

**TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022**  
**WITH**  
**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.

## REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2023 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

TONG YANG INDUSTRY CO., LTD.

Chairman: Yung-Maw Wu

March 8, 2024

## **Independent Auditors' Report Translated from Chinese**

To TONG YANG INDUSTRY CO., LTD.

### **Opinion**

We have audited the accompanying consolidated balance sheets of TONG YANG INDUSTRY CO., LTD. (the "Company") and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Loss Allowance Accounts Receivable

As of 31 December 2023, the balance of accounts receivable and allowance for doubtful accounts amounted to NT\$4,235,427 thousand and NT\$61,300 thousand, respectively. Net accounts receivable constituted 12% of total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts. The Company and its subsidiaries were tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables.

We also assessed the adequacy of disclosures of accounts receivable. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

#### Valuation for slow-moving inventories

As of 31 December 2023, the Company's net inventories amounted to NT\$2,687,171 thousand, and constitutes 8% of total consolidated asset. Considering the significant amount of inventories and that the identification of slow-moving inventories as well as the assessment of the amount of inventory write-downs required significant management judgment, we determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes in value of the slow-moving inventories reserve ratio and inventory aging and recalculating allowance to reduce inventory to market, to ensure that the valuation for slow-moving inventories followed accounting policies.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

#### **Other Matter – Making Reference to the Audits of Other Auditors**

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$1,504,839 thousand and NT\$902,303 thousand, constituting 3.01% and 2.69% of consolidated total assets as of 31 December, 2023 and 2022, respectively, and total operating revenues of NT\$912,637 thousand and NT\$1,088,649 thousand, constituting 3.83% and 5.12% of consolidated operating revenues for the years ended 31 December 2023 and 2022, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. Those associates and joint ventures under equity method amounted to NT\$68,748 thousand and NT\$74,387 thousand, representing 0.20% and 0.22% of consolidated total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(5,769) thousand and NT\$(10,479) thousand, representing (0.15)% and (0.40)% of the consolidated net income before tax for the years ended 31 December 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\$104 thousand and NT\$10,025 thousand, representing 0.07% and 2.12% of the consolidated other comprehensive income for the years ended 31 December 2023 and 2022, respectively.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China on Taiwan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
8 March 2024

#### 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 accounts are not intended for use by those who are not informed about the accounting principles or Standard on Auditing of the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, Ernest & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

ASSETS	Notes	31 Dec. 2023	31 Dec. 2022
Current assets			
Cash and cash equivalents	IV/VI.1	\$3,817,008	\$2,344,300
Financial assets at amortized cost-current	IV/VI.3/VIII	287,056	117,816
Notes receivable,net	IV/VI.4.16/VIII	439,738	376,873
Accounts receivable,net	IV/VI.5.15.16	4,075,372	3,552,270
Accounts receivable-related parties,net	IV/VI.5.16/VII	98,755	81,158
Other receivables	IV	416,621	148,946
Inventories,net	IV/VI.6	2,687,171	3,057,404
Other current assets	IV	284,758	308,221
Total current assets		12,106,479	9,986,988
Non-current assets			
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	671,057	359,454
Financial assets at amortized cost-noncurrent	IV/VI.3/VIII	11,498	18,098
Investments accounted for under the equity method	IV/VI.7	2,471,049	2,653,900
Property, plant and equipment	IV/VI.8/VIII	17,604,877	18,192,011
Right-of-use asset	IV/VI.17/VIII	233,447	265,237
Intangible assets	IV/VI.9.10	590,182	874,249
Deferred tax assets	IV/VI.21	231,847	146,272
Prepayment for equipments		769,472	701,087
Other noncurrent assets-others		356,274	342,876
Total non-current assets		22,939,703	23,553,184
Total assets		\$35,046,182	\$33,540,172

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2023	31 Dec. 2022
Current liabilities			
Short-term loans	IV/VI.11	\$528,878	\$1,237,828
Notes payable		314,124	117,234
Accounts payable		2,596,091	2,380,515
Accounts payable-related parties	VII	30,436	43,998
Other payables		1,513,568	1,135,661
Balance payable-machinery and equipment		477,582	573,378
Current tax liabilities	IV/VI.21	796,016	518,148
Lease liability-current	IV/VI.17	14,775	18,530
Current portion of long-term liabilities	IV/VI.12	387,352	382,304
Other current liabilities-others	IV/VI.15	393,554	482,277
Total current liabilities		7,052,376	6,889,873
Non-current liabilities			
Long-term loans	IV/VI.12	1,452,035	1,839,387
Deferred tax liabilities	IV/VI.21	359,749	366,500
Lease liability-noncurrent	IV/VI.17	7,349	16,702
Accrued pension liabilities	IV/VI.13	247,909	156,923
Other noncurrent liabilities-others		14,667	5,300
Total non-current liabilities		2,081,709	2,384,812
Total liabilities		9,134,085	9,274,685
Equity attributable to the parent company			
Capital	IV/VI.14		
Common stock		5,914,771	5,914,771
Capital surplus	IV/VI.14	4,150,503	4,150,081
Retained earnings	IV/VI.14		
Legal reserve		2,871,990	2,648,261
Special reserve		96,706	473,048
Unappropriated earnings		12,248,076	10,659,059
Subtotal		15,216,772	13,780,368
Other equity	IV/VI.14	169,350	(96,706)
Non-controlling interests	IV/VI.14	460,701	516,973
Total equity		25,912,097	24,265,487
Total liabilities and equity		\$35,046,182	\$33,540,172

(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 years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31
Operating revenues	IV/VI.15/VII	\$23,858,806	\$21,282,606
Operating costs	IV/VI.6.18/VII	(16,725,244)	(16,254,532)
Gross profit		7,133,562	5,028,074
Operating expenses	IV/VI.16.17.18/VII		
Sales and marketing expenses		(1,695,329)	(1,537,551)
General and administrative expenses		(1,095,332)	(1,049,733)
Research and development expenses		(566,612)	(503,003)
Expected credit (losses) gains		(32,009)	(3,268)
Subtotal		(3,389,282)	(3,093,555)
Operating income		3,744,280	1,934,519
Non-operating income and expenses			
Other revenue	IV/VI.19	303,158	229,611
Other gain and loss	IV/VI.19	(169,318)	559,729
Financial costs	IV/VI.19	(59,809)	(92,184)
Share of profit or loss of associates and joint ventures	IV/VI.7	(6,203)	(31,363)
Subtotal		67,828	665,793
Income from continuing operations before income tax		3,812,108	2,600,312
Income tax expense	IV/VI.21	(764,828)	(563,592)
Net income		\$3,047,280	\$2,036,720
Other comprehensive income	IV/VI.20		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(130,575)	108,146
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		311,603	145,460
Income tax related to items that may not be reclassified subsequently		26,161	(21,284)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operations		101,216	181,159
Share of other comprehensive income (loss) of associates accounted for using the equity method		(166,160)	115,684
Income tax relating to those items to be reclassified to profit or loss		11,387	(56,702)
Total other comprehensive income (loss), net of tax		153,632	472,463
Total comprehensive income		\$3,200,912	\$2,509,183
Net income (loss) attributable to:			
Stockholders of the parent		\$3,019,410	\$2,151,321
Non-controlling interests		\$27,870	\$(114,601)
Comprehensive income (loss) attributable to:			
Stockholder of the parent		\$3,181,153	\$2,613,637
Non-controlling interests		\$19,759	\$(104,454)
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.22	\$5.10	\$3.64
Earnings per share-diluted	IV/VI.22	\$5.10	\$3.64

(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 years ended 31 December 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 year ended 31 December 2022	-	-	-	-	2,151,321	-	-	2,151,321	(114,601)	2,036,720
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	-	-	-	-	85,974	230,882	145,460	462,316	10,147	472,463
Total comprehensive income (loss)	-	-	-	-	2,237,295	230,882	145,460	2,613,637	(104,454)	2,509,183
(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	(9,017)	(9,017)
Balance as of 31 December 2022	<u>\$5,914,771</u>	<u>\$4,150,081</u>	<u>\$2,648,261</u>	<u>\$473,048</u>	<u>\$10,659,059</u>	<u>\$(379,776)</u>	<u>\$283,070</u>	<u>\$23,748,514</u>	<u>\$516,973</u>	<u>\$24,265,487</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 year ended 31 December 2023	-	-	-	-	3,019,410	-	-	3,019,410	27,870	3,047,280
Other comprehensive income (loss), net of tax for the year ended 31 December 2023	-	-	-	-	(104,313)	(45,547)	311,603	161,743	(8,111)	153,632
Total comprehensive income (loss)	-	-	-	-	2,915,097	(45,547)	311,603	3,181,153	19,759	3,200,912
(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	(76,031)	(76,031)
Balance as of 31 December 2023	<u>\$5,914,771</u>	<u>\$4,150,503</u>	<u>\$2,871,990</u>	<u>\$96,706</u>	<u>\$12,248,076</u>	<u>\$(425,323)</u>	<u>\$594,673</u>	<u>\$25,451,396</u>	<u>\$460,701</u>	<u>\$25,912,097</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 years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31	ITEMS	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$3,812,108	\$2,600,312	Acquisition of financial assets at amortized cost	(732,714)	(282,176)
Adjustments for:			Proceeds from financial assets at amortized cost	570,074	195,774
Income and expense adjustments:			Disposal of equity investments under equity method	-	1,448,313
Depreciation (including right-of-use assets)	2,762,341	2,859,341	Proceeds from disposal of investments in subsidiaries	-	2,126
Amortization	186,014	323,234	Proceeds from capital reduction of equity investments under equity method	-	3,109
Expected credit (gains) losses	32,009	3,268	Acquisition of property, plant and equipment	(2,823,993)	(2,215,510)
Interest expense	59,809	92,184	Proceeds from disposal of property, plant and equipment	187,403	68,673
Interest income	(88,389)	(19,737)	Acquisition of intangible assets	(174,350)	(208,635)
Dividends Income	(17,352)	(17,897)	Disposal of intangible assets	-	195,302
Share of profit or loss of associates for using the equity method	6,203	31,363	Net cash used in investing activities	(2,973,580)	(793,024)
(Gain) on disposal of property, plant and equipment	18,457	(7,545)			
Loss on disposal of intangible assets	-	137,774			
(Gain) on disposal of equity investments under equity method	-	(576,617)			
Impairment loss on non-financial assets	122,549	193,979	Cash flows from financing activities:		
Changes in operating assets and liabilities:			(Decrease) increase in short-term loans	(708,950)	(696,402)
Notes receivable,net	(62,865)	(330,635)	Borrow in long-term loans	-	75,168
Accounts receivable,net	(563,932)	(108,651)	Reimburse long-term loans	(382,304)	(2,706,106)
Accounts receivable,related parties,net	(17,597)	21,650	Reimburse lease principal	(20,303)	(16,955)
Other receivable	(262,541)	4,666	Cash dividends	(1,478,693)	(502,756)
Inventories	370,233	(51,522)	Interest paid	(60,676)	(95,896)
Other current assets	48,225	31,309	Change in non-controlling interests	(4,508)	(9,017)
Other non-current assets	(23,053)	11,993	Net cash used in financing activities	(2,655,434)	(3,951,964)
Other operating assets	387,248	160,394			
Notes payable	196,890	85,556	Effect of exchange rate changes on cash and cash equivalents	14,925	44,005
Accounts payable	215,576	(32,408)			
Accounts payable,related parties	(13,562)	(22,140)	Net increase (decrease) in cash and cash equivalents	1,472,708	890,790
Other payables	381,744	69,214	Cash and cash equivalents at beginning of period	2,344,300	1,453,510
Other current liabilities	(87,999)	99,170	Cash and cash equivalents at end of period	\$3,817,008	\$2,344,300
Accrued pension liabilities	(39,820)	(60,139)			
Other non-current liabilities	9,367	(13,518)			
Cash generated from operations	7,431,663	5,484,598			
Interest received	82,859	19,737			
Dividend received	114,334	234,909			
Income tax paid	(542,059)	(147,471)			
Net cash provided by operating activities	7,086,797	5,591,773			

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

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 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. 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 year ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of directors on 8 March 2024.

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, and not yet adopted by the Group as at the end of the reporting period are listed below.

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

(1) 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.

(2) 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.

(3) 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.

(4) 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 standards and interpretations have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	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
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (1) 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.

- (2) 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.

### (3) 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 Group's consolidated financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

### 2. Basis of preparation

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

### 3. Basis of consolidation

#### Preparation principle of consolidated financial statement

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

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

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

- a. the contractual arrangement with the other vote holders of the investee;
- b. rights arising from other contractual arrangement;
- c. the Group's voting rights and potential voting rights.

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

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

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

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

If loses control of a subsidiary, it:

- a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. derecognizes the carrying amount of any non-controlling interest;
- c. recognizes the fair value of the consideration received;
- d. recognizes the fair value of any investment retained;



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

The consolidated entities are as follows:

Invest Company	Investee Company	Major business	Percentage of Ownership (%)	
			31 Dec. 2023	31 Dec. 2022
The Company	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Manufacture and sale of automobile parts	58.95%	58.95%
The Company	TONG YANG HOLDING CORPORATION (TONG YANG HOLDING)	Investment holding	100.00%	100.00%
The Company	HOW BOND INVESTMENT CO., LTD. (HOW BOND)	Investment holding	100.00%	100.00%
The Company	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Sale of automobile parts and tooling mold	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	Manufacture and sale of automobile parts	55.00% (Note 2)	55.00%
TONG YANG HOLDING	FUZHOU TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	55.00% (Note 2)	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%
TONG YANG HOLDING	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Manufacture and sale of automobile parts	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%

Invest Company	Investee Company	Major business	Percentage of Ownership (%)	
			31 Dec. 2023	31 Dec. 2022
TONG YANG HOLDING	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	Product Design, R&D, Testing and Service	100.00%	100.00%
DAJING YUCHYANG	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	54.55% (Note 2)	54.55%
HOW BOND	TYG HOLDING (U.S.A.), INC. (TYG HOLDING)	Investment holding	100.00%	100.00%
HOW BOND	NANJING TONG YANG AUTO PARTS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%
TYG HOLDING	TYG MANAGEMENT, INC.	Management consult	100.00%	100.00%
TYG HOLDING	TYG LEASING, L.P.	Leasing	99.00%	99.00%
TYG HOLDING	TYG PRODUCTS, L.P.	Manufacture and sale of automobile parts	99.00%	99.00%

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

(Note 2): 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.

The financial statements and other related information of some of the consolidated subsidiaries as of 31 December 2023 and 2022, are based solely on the reports of the other independent accountants. Their total assets amounted to NT\$1,054,839 thousand and NT\$902,303 thousand as of 31 December 2023 and 2022; their net operating revenue amounted to NT\$912,637 thousand and NT\$1,088,649 thousand for the years ended 31 December 2023 and 2022.

#### 4. Foreign currency transactions

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

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

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

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

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

#### 5. Translation of financial statements in foreign currency

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

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

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

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

## 6. Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

## 7. Cash and cash equivalents

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

## 8. Financial instruments

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

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

### (1) Financial instruments: Recognition and Measurement

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

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

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

#### Financial assets measured at amortized cost

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

- A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

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

#### Financial asset measured at fair value through other comprehensive income

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

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

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

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

#### (2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses

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

### (3) Derecognition of financial assets

A financial asset is derecognized when:

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



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

#### (4) Financial liabilities and equity

##### Classification between liabilities or equity

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

##### Equity instruments

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

##### Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### Financial liabilities

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

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

### Derecognition of financial liabilities

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

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

#### (5) Offsetting of financial instruments

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

#### 9. Fair value measurement

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

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

#### 10. Inventories

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

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

Raw materials – Purchase cost under weighted-average cost.

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

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

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

#### 11. Investments accounted for under the equity method

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

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

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

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

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

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

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

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

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

## 12. Property, plant and equipment

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

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

Buildings	3~56 years
Machinery and equipment	3~15 years
Molding equipment	3~ 7 years
Office equipment	3~ 7 years
Transportation equipment	5~10 years
Electrical installations	5~10 years
Miscellaneous equipment	2~10 years
Right-of-use assets	2~50 years

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

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 13. Leases

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

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (2) the right to direct the use of the identified asset.

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

### Group as a lessee

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

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

- (1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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



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

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

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

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

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

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

#### Group as a lessor

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

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

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

#### 14. Intangible assets

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

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

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

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

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

##### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

The Group's intangible assets accounting policies information are as follows:

	Software	Goodwill	Other intangible assets- customer relation ship
Useful life	Limited	Uncertain	Limited
Amortization methods	Use straight method amortized under estimated useful life	Unamortized	Use straight method and units of production method amortized under estimated useful life
Internally generated or outside acquisition	Outside Acquisition	Outside Acquisition	Outside Acquisition

#### 15. Impairment of non-financial assets

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

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

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

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

## 16. Revenue recognition

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

### Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is automobile parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. To the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 7 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

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

## 17. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 18. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## 19. Income taxes

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

### Current income tax

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

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

### Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## 20. Earnings per Share

The Group presents both basic earnings per share and diluted earnings. Basic earnings per share are equal to the net income (loss) attributable to common stock divided by the weighted average number of common shares. When calculating diluted earnings per share, the numerator should include or add back potential common stock dividends, interest and other conversion revenues (expenses). The denominator should include all diluted potential common share.

## V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group'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 disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of 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 and changes of the future salary etc.

### (4) Revenue Recognition-Sales Returns and Discounts

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

### (5) Income tax

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

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

### (6) Accounts receivables–estimation of impairment loss

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

## (7) Inventory Valuation

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

## VI. CONTENTS OF SIGNIFICANT ACCOUNTS

### 1. Cash and Cash Equivalents

	31 Dec. 2023	31 Dec. 2022
Cash on hand	\$4,226	\$4,220
Saving account	1,785,969	1,939,611
Time deposits	1,936,040	320,469
Cash equivalents— short-term notes and bills	90,773	80,000
Total	<u>\$3,817,008</u>	<u>\$2,344,300</u>

### 2. Financial assets at fair value through other comprehensive income

	31 Dec. 2023	31 Dec. 2022
Equity instrument investments measured at fair value through other comprehensive income— Non-current		
Unlisted companies stocks	<u>\$671,057</u>	<u>\$359,454</u>

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

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT\$17,352 thousand and NT\$17,694 thousand for the year ended 31 December 2023 and 2022, the full amount is related to investments held at the end of the reporting period.

### 3. Financial assets measured at amortized cost

	31 Dec. 2023	31 Dec. 2022
Time deposits	\$234,871	\$29,172
Restricted deposits	63,683	106,742
Total	<u>\$298,554</u>	<u>\$135,914</u>
Current	\$287,056	\$117,816
Non-current	11,498	18,098
Total	<u>\$298,554</u>	<u>\$135,914</u>

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

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

#### 4. Notes Receivables

	31 Dec. 2023	31 Dec. 2022
Notes receivables — from operating	\$440,389	\$377,524
Less: allowance for doubtful accounts	(651)	(651)
Total	<u>\$439,738</u>	<u>\$376,873</u>

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

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

#### 5. Accounts Receivables and Accounts Receivables-Related Parties

	31 Dec. 2023	31 Dec. 2022
Accounts receivables	\$4,136,672	\$3,582,463
Less: allowance for doubtful accounts	(61,300)	(30,193)
Subtotal	<u>4,075,372</u>	<u>3,552,270</u>
Accounts receivables-related parties	98,755	81,158
Less: allowance for doubtful accounts	-	-
Subtotal	<u>98,755</u>	<u>81,158</u>
Total	<u>\$4,174,127</u>	<u>\$3,633,428</u>

Accounts receivables were not pledged.

Trade receivables are generally on 7-120 day terms. Accounts receivables amounted to NT\$4,235,427 thousand and NT\$3,663,621 thousand as at 31 December 2023 and 2022.

Please refer to Note 6.(16) for more details on impairment of trade receivables for the year ended 31 December 2023 and 2022 and please refer to Note 12 for credit risk disclosure.

## 6. Inventories

Details are as follows:

	31 Dec. 2023	31 Dec. 2022
Raw materials	\$565,056	\$714,608
Supplies and parts	220,605	253,482
Work in process	393,708	544,882
Finished goods	1,395,048	1,450,674
Merchandise	112,754	93,758
Net	<u>\$2,687,171</u>	<u>\$3,057,404</u>

The cost of inventories recognized in expenses amounted to NT\$16,725,244 thousand and NT\$16,254,532 thousand for the year ended 31 December 2023 and 2022, respectively, including the write-down of inventories gain from price recovery of NT\$20,674 thousand and NT\$1,093 thousand for the year ended 31 December 2023 and 2022, respectively.

Inventories were not pledged.

## 7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

Investee Company	31 Dec. 2023		31 Dec. 2022	
	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Unlisted company</u>				
TUNG YANG CHEMICAL CO., LTD.	\$117,809	40.00%	\$117,324	40.00%
C&D II CAPITAL CORPORATION.	68,748	42.53%	74,387	42.53%
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	1,581,839	49.00%	1,645,687	49.00%
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	270,734	49.00%	381,092	49.00%
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	328,449	45.00%	334,567	45.00%
WUHAN XIANG XING AUTO PARTS CO., LTD.	88,310	25.00%	85,710	25.00%
WU'S PLASTICS CO., LTD.(literal translation)	15,160	50.00%	15,133	50.00%
Total	<u>\$2,471,049</u>		<u>\$2,653,900</u>	

- (2) The Group's investments in the associates are not individually material. The related share of investment from the associates amounted to NT\$2,471,049 thousand and NT\$2,653,900 thousand for the years ended 31 December 2023 and 2022.

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

	2023	2022
Profit or loss from continuing operations	\$(6,203)	\$(31,363)
Other comprehensive income (post-tax)	(132,697)	94,274
Total comprehensive income	<u>\$(138,900)</u>	<u>\$62,911</u>

- (3) Related long-term investments accounted for under the equity method: C&D II CAPITAL CORPORATION, were based on other auditors' audit reports. The investments under equity method amounted to NT\$68,748 thousand and NT\$74,387 thousand as of 31 December 2023 and 2022; the related share of investment income from the associates and joint ventures amounted to NT\$(5,769) thousand and NT\$(10,479) thousand for the years ended 31 December 2023 and 2022; the related share of other comprehensive income from the associates and joint ventures amounted to NT\$104 thousand and NT\$10,025 thousand of the consolidated total comprehensive income for the years ended 31 December 2023 and 2022.
- (4) The associates had no contingent liabilities or capital commitments and investment in the associates were not pledged as of 31 December 2023 and 2022.

#### 8. Property, plant and equipment

	31 Dec. 2023	31 Dec. 2022
Owner occupied property, plant and equipment	<u>\$17,604,877</u>	<u>\$18,192,011</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	599,645	20,648	171,877	1,392,428	22,057	48,793	43,773	46,800	-	310,512	2,656,533
Disposal	-	(191,327)	(801,401)	(1,522,944)	(9,891)	(79,775)	(37,403)	(91,745)	(135)	(4,134)	(2,738,755)
Exchange difference	13	(43,630)	(64,075)	(1,792)	(601)	(552)	(1,244)	(2,451)	-	(783)	(115,115)
Transfer	-	65,932	11,547	-	-	190	-	439	-	(78,108)	-
Other	-	(277,606)	(252,538)	(46,041)	(20)	(1,258)	(10,396)	(61,513)	-	(104,527)	(753,899)
31 Dec. 2023	<u>\$4,702,614</u>	<u>\$8,001,535</u>	<u>\$6,251,015</u>	<u>\$11,910,272</u>	<u>\$114,611</u>	<u>\$377,763</u>	<u>\$491,736</u>	<u>\$379,928</u>	<u>\$-</u>	<u>\$233,567</u>	<u>\$32,463,041</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	21,251	213,771	1,608,201	16,397	29,681	16,968	45,992	-	410,826	2,473,176
Disposal	(75)	(115,717)	(489,124)	(1,978,316)	(27,135)	(36,918)	(26,213)	(123,078)	-	-	(2,796,576)
Exchange difference	1,400	76,548	84,347	32,848	(12,755)	999	1,204	12,644	-	5,937	203,172
Transfer	-	338,574	12,478	2,214	-	331	-	14,529	-	(368,126)	-
Other	-	-	(9,138)	-	-	-	-	-	-	(195,802)	(204,940)
Disposal of subsidiary	-	-	(144,225)	(252,245)	(2,611)	(1,549)	-	-	-	(966)	(401,596)
31 Dec. 2022	<u>\$4,102,956</u>	<u>\$8,427,518</u>	<u>\$7,185,605</u>	<u>\$12,088,621</u>	<u>\$103,066</u>	<u>\$410,365</u>	<u>\$497,006</u>	<u>\$488,398</u>	<u>\$135</u>	<u>\$110,607</u>	<u>\$33,414,277</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	-	319,675	567,566	1,665,678	15,030	45,328	48,243	69,519	15	-	2,731,054
Impairment loss	-	899	77,960	-	53	-	-	236	-	-	79,148
Disposal	-	(185,305)	(746,073)	(1,386,057)	(9,607)	(78,335)	(37,054)	(90,329)	(135)	-	(2,532,895)
Exchange difference	-	(14,861)	(48,134)	(1,123)	(335)	(426)	(677)	(1,884)	-	-	(67,440)
Other	-	(227,491)	(239,509)	(37,046)	(29)	(267)	(8,379)	(61,248)	-	-	(573,969)
31 Dec. 2023	<u>\$-</u>	<u>\$3,078,056</u>	<u>\$4,506,811</u>	<u>\$6,449,133</u>	<u>\$63,699</u>	<u>\$218,743</u>	<u>\$289,677</u>	<u>\$252,045</u>	<u>\$-</u>	<u>\$-</u>	<u>\$14,858,164</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	\$-	\$15,257,214
Depreciation	-	311,200	650,358	1,671,450	15,818	49,287	50,088	81,067	45	-	2,829,313
Impairment loss	-	-	121,359	44,209	296	42	70	288	-	966	167,230
Disposal	-	(114,678)	(457,890)	(1,950,893)	(27,013)	(36,002)	(26,215)	(122,757)	-	-	(2,735,448)
Exchange difference	-	35,435	49,054	20,478	(4,674)	683	1,643	4,460	-	-	107,079
Other	-	-	-	-	(1,526)	-	-	-	-	-	(1,526)
Disposal of subsidiary	-	-	(144,225)	(252,245)	(2,611)	(1,549)	-	-	-	(966)	(401,596)
31 Dec. 2022	\$-	\$3,185,139	\$4,895,001	\$6,207,681	\$58,587	\$252,443	\$287,544	\$335,751	\$120	\$-	\$15,222,266

Net book value:

31 Dec. 2023	\$4,702,614	\$4,923,479	\$1,744,204	\$5,461,139	\$50,912	\$159,020	\$202,059	\$127,883	\$-	\$233,567	\$17,604,877
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

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

Items	2023	2022
Construction in progress	\$3,769	\$5,174
The interest rate interval of borrowing cost capitalization	0.42%~0.6%	0.46%~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	19,995	154,355	-	174,350
Decrease	(41,354)	(392,773)	-	(434,127)
Exchange differences	(1,689)	(42,034)	-	(43,723)
Other	(2,699)	121,989	-	119,290
31 Dec. 2023	<u>\$197,311</u>	<u>\$2,823,731</u>	<u>\$319,650</u>	<u>\$3,340,692</u>
1 Jan. 2022	\$253,763	\$3,351,537	\$319,650	\$3,924,950
Addition – acquired separately	23,059	185,576	-	208,635
Decrease	(54,050)	(795,398)	-	(849,448)
Exchange differences	2,595	43,390	-	45,985
Other	-	204,940	-	204,940
Disposal of subsidiary	(2,309)	(7,851)	-	(10,160)
31 Dec. 2022	<u>\$223,058</u>	<u>\$2,982,194</u>	<u>\$319,650</u>	<u>\$3,524,902</u>
Amortization and impairment:				
1 Jan. 2023	\$174,337	\$2,476,316	\$-	\$2,650,653
Amortization	25,187	160,827	-	186,014
Decrease	(41,354)	(5,525)	-	(46,879)
Exchange differences	(1,483)	(35,096)	-	(36,579)
Other	(2,699)	-	-	(2,699)
31 Dec. 2023	<u>\$153,988</u>	<u>\$2,596,522</u>	<u>\$-</u>	<u>\$2,750,510</u>
1 Jan. 2022	\$193,793	\$2,470,204	\$-	\$2,663,997
Amortization	34,405	288,829	-	323,234
Impairment loss	253	28	-	281
Decrease	(54,050)	(301,928)	-	(355,978)
Exchange differences	2,245	25,508	-	27,753
Other	-	1,526	-	1,526
Disposal of subsidiary	(2,309)	(7,851)	-	(10,160)
31 Dec. 2022	<u>\$174,337</u>	<u>\$2,476,316</u>	<u>\$-</u>	<u>\$2,650,653</u>
Net book value:				
31 Dec. 2023	<u>\$43,323</u>	<u>\$227,209</u>	<u>\$319,650</u>	<u>\$590,182</u>
31 Dec. 2022	<u>\$48,721</u>	<u>\$505,878</u>	<u>\$319,650</u>	<u>\$874,249</u>



## Intangible assets amortization

	2023	2022
Included in cost of goods sold:		
Amortization	\$151,527	\$284,128
Included in sales and marketing expenses:		
Amortization	\$6,344	\$3,079
Included in general and administrative expenses:		
Amortization	\$24,791	\$33,123
Included in research and development expenses:		
Amortization	\$3,352	\$2,904

## 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 the Aftermarket-department A CGU.

The book value of goodwill allocated to CGU.

	Goodwill
	Aftermarket-department A
2023.12.31	\$319,650
2022.12.31	\$319,650

## After Market-Department A CGU

The recoverable amount of Aftermarket-department A CGU is determined by value-in-use, and the value-in-use is calculated based on the five year cash flow forecast which is authorized by management. Cash flow forecast has been updated to reflect the fluctuation of related product demands. The discount rate used by cash flow forecast were 11.73% and 11.39% for the year ended 31 December 2023 and 2022, and the cash flow over five year period was projected by the growth rate based on past experiences and the long-term average growth rate of the related industry. Based on the updated analysis result, management considered that there was no impairment of goodwill which have been amortized to the cash generated unit.

## The key assumptions used to calculate value-in-use

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

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

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

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

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

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

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

#### Sensitivity of changes in assumptions

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

## 11. Short-term Loans

	<u>Interest rate range</u>	<u>31 Dec. 2023</u>	<u>Interest rate range</u>	<u>31 Dec. 2022</u>
Unsecured Loans	3.6%~7.24%	\$382,104	1.90%~5.00%	\$931,686
Secured Loans	4.35%~4.79%	146,774	3.90%~4.80%	306,142
Total		<u>\$528,878</u>		<u>\$1,237,828</u>

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

## 12. Long-term Loans

Details are as follows:

		31 Dec. 2023		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$333,138	(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	94,938	(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.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	388,661	(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.

		31 Dec. 2023		
Creditors	Period	Amount	Interest rate	Redemption
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	110,760	(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	333,138	(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	94,938	(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	267,748	(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	74,956	(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. 2023		
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		1,839,387		
Less: current portion		(387,352)		
Total		<u>\$1,452,035</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.
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.

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
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>		

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

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

Subsidiaries located in the People’s Republic of China will contribute social welfare benefits based on a certain percentage of employees’ salaries or wages to the employees’ individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 are NT\$127,130 thousand and NT\$116,794 thousand, respectively.

### Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15<sup>th</sup> year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2.73% ~8% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Group and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$41,846 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The defined benefit obligations were expected to mature in 2030 to 2033 and 2030 to 2032 as of 31 December 2023 and 2022, respectively.

Pension costs recognized in profit or loss are as follows:

	2023	2022
Current service cost	\$-	\$925
Net interest on the net defined benefit liabilities	2,026	2,264
Total	<u>\$2,026</u>	<u>\$3,189</u>



Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	\$910,686	\$849,135	\$1,015,182
Plan assets at fair value	(662,777)	(692,212)	(691,701)
Net defined benefit liabilities	<u>\$247,909</u>	<u>\$156,923</u>	<u>\$323,481</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2022	\$1,015,182	\$(691,701)	\$323,481
Current service cost	925	-	925
Interest expense (income)	7,106	(4,842)	2,264
Subtotal	1,023,213	(696,543)	326,670
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(49,592)	-	(49,592)
Experience adjustments	(4,753)	-	(4,753)
Remeasurements of the defined benefit assets	-	(52,074)	(52,074)
Subtotal	(54,345)	(52,074)	(106,419)
Payment of benefit obligation	(119,733)	119,733	-
Contribution by employer	-	(63,328)	(63,328)
As of 31 December 2022	\$849,135	\$(692,212)	\$156,923
Current service cost	-	-	-
Interest expenses (income)	10,949	(8,923)	2,026
Subtotal	860,084	(701,135)	158,949
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	127,223	-	127,223
Experience adjustments	7,102	-	7,102
Remeasurements of the defined benefit assets	-	(3,519)	(3,519)
Subtotal	134,325	(3,519)	130,806
Payment of benefit obligation	(83,723)	83,723	-
Contribution by employer	-	(41,846)	(41,846)
As of 31 December 2023	<u>\$910,686</u>	<u>\$(662,777)</u>	<u>\$247,909</u>

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2023		31 Dec. 2022	
Discount Rate	1.18%~1.23%		1.26%~1.29%	
Expected rate of salary increase	2.50% ~3.50%		2.00% ~2.50%	

  

	Jan. 1, 2023~ Dec. 31, 2023		Jan. 1, 2022~ Dec. 31, 2022	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	\$-	\$(44,726)	\$-	\$(31,537)
Discount Rate decrease by 0.5%	48,080	-	42,375	-
Rate of future salary increase by 0.5%	46,759	-	41,854	-
Rate of future salary decrease by 0.5%	-	(43,990)	-	(31,517)

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

#### 14. Equity

##### (1) Common stock

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

## (2) Capital surplus

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

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

## (3) Retained earnings and dividend policies

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

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

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

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

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

The appropriations of earnings for 2023 were resolved at the board of directors’ meeting on 8 March 2024. The appropriations of earning for 2022 were resolved at the general shareholders’ meeting on 19 June 2023. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$291,510	\$223,729		
Special reserve	(96,706)	(376,342)		
Common stock -cash dividend	2,365,908	1,478,693	NT\$4.00/ per share	NT\$2.50/ per share
Total	<u>\$2,560,712</u>	<u>\$1,326,080</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:

	2023	2022
Balance as of 1 January	\$516,973	\$630,444
Attributable to non-controlling interests net income	27,870	(114,601)
Attributable to non-controlling interests other comprehensive income:		
Exchange differences resulting from translating the financial statements of foreign operations	(8,010)	9,259
Remeasurements of defined benefit plans	(101)	888
Other	(76,031)	(9,017)
Balance as of 31 December	<u>\$460,701</u>	<u>\$516,973</u>

15. Operating Revenue

	2023	2022
Sales - Finished goods	\$20,332,536	\$17,876,882
Sales - Merchandise	2,679,130	2,544,992
Sales - Others	847,140	860,732
Total	<u>\$23,858,806</u>	<u>\$21,282,606</u>

Analysis of revenue from contracts with customers during the year is as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2023:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$5,863,176	\$14,469,360	\$20,332,536
Sales - Merchandise	84,100	2,595,030	2,679,130
Sales - Others	695,952	151,188	847,140
Total	<u>\$6,643,228</u>	<u>\$17,215,578</u>	<u>\$23,858,806</u>

Timing of revenue recognition:

At a point in time	<u>\$6,643,228</u>	<u>\$17,215,578</u>	<u>\$23,858,806</u>
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For the year ended 31 December 2022:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$5,447,987	\$12,428,895	\$17,876,882
Sales - Merchandise	197,942	2,347,050	2,544,992
Sales - Others	745,600	115,132	860,732
Total	<u>\$6,391,529</u>	<u>\$14,891,077</u>	<u>\$21,282,606</u>

Timing of revenue recognition:

At a point in time	<u>\$6,391,529</u>	<u>\$14,891,077</u>	<u>\$21,282,606</u>
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(2) Contract balances

A. Contract assets - current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	\$76,132	\$192,722	\$74,605
Less: loss allowance	-	-	-
Total	<u>\$76,132</u>	<u>\$192,722</u>	<u>\$74,605</u>

The significant changes in the Group's balances of contract assets during the year ended 31 December 2023 and 2022 are as follows:

	2023	2022
The opening balance transferred to trade receivables	\$(192,722)	\$(74,605)
The current contract consideration has not yet been unconditionally charged	76,132	192,722

B. Contract liabilities - current

	31 Dec. 2023	31 Dec. 2022	1 Jan 2022
Sales of goods	<u>\$205,217</u>	<u>\$296,474</u>	<u>\$242,073</u>

The significant changes in the Group's balances of contract liabilities for the year ended 31 December 2023 and 2022 are as follows:

	2023	2022
The opening balance transferred to revenue	\$(158,089)	\$(171,879)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	66,832	226,280

16. Expected credit losses / (gains)

	2023	2022
Operating Expense- Expected credit losses (gains)		
Accounts Receivables	32,009	3,268
Total	<u>\$32,009</u>	<u>\$3,268</u>

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

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

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

	Overdue						Total
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying amount	\$4,274,581	\$346,473	\$16,665	\$4,854	\$2,306	\$30,937	\$4,675,816
Loss ratio	0.5%	0.5~1%	2~6%	7~16%	17~84%	100%	
Lifetime expected credit losses	25,847	2,542	708	519	1,398	30,937	61,951
Carrying amount	<u>\$4,248,734</u>	<u>\$343,931</u>	<u>\$15,957</u>	<u>\$4,335</u>	<u>\$908</u>	<u>\$-</u>	<u>\$4,613,865</u>

As at 31 December 2022

	Overdue						Total
	Not yet due	<=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	<u>\$3,659,249</u>	<u>\$329,404</u>	<u>\$13,937</u>	<u>\$5,646</u>	<u>\$2,065</u>	<u>\$-</u>	<u>\$4,010,301</u>

The movement in the provision for impairment of note receivables and trade receivables during the year ended 31 December 2023 and 2022 is as follows:

	Contract assets	Note receivables	Trade receivables
1 Jan. 2023	\$-	\$651	\$30,193
Addition/(reversal) for the current period	-	-	32,009
Exchange difference	-	-	(902)
31 Dec. 2023	<u>\$-</u>	<u>\$651</u>	<u>\$61,300</u>

  

	Contract assets	Note receivables	Trade receivables
1 Jan. 2022	\$-	\$651	\$26,608
Addition/(reversal) for the current period	-	-	3,268
Write off	-	-	(177)
Exchange difference	-	-	494
31 Dec 2022	<u>\$-</u>	<u>\$651</u>	<u>\$30,193</u>

## 17. Leases

### (1) Group as a lessee

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

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

#### A. Amounts recognized in the balance sheet

##### (a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2023	31 Dec. 2022
Land	\$223,055	\$251,436
Other equipment	10,392	13,612
Total	<u>\$233,447</u>	<u>\$265,237</u>

For the year ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounting to NT\$6,952 thousand and NT\$2,233 thousand.



(b) Lease liabilities

	As at	
	31 Dec. 2023	31 Dec. 2022
Lease liabilities	\$22,124	\$35,232
Current	14,775	18,530
Non-current	7,349	16,702
Total	\$22,124	\$35,232

Please refer to Note 6.(19) for the interest on lease liabilities recognized for the year ended 31 December 2023 and 2022 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2023	2022
Land	\$24,299	\$26,160
Other equipment	6,988	3,868
Total	\$31,287	\$30,028

C. Income and costs relating to leasing activities

	2023	2022
The expenses relating to short-term leases	\$10,876	\$10,247
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	489	983
Total	\$11,365	\$11,230

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income for the year ended 31 December 2023 and 2022 were NT\$0 thousand and NT\$2,256 thousand, respectively. 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

For the year ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$ 31,891 thousand and NT\$28,586 thousand.

18. For the year ended 31 December 2023 and 2022, the Group's personnel, depreciation and amortization expenses are summarized as follows:

Function Character	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Salaries	\$1,838,441	\$1,312,896	\$3,151,337	\$1,618,782	\$1,152,567	\$2,771,349
Insurances	180,260	114,888	295,148	170,862	109,647	280,509
Pensions	72,386	56,770	129,156	65,636	54,347	119,983
Other personnel expenses	95,302	75,627	170,929	72,570	68,645	141,215
Depreciations	2,539,176	223,165	2,762,341	2,616,707	242,634	2,859,341
Amortization	151,527	34,487	186,014	284,128	39,106	323,234

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 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.

Based on the profit level, the Company estimated NT\$ 5,000 thousand employees' compensation and NT\$15,000 thousand remuneration to directors and supervisors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 8 March 2024 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.

19. Non-operating income and expenses

(1) Other income

	2023	2022
Rent income	\$5,431	\$11,694
Interest income	88,389	19,737
Dividend income	17,352	17,897
Other income-other	191,986	180,283
Total	<u>\$303,158</u>	<u>\$229,611</u>

(2) Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	\$(18,457)	\$7,545
(Loss) on disposal of Intangible assets	-	(137,774)
Gain on disposal of equity investments under equity method	-	576,617
Foreign exchange (loss) - net	881	293,126
Impairment loss	(122,549)	(193,979)
Other gains (losses)	(29,193)	14,194
Total	<u>\$(169,318)</u>	<u>\$559,729</u>

(3) Finance costs

	2023	2022
Interest expenses:		
Interest on borrowings from bank	\$(59,586)	\$(91,783)
Interest on lease liabilities	(223)	(401)
Subtotal	<u>(59,809)</u>	<u>(92,184)</u>
Total	<u>\$(59,809)</u>	<u>\$(92,184)</u>

## 20. Components of other comprehensive income

	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Year ended Dec. 31, 2023					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	\$(130,575)	\$-	\$(130,575)	\$26,161	\$(104,414)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	311,603	-	311,603	-	311,603
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	101,216	-	101,216	(21,845)	79,371
Share of other comprehensive income (loss) of associates and joint ventures	(166,160)	-	(166,160)	33,232	(132,928)
Total other comprehensive income	<u>\$116,084</u>	<u>\$-</u>	<u>\$116,084</u>	<u>\$37,548</u>	<u>\$153,632</u>

	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Year ended Dec. 31, 2022					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	\$108,146	\$-	\$108,146	\$(21,284)	\$86,862
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	145,460	-	145,460	-	145,460
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	181,159	-	181,159	(33,565)	147,594
Share of other comprehensive income (loss) of associates and joint ventures	115,684	-	115,684	(23,137)	92,547
Total other comprehensive income	<u>\$550,449</u>	<u>\$-</u>	<u>\$550,449</u>	<u>\$(77,986)</u>	<u>\$472,463</u>

## 21. Income Tax

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

### Income tax recorded in profit or loss

	2023	2022
Current income tax expense (benefit):		
Current income tax charge	\$823,420	\$517,199
Adjustments in respect of current income tax of prior periods	(3,627)	(3,120)
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) related to origination and reversal of temporary differences	(54,965)	49,513
Total Income tax expense	<u>\$764,828</u>	<u>\$563,592</u>

### Income tax relating to components of other comprehensive income

	2023	2022
Deferred income tax expense (benefit):		
Exchange differences on translation of foreign operations	\$11,387	\$(56,702)
Remeasurements of the defined benefit plan	26,161	(21,284)
Income tax relating to components of other comprehensive income	<u>\$37,548</u>	<u>\$(77,986)</u>

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2023	2022
Accounting profit before tax from continuing operations	<u>\$3,812,108</u>	<u>\$2,600,312</u>
Tax at the domestic rates applicable to profits in the country concerned	779,595	552,953
Tax effect of revenues exempt from taxation	(22,402)	(21,372)
Tax effect of expenses not deductible for tax purposes	102	235
Tax effect of deferred tax assets/liabilities	11,160	34,896
Adjustments in respect of current income tax of prior periods	(3,627)	(3,120)
Total income tax expenses recorded in profit or loss	<u>\$764,828</u>	<u>\$563,592</u>

Significant components of deferred income tax assets and liabilities are as follows:

For the year ended 31 December 2023

	As of	Recognized in	Recognized in	Recognized in	Exchange	As of
	1 Jan. 2023	income	comprehensive income	equity	differences	31 Dec. 2023
Temporary differences						
Allowance for inventory valuation losses	\$6,842	\$-	\$-	\$-	\$-	\$6,842
Unrealized exchange (gain)	15,026	17,418	-	-	-	32,444
Unrealized sales returns and discounts	8,329	1,731	-	-	-	10,060
Unrealized gross profits	2,014	(176)	-	-	-	1,838
Valuation foreign investment under equity method (gain)	(249,654)	32,764	-	-	-	(216,890)
Valuation foreign investment under equity method Loss	14,491	38,335	-	-	-	52,826
Unrealized pension expenses - merger	20,771	-	-	-	-	20,771
Loss from defined benefit plan	7,112	-	26,099	-	-	33,211
Gain from defined benefit plan	(1,431)	-	62	-	-	(1,369)
Goodwill	(51,385)	(4,704)	-	-	-	(56,089)
Exchange differences on translation of foreign operations	3,123	-	11,387	-	-	14,510
Impairment loss of financial assets carried at cost	1,031	-	-	-	-	1,031
Compensated absences provisions	15,348	720	-	-	-	16,068
Impairment loss of assets	11,509	(9,633)	-	-	-	1,876
Amortization	12,383	-	-	-	(306)	12,077
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	-	28,293
Depreciation difference for tax purpose	(47,935)	(13,526)	-	-	119	(61,342)
Unrealized pension expenses	(16,095)	(7,964)	-	-	-	(24,059)
Deferred income tax (expenses)		<u>54,965</u>	<u>37,548</u>	<u>-</u>	<u>(187)</u>	
Deferred tax assets and liability net	<u>\$(220,228)</u>					<u>\$(127,902)</u>
As presented on the financial statement:						
Deferred tax assets	<u>\$146,272</u>					<u>\$231,847</u>
Deferred tax liabilities	<u>\$(366,500)</u>					<u>\$(359,749)</u>

For the year ended 31 December 2022

		Recognized in				
		other				
	As of	Recognized in	comprehensive	Recognized in	Exchange	As of
	1 Jan. 2022	income	income	equity	differences	31 Dec. 2022
Temporary differences						
Allowance for inventory valuation losses	\$8,033	\$(1,193)	\$-	\$-	\$2	\$6,842
Unrealized exchange (gain)	2,774	12,252	-	-	-	15,026
Unrealized sales returns and discounts	8,105	224	-	-	-	8,329
Unrealized gross profits	1,907	107	-	-	-	2,014
Valuation foreign investment under equity method (gain)	(252,666)	3,012	-	-	-	(249,654)
Valuation foreign investment under equity method Loss	26,435	(11,944)	-	-	-	14,491
Unrealized pension expenses - merger	20,771	-	-	-	-	20,771
Loss from defined benefit plan	27,855	-	(20,743)	-	-	7,112
Gain from defined benefit plan	(890)	-	(541)	-	-	(1,431)
Goodwill	(46,681)	(4,704)	-	-	-	(51,385)
Exchange differences on translation of foreign operations	59,825	-	(56,702)	-	-	3,123
Impairment loss of financial assets carried at cost	1,031	-	-	-	-	1,031
Compensated absences provisions	15,168	180	-	-	-	15,348
Impairment loss of assets	2,966	8,480	-	-	63	11,509
Depreciation	5,742	(5,863)	-	-	121	-
Amortization	21,526	(9,583)	-	-	440	12,383
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	-	28,293
Depreciation difference for tax purpose	(16,531)	(28,453)	-	-	(2,951)	(47,935)
Unrealized pension expenses	(4,067)	(12,028)	-	-	-	(16,095)
Deferred income tax (expenses)		<u>(49,513)</u>	<u>(77,986)</u>	<u>-</u>	<u>(2,325)</u>	
Deferred tax assets and liability net	<u>\$ (90,404)</u>					<u>\$ (220,228)</u>
As presented on the financial statement:						
Deferred tax assets	<u>\$230,431</u>					<u>\$146,272</u>
Deferred tax liabilities	<u>\$(320,835)</u>					<u>\$(366,500)</u>

### The assessment of income tax returns

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

	The assessment of income tax returns
The Company	2020
Subsidiary—RU YANG INDUSTRIAL CO., LTD.	2020
Subsidiary—DING CHUNG INDUSTRY CO., LTD.	2020

## 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.

	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$3,019,410	\$2,151,321
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Basic earnings per share (NT\$)	\$5.10	\$3.64
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$3,019,410	\$2,151,321
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Effect of dilution:		
Employee bonus—stock (in thousands)	86	150
Weighted average number of ordinary shares outstanding after dilution (in thousands)	591,563	591,627
Diluted earnings per share (NT\$)	\$5.10	\$3.64

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. (TUNG YANG CHEMICAL)	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. (DAIKYO NISHIKAWA TONG YANG)	Associate
NBC (WUHAN) CO., LTD.	Associate(Note 1)
WUHAN XIANG XING AUTO PARTS CO., LTD. (WUHAN XIANG XING)	Associate
NBC (GUANGZHOU) CO., LTD. (NBC (GUANGZHOU))	Associate(Note 1)
TAI Plus LLC	Other related party

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

### 1. Significant related party transactions

#### (1) Sales

	2023	2022
Associates industries	<u>\$331,475</u>	<u>\$326,132</u>

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

(2) Purchases

	2023	2022
Associates industries	<u>\$149,160</u>	<u>\$202,508</u>

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

(3) Accounts Receivables - Related parties

	31 Dec. 2023	31 Dec. 2022
Associates industries	<u>\$98,755</u>	<u>\$81,158</u>

(4) Accounts Payables - Related parties

	31 Dec. 2023	31 Dec. 2022
Associates industries	<u>\$30,436</u>	<u>\$43,998</u>

(5) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$78,914	\$73,284
Post-employment benefits	108	108
Total	<u>\$79,022</u>	<u>\$73,392</u>

(6) Other

The amount of service fees paid by the Group to an related party for the year ended 31 December 2023 and 2022 were NT\$11,198 thousand and NT\$10,626 thousand, respectively.

## VIII. ASSETS PLEDGED AS COLLATERAL

The following assets of the Group are pledged as collaterals:

Item	Amount		Purpose of pledge
	31 Dec. 2023	31 Dec. 2022	
Financial assets measured at amortized cost- restricted deposits-non current	\$ 11,498	\$ 18,098	Notes payables and guarantee
Financial assets measured at amortized cost- restricted deposits-current	52,185	88,644	Notes payables
Notes receivables	257,999	280,913	Notes payables
Property, plant and equipment- Land	225,647	225,647	Bank loans
Property, plant and equipment- Buildings	794,967	891,686	Bank loans
Right-of-use asset	148,244	165,339	Bank loans
Total	<u>\$1,490,540</u>	<u>\$1,670,327</u>	

## IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

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

(1) Unused letters of credit (in thousands)

Currency	31 Dec. 2023
USD	\$1,414
NTD	108,485

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

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

3. As of 31 December 2023, the Group has entered into a binding contract for the first quarter of 2024 with CHINA STEEL CORPORATION. The contract price is NT\$250,177 thousand. The Company has already drawn up a guarantee note of NT\$18,000 thousand.

## X. SIGNIFICANT DISASTER LOSS

None.

## XI. SIGNIFICANT SUBSEQUENT EVENTS

None

## XII. OTHER

### 1. Categories of financial instruments

#### Financial Assets

	31 Dec. 2023	31 Dec. 2022
Financial assets at fair value through other comprehensive income	\$671,057	\$359,454
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	3,812,782	2,340,080
Financial assets measured at amortized cost	298,554	135,914
Notes receivables (related parties included)	439,738	376,873
Accounts receivables (related parties included)	4,174,127	3,633,428
Other receivables	416,621	148,946
Total	<u>\$9,812,879</u>	<u>\$6,994,695</u>

#### Financial Liabilities

	31 Dec. 2023	31 Dec. 2022
Financial liabilities at amortized cost:		
Short-term loans	\$528,878	\$1,237,828
Payables	4,931,801	4,250,786
Lease liabilities	22,124	35,232
Long-term loans (current portion included)	1,839,387	2,221,691
Total	<u>\$7,322,190</u>	<u>\$7,745,537</u>

### 2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

### 3. Market risk

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

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly affected by USD. Sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2023 and 2022 decreases/increases by NT\$40,860 thousand and NT\$36,013 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 debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

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

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

At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to increase/ decrease by NT\$ 1,360 thousand and NT\$1,051 thousand, respectively.

### Equity price risk

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

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

## 4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2023 and 2022, accounts receivables from top ten customers represented 50% and 48% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

## 5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
31 Dec. 2023					
Loans	\$934,113	\$406,591	\$346,971	\$717,394	\$2,405,069
Payables	4,931,801	-	-	-	4,931,801
Lease liabilities	18,757	14,358	1,656	1,469	36,240
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

## 6. Reconciliation of liabilities arising from financing activities

### Reconciliation of liabilities as at 31 December 2023:

	Short-term loans	Long-term loans (current portion included)	Lease liabilities	Total liabilities from financing activities
1 Jan. 2023	\$1,237,828	\$2,221,691	\$35,232	\$3,494,751
Cash flows	(708,950)	(382,304)	(20,303)	(1,111,557)
Non-cash change	-	-	7,195	7,195
Foreign exchange movement	-	-	-	-
31 Dec. 2023	<u>\$528,878</u>	<u>\$1,839,387</u>	<u>\$22,124</u>	<u>\$2,390,389</u>

### Reconciliation of liabilities as at 31 December 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	(696,402)	(2,630,938)	(16,955)	(3,343,893)
Non-cash change	(595)	-	10,446	9,449
Foreign exchange movement	-	17,791	-	17,791
31 Dec. 2022	<u>\$1,237,828</u>	<u>\$2,221,691</u>	<u>\$35,232</u>	<u>\$3,494,751</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 Company approximate the fair value.

(3) Fair value measurement hierarchy for financial instruments

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

## 8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

31 Dec. 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	\$-	\$-	\$671,057	\$671,057

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

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 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
	2023	2022
Beginning balances	\$359,454	\$213,994
Total gains and losses recognized:		
Amount recognized in OCI	311,603	145,460
Ending balances	\$671,057	\$359,454

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 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	11.72~ 17.51	The higher the discount for lack of marketability, the lower 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 profit or loss by NT\$66,106 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 discount for lack of marketability, the lower 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 profit or loss by NT\$34,945 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			
31 Dec. 2023			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$134,833	30.735	\$4,144,092
CNY	481,584	4.322	2,081,406
Non-monetary items:			
CNY	525,065	4.322	2,269,332
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,891	30.735	\$58,120
CNY	542,779	4.322	2,345,891
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

	31 Dec. 2022		
	Foreign Currency	Exchange	NTD
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$1,750	30.708	\$53,739
CNY	630,048	4.432	2,792,373

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2023 and 2022, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$881 thousand, NT\$293,126 thousand, respectively.

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

#### 10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

#### 11. Technical license agreement:

- ① According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 11 September 2017, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4X45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ② According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 19 March 2018, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4B45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ③ According to a technical license agreement made between the Company and Hitachi Chemical CORPORATION (Now renamed to Resonac 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 year ended 31 December 2023: Please refer to Attachment 2.
  - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 3.
  - (c) Securities held as of 31 December 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 year ended 31 December 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 year ended 31 December 2023: Please refer to Attachment 5.
  - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 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 year ended 31 December 2023: Please refer to Attachment 7.
  - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2023: None.
  - (i) Financial instruments and derivative transactions: None.
  - (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: Please refer to Attachment 6.

(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 8.
- (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 8.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 9.

#### 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.

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

2023	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$6,643,228	\$17,215,578	\$-	\$23,858,806
Inter-segment	-	-	-	-
Total revenue	<u>\$6,643,228</u>	<u>\$17,215,578</u>	<u>\$-</u>	<u>\$23,858,806</u>
Segment profit	<u>\$(447,855)</u>	<u>\$4,232,092</u>	<u>\$27,871</u> Note(1)	<u>\$3,812,108</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$27,870 thousand.

2022	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$6,391,529	\$14,891,077	\$-	\$21,282,606
Inter-segment	-	-	-	-
Total revenue	<u>\$6,391,529</u>	<u>\$14,891,077</u>	<u>\$-</u>	<u>\$21,282,606</u>
Segment profit	<u>\$(212,391)</u>	<u>\$2,927,304</u>	<u>\$(114,601)</u> Note(1)	<u>\$2,600,312</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$(114,601) thousand.

2. Product information:

Product	2023	2022
Homemade - steam locomotive parts	\$20,332,536	\$17,876,882
Purchased product	2,679,130	2,544,992
Others	<u>847,140</u>	<u>860,732</u>
Total	<u>\$23,858,806</u>	<u>\$21,282,606</u>



### 3. Geographic information:

From outside client revenue:

Country	2023	2022
Taiwan	\$4,038,459	\$3,711,132
China	4,776,303	4,501,375
America	9,934,277	8,599,533
Others	5,119,767	4,470,566
Total	<u>\$ 23,868,806</u>	<u>\$21,282,606</u>

Non-current assets:

Country	31 Dec. 2023	31 Dec. 2022
Taiwan	\$16,383,473	\$16,460,090
China	2,344,692	3,041,965
Others	826,087	873,405
Total	<u>\$19,554,252</u>	<u>\$20,375,460</u>

### 4. Important client information:

	2023	2022
Client A	<u>\$4,417,615</u>	<u>\$3,874,931</u>

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

No.(Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	DING CHUNG INDUSTRY CO., LTD.	1	Sales	\$75,054	Approximately 60 days from the date of sale	0.31%
0	The Company	TYG PRODUCTS	1	Sales	76,452	Approximately 90 days from the date of sale	0.32%
0	The Company	TYG PRODUCTS	1	Account receivables	43,442	Approximately 90 days from the date of sale	0.12%
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	3	Other receivables	86,440	Financing	0.25%
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Other receivables	129,660	Financing	0.37%

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

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

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

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

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

Attachment 2: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note8)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (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)	\$86,440 (RMB 20,000)	\$86,440 (RMB 20,000)	-%	2	-	Need for operating	-	-	-	\$847,425 (USD 27,572)	\$1,694,820 (USD 55,143)	(Note 7)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	\$132,930 (RMB 30,000)	\$129,660 (RMB 30,000)	\$129,660 (RMB 30,000)	-%	2	-	Need for operating	-	-	-	\$847,425 (USD 27,572)	\$1,694,820 (USD 55,143)	(Note 7)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	Other receivables	Y	\$178,305 (USD 5,500)	-	-	-%	2	-	Need for operating	-	-	-	\$389,919	\$519,892	(Note 7)
3	NANJING TONG YANG AUTO PARTS CO., LTD.	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	\$86,440 (RMB 20,000)	\$86,440 (RMB 20,000)	-	0.2%	2	-	Need for operating	-	-	-	\$247,336 (RMB 57,227)	\$247,336 (RMB 57,227)	(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 counter-party:

- (1) Limit of financing amount for individual counter-party 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.  
NANJING TONG YANG AUTO PARTS CO., LTD: Limit of financing amount for individual counterparty shall not exceed 100% 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; limit of total financing amount shall not exceed 100% of NANJING TONG YANG AUTO PARTS CO., LTD'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 transations were all made between consolidated entities in the Group and have been reversed.

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

(Note 9) The exchange rate of the US dollar to the NTD is 1:30.735.

The exchange rate of the RMB to the NTD is 1:4.322.

Attachment 3: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 6)	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company name	Relationship (Note 2)											
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD	(2)	\$847,425 (USD 27,572)	\$726,096 (RMB 168,000)	\$726,096 (RMB 168,000)	\$202,983 (RMB 46,965)	-	17.14%	\$1,694,820 (USD 55,143)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	\$847,425 (USD 27,572)	\$511,405 (RMB 115,000)	\$367,370 (RMB 85,000)	\$64,830 (RMB 15,000)	-	8.67%	\$1,694,820 (USD 55,143)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD.	(2)	\$847,425 (USD 27,572)	\$88,620 (RMB 20,000)	\$86,440 (RMB 20,000)	-	-	2.04 %	\$1,694,820 (USD 55,143)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	(2)	\$847,425 (USD 27,572)	\$153,700 (USD 5,000)	-	-	-	- %	\$1,694,820 (USD 55,143)	Y	N	Y	(Note 5)

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

The Company is coded "0".

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

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

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

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

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

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

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

Note 7: The exchange rate of US to NTD is 1:30.735.

The exchange rate of the RMB to the NTD is 1:4.322.

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

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	as of 31 December 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	558,077	14.14%	92.71	
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	102,980	2.61%	92.71	

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: Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital or more.

Acquirer	Property title	Date of acquisition	Transaction amount	Status of payment	Name of the counterparty	Relationship	The previous transaction information of a related counterparty				Basis for price determination	Reason for acquisition	Other terms
							Owner	Relationship	Date	Amount			
The Company	Land No. 721-1, Science and Industry Section, Annan District	27 November 2023	\$595,261	\$595,261	Sheng Xi Investment Co.,LTD	-	-	-	-	\$-	Valuation report issued by a professional appraiser	Operation needs	-

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 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%	\$117,809	\$115,752	\$27,438	\$10,975	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,059,545 (USD 91,058)	3,059,545 (USD 91,058)	59,000	100.00%	4,236,684	4,237,072	(336,361)	(336,361)	(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%	1,290,927	1,299,729	93,690	93,690	(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%	125,894	125,894	2,166	2,166	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	235,136	235,143	5,280	3,113	(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%	68,748	146,397	(171)	(5,769)	(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	54	27	

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 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 51,467	USD 5,546	USD 2,717	
	FUZHOU TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 34,000	USD 25,500	-	100.00%	USD 5,334	USD (3,197)	USD (3,197)	(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	-	55.00%	USD 13,239	USD 1,840	USD 1011	(Note 7)
	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 10,686	USD 159	USD 71	
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 37,798	USD 29,298	-	100.00%	USD 4,769	USD (5,343)	USD (5,343)	(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 14,661	USD (1,857)	USD (1,857)	(Note 4)



Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 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	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 2,873	USD 620	USD 155	
	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 4,363	USD 45	USD 41	(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 8,809	USD (6,758)	USD(3,311)	
	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 1,877	USD 55	USD 55	(Note 4)
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%	-	RMB29	RMB16	(Note 4.7)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	USD -	USD -	1	100.00%	864,565	131,098	131,098	(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%	247,336	(41,773)	(41,773)	(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 1:30.735.

The exchange rate of RMB to NTD is 1:4.322.

The average exchange rate of US dollar to NTD is 1: 31.105.

The average exchange rate of RMB to NTD is 1: 4.411.

Attachment 7: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	TUNG YANG CHEMICAL CO., LTD.	Associate	Purchases	\$109,288	1.62%	Net 90 days	N/A	N/A	\$25,705	1.8%	-
FUZHOU TONG YANG PLASTICS CO., LTD.	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	Associate	Sales	\$128,029 (RMB 29,025)	54.44%	Approximately 60 days from the date of sale	N/A	N/A	\$33,241 (RMB 7,691)	40.57%	(Note)

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

## Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 31 December 2023 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 31 December 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 Mitsubishi 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 (3,197)	100.00%	USD (3,197)	USD 5,334	-
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 (Changchuen) Co., Ltd.		USD-	Note 1	USD 469	-	-	USD 469	-	-	-	-	-
NBC (Tianjin) Co., Ltd.		USD-	Note 1	USD (998)	-	-	USD(998)	-	-	-	-	USD 998
Tianjin Binhai NBC Co., Ltd.		RMB-	Note 1	USD 2,960	-	-	USD 2,960	-	-	-	-	-
Chang Chuen Faway Tong Yang Plastics Co., Ltd.		USD 27,000	Note 1	USD 9,747	-	USD 3,000	USD 6,747	USD 5,546	49.00%	USD 2,717	USD 51,467	USD 10,000
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 1,840	55% (Note 7)	USD 1,011	USD 13,239	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD 159	45.00%	USD 71	USD 10,686	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD 12,000	Note 1	USD 3,228	-	-	USD 3,228	USD 620	25.00%	USD 155	USD 2,873	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	(41,773)	100.00%	(41,773)	247,336	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 100,000	Note 1	USD 11,172	-	-	USD 11,172	USD 45	90.00%	USD 41	USD 4,363	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (6,758)	49.00%	USD (3,311)	USD 8,809	-
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 (5,343)	100.00%	USD (5,343)	USD 4,769	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD (1,857)	100.00%	USD (1,857)	USD 14,661	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 55	100.00%	USD 55	USD 1,877	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$197,123	US\$197,123	(Note 6)

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

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

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

Note 4: The exchange rate of US dollar to NTD is 1:30.735, the exchange rate of RMB to NTD is 1:4.322; the average exchange rate of US dollar to NTD is 1: 31.105, the average exchange rate of RMB to NTD is 1: 4.411.

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.

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.

Attachment 9:Information on major shareholders

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

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

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

Note 2: If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee.

Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.