ 30 Sep. 2023	1 Jan. 2022 ~ 30 Sep. 2022
Current income tax expense:				
Current income tax charge	\$251,917	\$176,179	\$577,244	\$488,946
Adjustments in respect of current income tax of prior periods	-	-	(3,637)	(3,049)
Deferred tax expense:				
Deferred tax expense relating to origination reversal of temporary difference	-	5,261	-	7,135
Total Income tax expense	<u>\$251,917</u>	<u>\$181,440</u>	<u>\$573,607</u>	<u>\$493,032</u>

The assessment of income tax returns

As of 30 September 2023, the Group's 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 Jul. 2023 ~ 30 Sep. 2023	1 Jul. 2022 ~ 30 Sep. 2022	1 Jan. 2023 ~ 30 Sep. 2023	1 Jan. 2022 ~ 30 Sep. 2022
(1) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$974,310	\$699,268	\$2,222,663	\$1,807,726
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477	591,477	591,477
Basic earnings per share (NT\$)	\$1.65	\$1.19	\$3.76	\$3.06
(2) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$974,310	\$699,268	\$2,222,663	\$1,807,726
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477	591,477	591,477
Effect of dilution:				
Employee bonus — stock (in thousands)	76	124	76	124
Weighted average number of ordinary shares outstanding after dilution (in thousands)	591,553	591,601	591,553	591,601
Diluted earnings per share (NT\$)	\$1.65	\$1.19	\$3.76	\$3.06

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

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.

Significant related parties transactions

(1) Sales

	1 Jul. 2023 ~ 30 Sep. 2023	1 Jul. 2022 ~ 30 Sep. 2022	1 Jan. 2023 ~ 30 Sep. 2023	1 Jan. 2022 ~ 30 Sep. 2022
Associates	<u>\$67,637</u>	<u>\$71,703</u>	<u>\$227,883</u>	<u>\$242,980</u>

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

(2) Purchases

	1 Jul. 2023 ~ 30 Sep. 2023	1 Jul. 2022 ~ 30 Sep. 2022	1 Jan. 2023 ~ 30 Sep. 2023	1 Jan. 2022 ~ 30 Sep. 2022
Associates	<u>\$36,245</u>	<u>\$51,419</u>	<u>\$114,206</u>	<u>\$155,827</u>

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

(3) Accounts Receivables - Related parties

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Associates	<u>\$72,700</u>	<u>\$81,158</u>	<u>\$78,404</u>

(4) Accounts Payables - Related parties

	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022
Associates	\$32,553	\$43,998	\$45,587

(5) Key management personnel compensation

	1 Jul. 2023~ 30 Sep. 2023	1 Jul. 2022~ 30 Sep. 2022	1 Jan. 2023~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Short-term employee benefits	\$19,781	\$18,728	\$57,186	\$55,239
Post-employment benefits	27	27	81	81
Total	\$19,808	\$18,755	\$57,267	\$55,320

(6) Other

The amount of service fees paid by the Group to an other related party for the three-month periods ended 30 September 2023 and 2022 were NT\$2,809 thousand and NT\$2,681 thousand, respectively. And for the nine-month periods ended 30 September 2023 and 2022 were NT\$8,307 thousand and NT\$7,791 thousand, respectively.

VIII. ASSETS PLEDGED AS COLLATERAL

The following assets of the Group are pledged as collaterals:

Item	Amount			Purpose of pledge
	30 Sep. 2023	31 Dec. 2022	30 Sep. 2022	
Financial assets measured at amortized cost-noncurrent	\$11,498	\$18,098	\$18,098	Notes payables and guarantee
Financial assets measured at amortized cost-current	47,222	88,644	3,647	Notes payables
Accounts receivables	-	-	12,353	Bank loans
Notes receivables	188,162	280,913	239,333	Notes payables
Property, plant and equipment-Land	225,647	225,647	225,647	Bank loans
Property, plant and equipment-Buildings	820,692	891,686	908,186	Bank loans
Right-of-use assets	152,597	165,339	167,810	Bank loans
Total	\$1,445,818	\$1,670,327	\$1,575,074	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

1. As of 30 September 2023, the Group 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>30 Sep. 2023</u>
USD	1,050
JPY	578
NTD	88,065

(2) The financial institution provided a guarantee of NTD\$71,000 thousand to the Group's vendors for securing the Group's purchases from them.

2. As of 30 September 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 Group 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 30 September 2023, the Group has entered into a binding contract for the fourth quarter of 2023 with CHINA STEEL CORPORATION. The contract price is NT\$239,170 thousand. The Company has already drawn up a guarantee note of NT\$18,000 thousand.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

For the overall planning and operation management of the Group, the Group sold the land use rights, the buildings and related ancillary equipment and facilities owned by the sub-subsidiary in Mainland China to non-related parties for RMB84,500 thousand as resolved at the board meeting held on 3 October 2023.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Financial assets at fair value through other comprehensive income	\$633,338	\$359,454	\$160,387
Financial assets measured at amortized cost:			
Cash and cash equivalents (excludes cash on hand)	3,131,844	2,272,185	1,860,167
Financial assets measured at amortized cost			
cost	252,812	135,914	51,901
Notes receivables(related parties included)	439,087	376,873	289,489
Accounts receivables (related parties included)	4,404,198	3,633,428	4,088,285
Other receivables(related parties included)	229,267	148,946	210,318
Total	<u>\$9,090,546</u>	<u>\$6,926,800</u>	<u>\$6,660,547</u>

Financial Liabilities

	<u>30 Sep. 2023</u>	<u>31 Dec. 2022</u>	<u>30 Sep. 2022</u>
Financial liabilities at amortized cost:			
Short-term loans	\$913,386	\$1,237,828	\$1,058,947
Payables	4,525,271	4,250,786	4,524,611
Lease liabilities	21,193	35,232	28,624
Long-term loans (current portion included)	1,934,963	2,221,691	2,841,813
Total	<u>\$7,394,813</u>	<u>\$7,745,537</u>	<u>\$8,453,995</u>

2. Financial risk management objectives and policies

The Group's 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 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 changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign 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 nine-month periods ended 30 September 2023 and 2022 decreases/increases by NT\$44,190 thousand and NT\$31,938 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 floating rate loans and manages its interests by entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify as hedge accounting.

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 floating 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 nine-month periods ended 30 September 2023 and 2022 to decrease/increase by NT\$402 thousand and NT\$1,492 thousand, respectively.

Equity price risk

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 listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. 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.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers 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 30 September 2023, 31 December 2022 and 30 September 2022, accounts receivables from top ten customers represented 54%, 48% and 47% 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 and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

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 marketable securities bank borrowings and 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
30 Sep. 2023					
Loans	\$1,328,030	\$403,426	\$383,866	\$782,770	\$2,898,092
Payables	4,525,271	-	-	-	4,525,271
Lease liabilities	13,946	3,132	2,603	3,112	22,793
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
30 Sep. 2022					
Loans	\$1,555,162	\$748,371	\$445,528	\$1,215,821	\$3,964,882
Payables	4,524,611	-	-	-	4,524,611
Lease liabilities	16,685	11,909	124	279	28,997

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine months ended 30 September 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	(324,442)	(286,728)	(15,651)	(626,821)
Non-cash change	-	-	1,612	1,612
Foreign exchange movement	-	-	-	-
30 Sep. 2023	<u>\$913,386</u>	<u>\$1,934,963</u>	<u>\$21,193</u>	<u>\$2,869,542</u>

Reconciliation of liabilities for the nine months ended 30 September 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	(875,878)	(2,004,384)	(15,669)	(2,895,931)
Non-cash change	-	-	2,552	2,552
Foreign exchange movement	-	11,359	-	11,359
30 Sep. 2022	<u>\$1,058,947</u>	<u>\$2,841,813</u>	<u>\$28,624</u>	<u>\$3,929,384</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:

30 Sep. 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	\$-	\$-	\$633,338	\$633,338

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

30 Sep. 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	\$-	\$-	\$160,387	\$160,387

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 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~ 30 Sep. 2023	1 Jan. 2022~ 30 Sep. 2022
Beginning balances	\$359,454	\$213,994
Total gains and losses recognized:		
Amount recognized in OCI	273,884	(53,607)
Ending balances	<u>\$633,338</u>	<u>\$160,387</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 30 September 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	11.16 ~ 20.23	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\$62,334 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 30 September 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	7.60~ 20.38	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\$15,039 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 Company's significant assets and liabilities denominated in foreign currencies are as follows:

Unit: thousands			
30 Sep. 2023			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$138,492	32.268	\$4,468,860
CNY	416,062	4.418	1,838,160
Non-monetary items:			
CNY	525,244	4.418	2,320,527
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,545	32.268	\$49,854
CNY	562,839	4.418	2,486,623

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
30 Sep. 2022			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$102,170	31.743	\$3,243,182
CNY	411,363	4.466	1,837,147
Non-monetary items:			
CNY	572,316	4.466	2,555,965
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,556	31.743	\$49,392
CNY	762,227	4.466	3,404,106

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the three-months periods and the nine-month periods ended 30 September 2023 and 2022, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$187,481 thousand, NT\$209,429 thousand, NT\$240,519 thousand and NT\$415,593 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 Showa Denko Materials Co., Ltd) 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 2021, 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 nine months ended 30 September 2023: Please refer to Attachment 2.
- (b) Endorsement/Guarantee provided to others for the nine months ended 30 September 2023: Please refer to Attachment 3.
- (c) Securities held as of 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2023: None.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 30 September 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 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as of 30 September 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 loss.

1 Jul. 2023~ 30 Sep. 2023	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External				
customers	\$1,666,926	\$4,487,146	\$-	\$6,154,072
Inter-segment	30,155	-	(30,155)	-
Total revenue	<u>\$1,697,081</u>	<u>\$4,487,146</u>	<u>\$(30,155)</u>	<u>\$6,154,072</u>
Segment profit	<u>\$(61,148)</u>	<u>\$1,287,374</u>	<u>\$13,647</u> Note(1)	<u>\$1,239,873</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ 13,647thousand.

1 Jan. 2023~ 30 Sep. 2023	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External				
customers	\$4,697,711	\$12,605,818	\$-	\$17,303,529
Inter-segment	84,528	-	(84,528)	-
Total revenue	<u>\$4,782,239</u>	<u>\$12,605,818</u>	<u>\$(84,528)</u>	<u>\$17,303,529</u>
Segment profit	<u>\$(405,724)</u>	<u>\$3,201,993</u>	<u>\$18,507</u> Note(1)	<u>\$2,814,776</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ 18,507 thousand.

1 Jul. 2022~ 30 Sep. 2022	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External				
customers	\$1,656,711	\$3,870,235	\$-	\$5,526,946
Inter-segment	-	-	-	-
Total revenue	<u>\$1,656,711</u>	<u>\$3,870,235</u>	<u>\$-</u>	<u>\$5,526,946</u>
Segment profit	<u>\$(121,124)</u>	<u>\$1,001,832</u>	<u>\$(17,045)</u> Note(1)	<u>\$863,663</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ (17,045) thousand.

1 Jan. 2022~ 30 Sep. 2022	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$4,654,928	\$11,315,150	\$-	\$15,970,078
Inter-segment	-	-	-	-
Total revenue	<u>\$4,654,928</u>	<u>\$11,315,150</u>	<u>\$-</u>	<u>\$15,970,078</u>
Segment profit	<u>\$6,477</u>	<u>\$2,294,281</u>	<u>\$(107,121) Note(1)</u>	<u>\$2,193,637</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$(107,121) thousand.

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

No.(Note 1)	Related-party	Counterparty	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	\$51,852	Approximately 45-120 days from the date of sale	0.30%
0	The Company	TYG PRODUCTS	1	Sales	47,642	Approximately 90 days from the date of sale	0.28%
0	The Company	TYG PRODUCTS	1	Account receivables	32,646	Approximately 90 days from the date of sale	0.10%
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	3	Other receivables	88,360	Financing	0.26%

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	Counterparty	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)	\$88,360 (RMB 20,000)	\$88,360 (RMB 20,000)	-%	2	-	Need for operating	-	-	-	\$897,405 (USD 27,811)	\$1,794,811 (USD 55,622)	(Note 7)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	\$132,540 (RMB 30,000)	\$132,540 (RMB 30,000)	-	-%	2	-	Need for operating	-	-	-	\$897,405 (USD 27,811)	\$1,794,811 (USD 55,622)	(Note 7)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	Other receivables	Y	\$177,474 (USD 5,500)	\$177,474 (USD 5,500)	-	-%	2	-	Need for operating	-	-	-	\$401,072	\$534,762	(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 1:32.268

The exchange rate of the RMB to the NTD is 1:4.418.

Attachment 3: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorse- ment 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)	\$897,405 (USD 27,811)	\$698,179 (RMB 157,000)	\$693,626 (RMB 157,000)	\$215,620 (RMB 48,805)	-	15.46%	\$1,794,811 (USD 55,622)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	\$897,405 (USD 27,811)	\$511,405 (RMB 115,000)	\$375,530 (RMB 85,000)	\$212,064 (RMB 48,800)	-	8.37%	\$1,794,811 (USD 55,622)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	(2)	\$897,405 (USD 27,811)	\$88,360 (RMB 20,000)	\$88,360 (RMB 20,000)	\$11,045 (RMB 2,500)	-	1.97%	\$1,794,811 (USD 55,622)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	(2)	\$897,405 (USD 27,811)	\$153,700 (USD 5,000)	-	-	-	-	\$1,794,811 (USD 55,622)	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 30 September 2022.

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 30 September 2022.

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 1:32.268.

The exchange rate of the RMB to the NTD is 1:4.418.

Attachment 4: Securities held as of 30 September 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 30 September 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	"	"	6,020	526,233	14.14%	87.42	
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	1,111	97,104	2.61%	87.42	

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 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 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%	\$113,836	\$111,779	\$18,081	\$7,232	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,059,545 (USD 91,058)	3,059,545 (USD 91,058)	59,000	100.00%	4,486,623	4,487,011	(304,235)	(304,235)	(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%	1,329,433	1,366,905	82,183	82,183	(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%	119,941	119,941	2,089	2,089	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	235,278	235,285	5,274	3,109	(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%	68,604	153,731	(98)	(13,216)	(Note6)
	WU'S PLASTICS CO.,LTD.(literal translation)	Taiwan	Production and sales of automotive parts	15,000	15,000	1,500	50.00%	15,160	15,160	53	26	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 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%	USD 49,029	USD 3,280	USD 1,607	
	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%	USD 5,110	USD (3,310)	USD (3,310)	(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	-	55.00%	-	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	-	25.00%	USD 12,598	USD 1,252	USD 688	(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 10,049	USD (666)	USD (300)	
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 37,798	USD 37,798	-	100.00%	USD 6,319	USD (3,635)	USD (3,635)	(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%	USD 14,437	USD (1,703)	USD (1,703)	(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%	USD 2,755	USD 446	USD 112	
	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%	USD 3,983	USD (262)	USD (236)	(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%	USD 10,081	USD (3,606)	USD (1,767)	
	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%	USD 1,867	USD 96	USD 96	(Note 4)

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2023

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 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	-	54.55%	RMB -	RMB 29	RMB 16	(Note 4 · 7)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	USD -	USD -	1	100.00%	880,337	103,595	103,595	(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%	262,487	(32,029)	(32,029)	(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 August 2023, the Company's Board of Directors resolved to cancel the original plan to sell 55% of the equity of DAJING YUCHYANG and instead to liquidate DAJING YUCHYANG directly.

The original indirect investment of 30% equity in DAJING TONG YANG through DAJING YUCHYANG was adjusted to the direct investment by TONG YANG HOLDING.

Note 8: The exchange rate of US dollar to NTD is 1:32.268.

The exchange rate of RMB to NTD is 1:4.418.

The average exchange rate of US dollar to NTD is 1: 30,767.

The average exchange rate of RMB to NTD is 1:4.397.

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 30 September 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 30 September 2023 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 30 September 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 (3,310)	100.00%	USD (3,310)	USD 5,110	-
Chongqing Dajing Yuchyang Plastics Co., Ltd.		USD 13,000	Note 1	USD 6,372	-	-	USD 6,372	USD (12)	55.00%	USD (6)	-	USD 4,000
NBC (Guangzhou) Co., Ltd.		USD -	Note 1	USD (6,340)	-	-	USD (6,340)	-	-	-	-	USD 6,340
NBC (Changchun) 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 3,280	49.00%	USD 1,607	USD 49,029	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)	-	-	-	-	USD 43
Chongqing Dajiang Tongyang Plastic Products Co., Ltd.		USD 13,000	Note 1	USD 3,692	-	-	USD 3,692	USD 1,252	25.00%	USD 688	USD 12,598	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD (666)	45.00%	USD (300)	USD 10,049	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD 12,000	Note 1	USD 3,228	-	-	USD 3,228	USD 446	25.00%	USD 112	USD 2,755	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	(32,029)	100.00%	(32,029)	262,487	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 100,000	Note 1	USD 11,172	-	-	USD 11,172	USD (262)	90.00%	USD (236)	USD 3,983	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (3,606)	49.00%	USD (1,767)	USD 10,081	-
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 (3,635)	100.00%	USD (3,635)	USD 6,319	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD (1,703)	100.00%	USD (1,703)	USD 14,437	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 96	100.00%	USD 96	USD 1,867	-

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 1:32.268, the exchange rate of RMB to NTD is 1:4.418; the average exchange rate of US dollar to NTD is 1: 30.767, the average exchange rate of RMB to NTD is 1: 4.397.

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	Name of ordinary shares	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.