Stock Code: 1319

東陽實業廠股份有限公司
Tong Yang Industry Co., Ltd.

2023 Annual Report

Printed on May 10, 2024

Website for annual report inquiries: http://mops.twse.com.tw
Company website: http://www.tyg.com.tw

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Title: Assistant Vice President
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II. Address and Telephone Numbers of Company's Headquarter and Factories:

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IV. Contact Information of the CPAs for the Latest Financial Statements:

Accounting firm: Ernst & Young Global Limited
Names of CPAs: Tzu-Ren Hu , Kuo-Sen Hung
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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Company's website: http://www.tyg.com.tw

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Chapter 1. Letter to Shareholders

Dear Shareholders,

First and foremost, we would like to express our deepest gratitude and appreciation to all shareholders for your unwavering support throughout the past year. With the increasing demand for global automotive collision parts and the continuous growth of State Farm benefits, our company has achieved a consolidated revenue of 23,858,806thousand yuan, representing a growth of 12.10% compared to last year. The consolidated net profit also increased by 49.62% compared to last year, reaching 3,047,280 thousand yuan. Moving forward, our company will continue to optimize and expand production capacity, improve production lines, and produce high-quality products to meet customers' one-stop shopping needs. These efforts will enhance our overall competitiveness and strengthen our position in the automotive parts market. Below, we have provided the financial results for 2023 and an overview of the business plan for 2024.

I. 2023 Operating Report

1. Business Plan Implementation Results

The Company's consolidated operating revenue for 2023 was NT$23,858,806 thousand, an increase of NT$2,576,200 thousand from NT$21,282,606 thousand in 2022, representing a growth rate of 12.10%; consolidated gross profit from the operating activities was NT$7,133,562 thousand, an increase of NT$2,105,488 thousand from NT$5,028,074 thousand in 2022, representing a growth rate of 41.87%; consolidated operating income was NT$3,744,280 thousand, an increase of NT$1,809,761 thousand from NT$1,934,519 thousand in 2022, representing a growth rate of 93.55%. The growth can be attributed to the post-pandemic demand, benefits from State Farm, increased market demand, and the Company's continuous organizational restructuring and improvement. By providing high-quality products to meet market demand, we have achieved rapid growth in revenue and profitability. The non-operating income and expenses for 2023 were NT$67,828 thousand, a decrease of NT$597,965 thousand from NT$665,793 thousand in 2022. This decrease was mainly due to the recognized gain on the disposal of equity interests in five paint investees in mainland China in 2022 of NT$574,474 thousand. Therefore, the consolidated pre-tax net income for 2023 was NT$3,812,108 thousand, an increase of NT$1,211,796 thousand from NT$2,600,312 thousand in 2022. The consolidated net income was NT$3,047,280 thousand, an increase of NT$1,010,560 thousand from NT$2,036,720 thousand in 2022. The net income attributable to the parent company was NT$3,019,410 thousand, an increase of NT$868,089 thousand from NT$2,151,321 thousand in 2022 representing a growth rate of 40.35%.

Unit: NT$ Thousands

Item	2023	2022	Change by amount	Change by percentage (%)
Consolidated operating revenue	23,858,806	21,282,606	2,576,200	12.10
Consolidated net gross profit	7,133,562	5,028,074	2,105,488	41.87
Consolidated operating income	3,744,280	1,934,519	1,809,761	93.55
Consolidated non-operating income and expenses	67,828	665,793	-597,965	-89.81
Consolidated income before tax	3,812,108	2,600,312	1,211,796	46.60
Consolidated income for current period	3,047,280	2,036,720	1,010,560	49.62
Net income attributable to shareholders of the parent company	3,019,410	2,151,321	868,089	40.35

2. Budget Execution Unit: NT$ Thousands

Item	Actual amount 2023	Volume forecast 2023	Completion rate (%)
Consolidated operating revenue	23,858,806	21,562,812	110.65
Consolidated net gross profit	7,133,562	6,198,648	115.08
Consolidated operating expenses	3,389,282	3,243,458	104.50
Consolidated operating income	3,744,280	2,955,190	126.70
Consolidated income before tax	3,812,108	3,047,720	125.08

Note: The 2023 volume forecast has yet to be reviewed by CPAs.

3. Financial Revenue and Profitability Analysis

<table>
<tr><td colspan="3" rowspan="2">Year
Analysis item</td><td colspan="2">Financial analysis</td></tr>
<tr><td>2023</td><td>2022</td></tr>
<tr><td rowspan="2">Financial structure</td><td colspan="2">Debt ratio (%)</td><td>26.06</td><td>27.65</td></tr>
<tr><td colspan="2">Ratio of long-term capital to property, plant, and equipment (%)</td><td>159.01</td><td>146.49</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on Assets (ROA) (%)</td><td>9.03</td><td>6.20</td></tr>
<tr><td colspan="2">Return on Equity (ROE) (%)</td><td>12.15</td><td>8.75</td></tr>
<tr><td rowspan="2">As a percentage of paid-in capital (%)</td><td>Operating Income</td><td>63.30</td><td>32.71</td></tr>
<tr><td>Pre-tax Profit</td><td>64.45</td><td>43.96</td></tr>
<tr><td colspan="2">Net Profit Margin (%)</td><td>12.77</td><td>9.57</td></tr>
<tr><td colspan="2">Earnings per share (NT$) (Note)</td><td>5.10</td><td>3.64</td></tr>
</table>

Note: Earnings per share are calculated based on the weighted average number of outstanding shares for the year.

4. Research and Development (R&D) Status

Tong Yang has a technology R&D center that engages in new product development, with a focus on product design, materials, and coatings. The Company is dedicated to developing and innovating technology in the fields of engineering, optoelectronics, and e-communication and actively embraces automated equipment and remote information monitoring systems. Thus, we can quickly respond to various issues and perform data analysis on the production lines, thereby improving production efficiency. Additionally, to respond to the advancements in electric vehicles and autonomous driving, the technology R&D center has established an advanced components team and an intelligent electrical assembly team, expanding beyond the current scope of plastic products, to integrate the automotive electrical system, optical components, and decoration techniques, aiming to create innovative product integrations and provide customers with safe and comfortable transportation equipment parts and accessories with our specialized expertise and extensive experience.

Tong Yang's plastics/sheet metal components have received the highest number of CAPA product certifications in the U.S. market. (CAPA: Certified Automotive Parts Association) and obtained the German TÜV Rheinland quality system certification in the European market, and in the global market, Tong Yang has obtained the highest number of product certifications in the industry. In response to environmental protection, we introduced water-based paintings for plastic products in 2016 and became the only manufacturer in the world to receive CAPA certification for water-based painting products.

In recent years, the electric vehicle industry has undergone significant growth. The design and application of automotive exteriors have also evolved, incorporating new decorative styles. We have integrated the decoration techniques of exterior parts with "light elements" and have developed an AI photoelectric decoration technique with different visual effects during the day and at night. It can enhance the information transmission function and strengthen the connection between cars and people. The items include three-dimensional light and shadow, optical grill, large illuminated decorative panel, AI B-pillar, illuminated bumper, and tailgate, etc. The rapidly evolving automotive electronic systems have led to the needs for complex user interfaces and a vast amount of information to be transmitted. Tong Yang has functionalized in-car components, developed human-machine interaction and concealed information display systems, integrated driving information and developed various control interfaces, freeing people from complex operations. The items include totem ambient lights, AI touch panels, electric glove compartments, AI central armrests, and other smart cockpit integrated applications, allowing drivers to adjust the cabin environment based on the external environments and driving conditions, to alleviate driver information fatigue and enhance driving focus.

As for environmental concerns, during the product R&D stage, Tong Yang has integrated the principles of lightweight design, energy efficiency, and carbon reduction. The items include plastic tailgate panels, plastic engine covers, plastic leaf springs, plastic front-end frames, and injection-molded foam interior and exterior trims. The successful cases of replacing steel with plastic and lightweight foam molding can reduce weight by 10-40%, increase fuel efficiency and gas mileage, reduce air pollution, and achieve energy-efficiency and carbon reduction. Tong Yang adopted a water-based painting technique and equipment, to minimize the use of harmful solvents and promote environmental sustainability.

The technology R&D center focuses on five main aspects for product development: lightweight design, integration, decoration, value, and environmental protection. Objective: Our objective is to continuously develop key technologies in order to meet the evolving needs of the market and our customers.

Tong Yang perseveres in continuously engaging in R&D to become a leader in the industry and lay a stronger, more stable, and solid foundation to compete in international markets.

II. Outline of the 2024 Business Plan

1. Management Principles

Since the establishment, we have always adhered to "Humanistic Management" as our central notion, and "enthusiasm, honesty and creativity" as our corporate spirits. This has driven the development of the Tong Yang Group (TYG) in plastic parts of bicycles and motorcycles, and interior and exterior components. It has accelerated the development of high-level technology, provided more reliable products, developed its bases, and markets in the world, and provided more rapid and comprehensive services to our customers.

2. Sales Volume Forecast and Basis

(1) Vehicle assembly business

The growth rate of the vehicle assembly business is determined based on historical sales data from Taiwan's and China's automobile markets, as well as the projected vehicle assembly volume. The assembly industry is to develop and manufacture vehicles on behalf of automobile manufacturers. The expected sales are based on the models being assembled and developed as well as the manufacturers' projected annual assembly volume. The estimated sales volume for 2024 is 21,273,882 units.

(2) Repair/Maintenance business

In the collision auto replacement parts industry, Tong Yang holds a dominant global market share of around 70% for plastic parts and approximately 37% for sheet metal parts. Our products are exported to various regions worldwide. Drawing on past experience and taking into account market factors, such as politics and economics, as well as evaluating the potential of different markets and customers, the projected sales quantity for 2024 is estimated to reach 22,526,605 pieces.

3. Key Production and Distribution Policy

(1) Key production and distribution policy

Vehicle assembly business

a. Explore new overseas OEM and OES markets and adopt new technologies and methods to diversify revenue sources.

b. Increase market share in the OEM market in Taiwan and mainland China, and strengthen relationships with current core car manufacturers and customers.

Repair/Maintenance business

a. Focus on expanding our presence in the insurance markets in North America and Europe and strive to obtain more product certifications to enhance our credibility and competitiveness.

b. Enhance the development of new automotive parts and integrate AM product supply chains to strengthen product diversity and meet customer needs for one-stop shopping services and quick delivery.

(2) Key production policy

a. For the vehicle assembly market, adopt a make-to-order production method to supply long-term and stable orders from vehicle assembly plants in Taiwan and China and foreign OEM and OES markets to meet customer needs.

b. b. For the repair/maintenance market, adopt a make-to-stock production method to cater to customer orders, which often involve diverse varieties in small quantities, to increase the supply rate.

c. Adopt automated equipment and robots to enhance efficiency, productivity, and quality.

d. Adopt water-based paints and coatings and electroplating wastewater treatment equipment to reduce VOC discharge and enhance environmental protection measures.

III. Future Company Development Strategy

1. Vehicle assembly business:

(1) Strengthen R&D capabilities, improve sales capabilities, and enhance mold development technology to become a Tier 1 supplier.

(2) Develop high-value-added products, such as AI dashboards, electroplated parts, front-end modular assemblies, and mold products.

(3) Increase OEM exports and target emerging OEM markets, such as China and the Association of Southeast Asian Nations (ASEAN).

2. Repair/Maintenance business:

(1) Integrate the after-market (AM) repair/maintenance market and continuously develop molds, to ensure a complete product supply.

(2) Speed up product certification and expand the market for insurance company-certified products.

(3) Increase product lines and products, such as stepper blinds and fans; enter the modified car market, enhance brand marketing, and expand market share.

(4) Expand and penetrate into global sales and distribution channels, particularly in China, Eastern Europe, and the ASEAN.

IV. Effect of the External Competitive Environment, Legal and Regulatory Environment, and Overall Business Environment.

1. Effect of external competition

As for the impact of the external competitive environment, Tong Yang has striven to maintain a competitive advantage in the market by producing high-quality products and continue to provide customers with satisfactory services. We uphold the principle of delivering high quality as the core value of the Company. Throughout the years, we have been acknowledged by quality associations in different countries. In addition to being certified by CAPA, the largest quality certification organization in the United States, we have obtained Keys IQ certification from LKQ, the largest distributor of AM parts in the United States, has obtained TÜV Rheinland's quality certification in Europe.With Tong Yang's rigorous quality system management, we are able to provide customers with the highest quality and safe components, while enhancing Tong Yang's global market share and competitiveness.

2. Effect of law and regulations

Tong Yang primarily produces transportation equipment. How to solve the impact of air, water, waste, poison, and noise on the environment in operating activities, products, or services and establish a comfortable, safe, and tidy work environment is a common commitment of the Company's management and all employees to continuous improvement and pollution prevention. The Company passed ISO 14001 Environmental Management

System (valid until July 5, 2026) and OHSAS18001 (updated to ISO 45001 in 2018) Certification for Occupational Health and Safety Management System (valid until July 27, 2026), in 2002 and 2005, respectively, and has established a system for continuous improvement and formulated environmental safety and health management system review procedures, to ensure that the latest environmental protection and occupational safety regulations are used as the basis for production improvement and that we comply with the government's environmental protection and occupational safety laws and regulations.

In recent years, there has been an increasing emphasis on "lightweighting" in the development of new cars. This aligns with the increasing strict energy-efficiency and carbon reduction measures in various countries and fulfills the needs for electric vehicle development. Tong Yang, as a prominent player in the global automotive interior and exterior component industry, responds to the environmental regulations on energy efficiency and carbon reduction and the industry development trend of electric vehicles and has improved technological capabilities and made every effort to develop "lightweight" auto parts, to actively respond to the development opportunities from eco-friendly vehicle manufacturing and lightweight new energy vehicles.

3. Effect of the overall business environment

Taiwan's automotive parts industry benefits from its flexible manufacturing of diverse varieties in small quantities. Companies in the industry have invested in R&D to enhance their production technology, and they have been internationally competitive. Despite fluctuations in the domestic market for finished cars in recent years, the export of automotive parts has consistently expanded, reaching a record high of NT$253 billion in 2022, representing a growth rate of approximately 14.58%. However, in 2023, due to the economic downturn and high inventory, the export amount declined by 10.91% to NT$225.4 billion. Through the implementation of globalization and specialization strategies, the Company has established production factories and marketing sites in Taiwan, mainland China, and the United States, thereby strengthening the global distribution network and gaining a competitive advantage. These efforts have laid a solid foundation for the Group's sustainable growth.

Finally, we hope that all shareholders will continue to support the Company as in the past and provide us with encouragement and guidance. Thank you.

We wish you good health and all the best.

Chairman: Wu, Yeong-Maw General Manager: Wu, Yung-Hsiang Accounting Officer: Chen, Chin-Hsi

Chapter 2. Company Profile

I. Date of Incorporation: The Company was established on October 30, 1967.

II. Company History

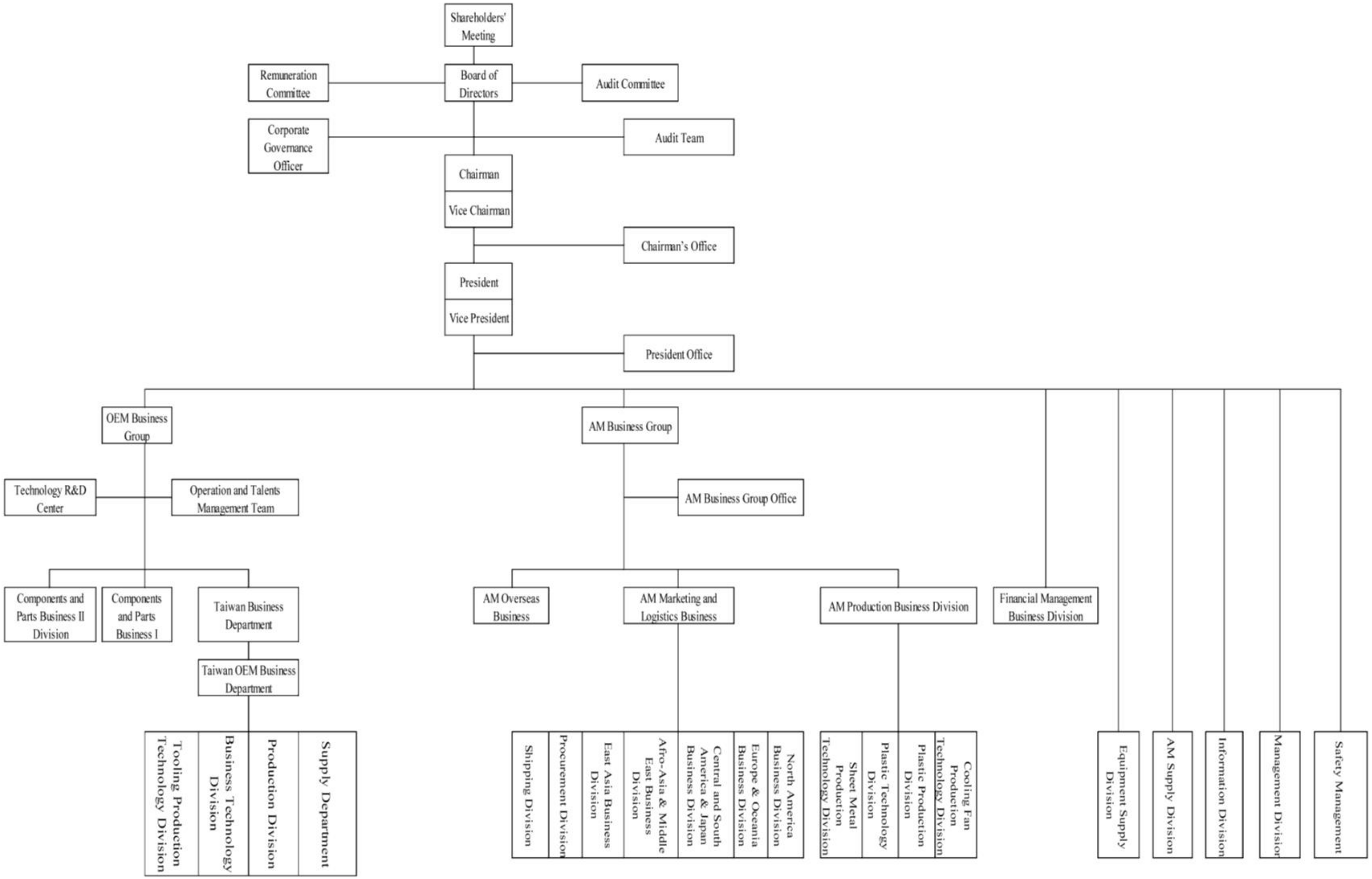
1967	Completed business registration.
1984	Worked with Samsung Japan for the wheel and band technology to introduce RIM technology for the production of PU bumpers.
1988	Worked with SHIGERU Japan to adopt automotive dashboard production technology.
1991	Planned to adopt CAD/CAM/CAE to comprehensively enhance the development and manufacturing capabilities.
1992	Awarded "Full Compliance with CAPA New Quality Standards" from the U.S. CAPA.
1993	Won the Ford Q1 Quality Award.
1994	Had Tong Yang's stock listed for trading on the Taiwan Stock Exchange.
1996	Signed a technology cooperation agreement with Sumitomo Mitsui and Mitsubishi, two Japanese companies.
1996	Put the Chongqing Plant in China officially into production, marking its entry into the local OEM market.
1998	Put the U.S. investee plant into mass production.
2002	Obtained ISO 14001 Environmental Management System Certification (valid until July 5, 2026).
2003	Obtained the ISO/TS16949 Quality System Certification Certificate (updated to IATF 16949 certification in 2018 (valid until November 1, 2024).
2004	Established a professional dashboard factory and a logistics center with 50 cargo container terminals.
2005	Obtained OHSAS18001 Occupational Safety and Health Management System Certification (updated to ISO 45001:2018 Occupational Safety and Health Management System Certification in 2018; valid until July 27, 2026).
2010	Merged with Taiwan Kai Yih Industrial Co., Ltd. on September 1, 2010 as a long-term development strategy, to consolidate group resources and enhance corporate competitiveness.
2010	Adopted robotic arms to automatically take out plastic parts from production lines.
2011	To demonstrate the Company's business philosophy of inheritance and sustainability, Mr. Yeong-Mae Wu resigned from his position as the President and took over as the Vice Chairman. Mr. Yung-Hsiang Wu took over as the President from October 1, 2011.
2011	Merged with Kai Ming Industry Co., Ltd. to streamline operations and enhance management efficiency.
2011	Adopted robotic arms for the sheet metal parts production lines.
2015	Rated as A-level supplier in the Safety and Health Management System Evaluation by Kuozui Motors Association.
2015	Successfully obtained the ISO/TS 16949 certificate through a rigorous witness audit conducted by the International Automotive Oversight Bureau (IAOB) as the first company in Taiwan to be certified.
2017	Implemented the first water-based painting equipment for OEM production.
2019	Relocated the technology R&D center in Taiwan to a new building, in charge of the divisions of materials R&D, process R&D, and product design to seize global automotive interior and exterior parts markets with new technologies and new techniques.

2020	Won National Occupational Safety and Health Award - Special Award for Traditional Industry Investment.
2021	Obtained the Authorized Economic Operator (AEO) certification from the Kaohsiung Customs, Customs Administration, Ministry of Finance.
2023	For corporate inheritance and sustainable operations, Chairman Yung-Feng Wu resigned from the position of Chairman and Vice Chairman Yeong-Maw Wu was elected as the Chairman of the Company.

Chapter 3. Corporate Governance Report

I. Corporate Organization

(I) Organizational chart



(II) Department Functions

(1) Remuneration Committee:
Establishing and regularly reviewing the Board of Directors and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure; as well regularly assessing and determining the Board of Directors and upper management's remuneration.

(2) Audit Committee:
Supporting Board of Directors to oversee the Company and ensure that the power granted by Company Act, Securities and Exchange Act, and other related laws and regulations are effectively exercised.

(3) Chief Corporate Governance Officer:
Serving as the highest-level supervisor regarding corporate governance. The Chief Corporate Governance Officer's main duties include handling relevant meeting affairs of the Board of Directors and Shareholders Meetings in accordance with the law, producing meeting minutes of the Board meetings and Shareholders' Meetings, assisting Directors in assuming their positions and continuing education, providing Directors with the information required to perform their duties, assisting Directors in complying with the laws and regulations, reporting to the Board of Directors on the review results of whether the qualifications of independent directors comply with relevant laws and regulations at the time of their nomination and election and during their term of office, handling matters related to changes of directors, and other matters provided in laws, regulations, the Company's Articles of Incorporation, or contracts.

(4) Audit Team:
In charge of the Company's internal control and auditing affairs to ensure the effectiveness of the internal control systems.

(5) Chairman's Office:
The professional staff of the Chairman and Vice Chairman, under which are the "OEM Management Supervision Team," "AM Management Supervision Team," "Financial Management Team," "Personnel Team," "Administration Team," and "Special Assistant Office."

(6) President Office:
The professional staff of the President and Vice President, under which are the "Legal Team," "Public Affairs Team," "Construction Management Team," "IR Project Team," "Equipment Technical Management Team," "Procurement Management Team," "Special Assistant Office," and "Administrative Assistant."

(7) Management Division:
Responsible for matters relating to remuneration, human resources management, welfare, fixed asset management, and general administration.

(8) Safety Management Department:
Responsible for matters relating to safety and health.

(9) Information Division:
Responsible for the strategic planning, formulation, and promotion of information application development of the Company, and conducting various businesses including analysis and planning of information system and computer programming.

(10) Equipment Supply Division:
Responsible for the procurement of hardware, stationery, machinery and equipment, engineering equipment contracting, and incoming material inspection, hardware storage management, maintenance of various machinery and equipment, and making and maintenance of containers.

(11) AM Supply Division:
Responsible for supplies related to AM businesses, including finished products and raw material parts process outsourcing, tool (tooling, gauge, jig) development, parts

development progress control, contract pricing, lead time management, quality control of goods from vendors, inventory-taking, inspection, and material issuance.

(12) Financial Management Business Division:
Responsible for the operation and management regarding financing, general ledger accounting, and cost accounting, and the management of other specifically designated business units.

(13) AM Business Group:
Managing AM-related businesses through its subordinate units, including AM Business Group Office, AM Production Business Division, AM Marketing and Logistics Business Division, and
AM Overseas Business Division.

1. AM Business Group Office:
The professional staff of the Chairman and Vice Chairman, under which are Operation and Marketing Management Teams and Special Assistant Office.
2. AM Production Business Division:
Responsible for the manufacture, R&D, and quality assurance of sheet metal products, plastic products, and cooling fan motor parts. Under the division are AM Production Business Division Office, Cooling Fan Production Technology Division, Plastic Technology Division, Plastic Production Division, and Sheet Metal Production Technology Division.
3. AM Marketing and Logistics Business Division:
Responsible for all sales and shipments to domestic and overseas customers in after-sales maintenance market. Under the division are Marketing and Logistics Business Division Office, North America Business Division, Central and South America & Japan Business Division, Europe & Oceania Business Division, Afro-Asia & Middle East Business Division, Procurement Division, Shipping Division, and East Asia Business Division.
4. AM Overseas Business Division:
Responsible for units engaging in traffic equipment businesses in overseas regions. Responsible for other matters related to investment management and operation management of specially appointed business units.

(14) OEM Business Group:
Managing OEM related businesses through its subordinate units, including Technology R&D Center, Operation and Talent Management Team, Components and Parts Business I Division, Components and Parts Business II Division, and
Taiwan Business Division.

1. Technology R&D Center:
Technical staff of OEM Business Group. Responsible for R&D, new product businesses, and proactively assisting each plant in obtaining businesses with achieving Tier 1 Level as the goal.
2. Operation and Talent Management Team:
Responsible for organizing/tracking/auditing OEM business activities and managing/training/caring for OEM talents.
3. Components and Parts Business I Division:
Responsible for the management of the business units controlled by Tong Yang Group.
4. Components and Parts Business II Division:
Responsible for the management of the business units not controlled by Tong Yang Group.
5. Taiwan Business Division:
Responsible for the management of the business units in Taiwan.

II. Information Regarding Directors, Supervisors, President, Vice Presidents, Assistant Vice President, and the Supervisors of All the Company’s Divisions and Branch Units:

(I) Information on the directors and supervisors (I) April 20, 2024

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of First Election (Note 3)	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks (Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Chairman	R.O.C.	Yeong-Maw Wu	Male 66-75	2023.06.19	3 years	1993.03	38,006,787	6.43%	38,006,787	6.43%	0	0.00%	14,326,600	2.42%	Department of Industrial Management, Kun Shan Technical Institute Vice Chairman of Tong Yang Group President (General Manager) of Tong Yang Group	•Chairman of Tong Yang Group •Director of Ru Yang •Chairman of Ding Chung Industry Co., Ltd. •Director of Fuzhou Tong Yang •Vice Chairman of Chang Chun Faway Tong Yang •Director of Nanjing Tong Yang •Director of Cayman Tong Yang •Director of HOW BOND	Director Director President of the business group	Yung-Feng Wu Yung-Hsiang Wu Tsu-Hsiung Chen	Brother Brother 2nd degree relative by marriage	None
Director	R.O.C.	Yung-Feng Wu	Male 76-85	2023.06.19	3 years	1993.03	36,677,497	6.20%	36,677,497	6.20%	2,930,455	0.50%	14,928,900	2.52%	Chien Yeh Senior High School Chairman of Tong Yang Group	•Chairman of Tong Yang Group •Chairman of Ru Yang •Director of Ding Chung Industry Co., Ltd. •Chairman of Fuzhou Tong Yang •Director of C&D CAPITAL II	Chairman Director President of the business group	Yeong-Maw Wu Yung-Hsiang Wu Ming-Tsung Wu	Brother Brother Father and son	None

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of First Election (Note 3)	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks (Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Director	R.O.C.	Yung-Hsiang Wu	Male 66-75	2023.06.19	3 years	1993.03	33,903,930	5.73%	33,903,930	5.73%	2,610,188	0.44%	13,767,300	2.33%	Bachelor in Engineering, Department of Chemical engineering, Chung Yuan Christian University President of Tong Yang Group Vice President of Tong Yang Group	•President of Tong Yang Group •Director of Ding Chung Industry Co., Ltd. •Chairman of Nanjing Tong Yang •Director of Chang Chun Faway Tong Yang •Chairman of Foshan Tong Yang •Director of Cayman Tong Yang	Director Chairman	Yung-Feng Wu Yeong-Maw Wu	Brother Brother	None
Director	R.O.C.	Chi-Pin Wang	Male 66-75	2023.06.19	3 years	1996.06	137,278	0.02%	137,278	0.02%	0	0.00%	0	0.00%	Bachelor in Accounting, National Cheng Kung University Director and Vice President of Finance of Tong Yang Group	•Director and Vice President of Finance of Tong Yang Group •Director of TYGM •Director of TYGH •Director of TYGL •Director of TYGP •Director of C&D CAPITAL II	None	None	None	None
Independent Director	R.O.C.	Kan-Hsiung Lin	Male 76-85	2023.06.19	3 years	2017.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	•Department of Mechanical Engineering, •Tatung University •President of Kai Ming Co., Ltd.	•Independent director of Tong Yang Groupand audit committee member and remuneration committee member	None	None	None	None

Title (Note 1)	Nationality/ Place of Registration	Name	Gender Age (Note 2)	Date Elected	Term	Date of First Election (Note 3)	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks (Note 5)
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent Director	R.O.C.	Ming-Tien Tsai	Male 66-75	2023.06.19	3 years	2017.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	•Ph.D. in Higher Education Management, Columbia University, USA •Master in International Financial Management, St John's University, NY •Bachelor in Accounting, National Cheng Kung University •CEO of EMBA, National Cheng Kung University •Dean of College of Management, Asia University •Dean of College of Smart Life and Management, Tajen University	•Adjunct Professor of Engineering Management Graduate Program, College of Engineering, National Cheng Kung University •Independent director of Tong Yang Group and audit committee member and remuneration committee member	None	None	None	None
Independent Director	R.O.C.	Yen-Ling Cheng	Female 55-65	2023.06.19	3 years	2017.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	•Master, College of Management, Providence University •Part-time lecturer of Tainan University of Technology •Lecturer of Jiashuo Co., Ltd. •Career consultant at Career Consulting Co., Ltd.	•Independent director of Tong Yang Group and audit committee member and remuneration committee member	None	None	None	None

Note 1: The institutional shareholder shall be identified by the names of institutional shareholders and representatives individually (in the case of an institutional representative, please specify the institutional shareholder's name) and also complete the following Table 1.

Note 2: Please list the actual age and it can be expressed in intervals, such as 41-50 years old or 51-60 years old.

Note 3: Please also specify if the initial term of office for the Company's director or supervisor is interrupted.

Note 4: Regarding the experiences related to the current post, if the officer once assumed a post in an accounting firm or an affiliate of the Company, please specify the job title and responsibilities.

Note 5: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of the Company is the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, additional seats of independent directors, and no more than half of the directors do not concurrently serve as employees or managers): None.

Information on the directors and supervisors (II)

I. Information Regarding the Professional Qualifications of Directors and the Independence of Independent Directors:

Qualifications / Name (Note 1)	Professional qualifications and experience (Note 1)	Independence criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Yeong-Maw Wu Chairman	He graduated from the Department of Industrial Management, Kun Shan Technical Institute, and devoted his life to the related field of the automotive parts industry. He has an international perspective, as well as judgment in global professional market competitiveness and leadership skills. He has been a director of the Company for over 40 years with rich experience. He was elected by the Board of Directors as Chairman of the Company on December 21, 2023 to lead the Company towards sustainable operations.	Not under any of the categories stated in Article 30 of the Company Act.	None
Yung-Feng Wu Director	He graduated from Chien Yeh Senior High School and devoted his life to the related field of the automotive parts industry. He has professional leadership, marketing and operations management skills, and served as Chairman of the Company for 31 years, leading the Company to become a leading pioneer in the industry. For the sake of corporate heritage and sustainable operation, he resigned as Chairman at the end of 2023, but remained as a director and elected Director Yeong-Maw Wu as Chairman of the Company.	Not under any of the categories stated in Article 30 of the Company Act.	None
Yung-Hsiang Wu Director	He graduated from Department of Chemical Engineering, Chung Yuan University and is currently the President of the Company. He is dedicated to the related fields of the automotive parts industry with rich experience in market strategy and business development. He is dedicated to plant management and optimization of production lines with rich industrial experience.	Not under any of the categories stated in Article 30 of the Company Act.	None

<table>
<tr><th>Qualifications
Name
(Note 1)</th><th>Professional qualifications and experience (Note 1)</th><th>Independence criteria (Note 2)</th><th>Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director</th></tr>
<tr><td>Chi-Pin Wang
Director</td><td>He graduated from Department of Accounting, National Cheng Kung University and is currently the Finance Vice President of the Company. He has served in the Company for more than 30 years and is specialized in financial management and accounting.</td><td>Not under any of the categories stated in Article 30 of the Company Act.</td><td>None</td></tr>
<tr><td>Kan-Hsiung Lin
Independent Director</td><td>He graduated from Department of Mechanical Engineering, Tatung University and is the convener of the Audit Committee and Remuneration Committee. He has more than 5-year work experience required to manage the Company’s business with expertise in the development and design of mold and manufacturing and has helped the Company to improve its engineering technology.</td><td rowspan="2">The 3 independent directors are not under any of the categories stated in Article 30 of the Company Act and did not meet the following criteria during the two years prior to the nomination and during the service term:
1. An employee of the Company or any of its affiliates.
2. A director or supervisor of the Company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managerial officer listed in the item 1 above, or of the persons listed in the preceding two items.
5. A director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act.
6. A director, supervisor, or employee of another company with the Board seats or more than half of the voting shares under control of one person.</td><td>None</td></tr>
<tr><td>Ming-Tien Tsai
Independent Director</td><td>He graduated from Columbia University USA with a Ph.D. in Higher Education Management and currently serves as an adjunct professor at the Engineering Management Graduate Program of the College of Engineering, National Cheng Kung University. He was the former Executive Director of EMBA of National Cheng Kung University and he is currently the member of the Company’s Audit Committee and Remuneration Committee with more than 5-year work experience required for accounting and corporate business, specializing in corporate management and financial accounting that can help enhance the supervision function of the Audit Committee.</td><td>None</td></tr>
</table>

Qualifications / Name (Note 1)	Professional qualifications and experience (Note 1)	Independence criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Yen-Ling Cheng Independent Director	She graduated from the College of Management, Providence University. She is the member of the Company's Audit Committee and Remuneration Committee, with more than five years of work experience required to manage the Company's business. She is specialized in human resource analysis and counseling, providing professional advice on the Company's human resources management system.	7. A director, supervisor, or employee of another company whose chairman or general manager are the same person or spouse of the Company. 8. A director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relationship with the Company. 9. A professional individual, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation amounted to less than a cumulative NT$500,000 to the Company or to any affiliate of the Company, or a spouse thereof. However, this restriction does not apply to members of the Remuneration Committee carrying out their duties pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	None

Note 1: Professional qualifications and experience: Please state the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be specified. Please also state whether they are under any of the categories stated in Article 30 of the Company Act.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or their relatives within the second degree act as directors, supervisors or employees of the Company or its associates; the number and proportion of the Company's shares held by them, their spouse, relatives within the second degree (or in the name of others); whether they are a director, supervisor or employee of a company that has a specific relationship (please refer to sub-paragraphs 5-8, paragraph 1, Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies") with the Company; the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its associates in the last two years.

II. Board Diversity and Independence:

(I) Board Diversity

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the composition of the Board members should take into account diversity.

Directors who also serve as managers of the Company should not exceed one-third of the total number of directors.

The Company has formulated the appropriate diversity policy based on the functions, operation type and development needs of the Board of Directors, with the focus on basic composition, industrial experience and professional capabilities.

Members of the Board shall generally possess the knowledge, skills and experience necessary to perform their duties.

To enhance the functions of the Board of Directors so as to achieve the goals of corporate governance, the Board of Directors as a whole should possess the following competences:

1. Operational judgment
2. Accounting and financial analysis
3. Operation management
4. Crisis management
5. Industrial knowledge
6. Global market perspective
7. Leadership
8. Decision making

The implementation of diversity for the Board members is as follows:

Diversified Core / Name of Director	Composition									Industrial Experience				Professional Skills			
	Nationality	Gender	A Concurrent Employee of the Company	Age			Service Term of the Independent Director			Manufacturing	Brand channel	Financial Management	Operation management	Engineering technology	Marketing	Accounting	Human Resource
				55 - 65	66 - 75	76 - 85	Less than 3 years	4 - 9 years	Over 9 years								
Yeong-Maw Wu Chairman	R.O.C.	Male			V					V	V		V	V	V		
Yung-Feng Wu Director	R.O.C.	Male				V				V	V		V	V	V		
Yung-Hsiang Wu Director	R.O.C.	Male	V		V					V	V		V	V	V		
Chi-Pin Wang Director	R.O.C.	Male	V		V							V	V			V	
Kan-Hsiung Lin Independent Director	R.O.C.	Male				V		V		V			V	V			
Ming-Tien Tsai Independent Director	R.O.C.	Male			V			V				V	V			V	
Yen-Ling Cheng Independent Director	R.O.C.	Female		V				V					V				V

(1) The Company has 7 directors (including 3 independent directors), and all of them have overall operational management capabilities with their own industrial experience and professional skill sets.

Chairman Yeong-Maw Wu, director Yung-Feng Wu, director Yung-Hsiang Wu and independent director Kan-Hsiung Lin are equipped with the capabilities of manufacturing and engineering technology;

Director specializing in marketing and brand channels: Chairman Yeong-Maw Wu, director Yung-Feng Wu, and director Yung-Hsiang Wu;

Director specializing in financial management and accounting professional capability with years of experience: Director Chi-Pin Wang; Director specializing in the development and design of mold, and manufacturing technology: Independent director Kan-Hsiung Lin;

Director specializing in establishment of HR management system and employee suitability analysis and coaching: Independent director Yen-Ling Cheng;

Director specializing in business management and financial accounting with practical teaching experience: Independent director Ming-Tien Tsai.

(2) The Company has 7 directors and all of them are R.O.C. residents. 2 directors concurrently serve as company managers, accounting for 29% (less than 1/3 of the Board seats), and there are 3 independent directors, accounting for 43% (more than 1/3 of the Board seats). Independent directors' service terms have not exceeded 3 consecutive terms.

The age range of directors includes 1 director aged 55-65, 4 directors aged 66-75 and 2 directors aged 76-85.

Among the 7 directors, 4 of them (Director Chi-Pin Wang, independent director Kan-Hsiung Lin, independent director Ming-Tien Tsai and independent director Yen-Ling Cheng) do not have any relationship of spouses and relatives within the second degree of kinship with each other and there are no cases specified in sub-paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

In addition to the above, the Company also pays attention to gender equality in the composition of the Board of Directors. The current board members include 1 female independent director, and female director accounts for 14%. In the future, the Company will continue to strive to increase the proportion of female directors.

(3) The Board of Directors of the Company is considered diversified, and there are no restrictions on the gender, race, nationality, and cultural background of directors. The Company will amend its diversity policy in a timely manner based on the functions, operation type and development needs of the Board of Directors, with the focus on basic composition, industrial experience and professional capabilities to ensure that board members generally have the knowledge, skills and experience necessary to perform their duties.

(4) Specific management objectives and achievement of the Board Diversity Policy

Management objectives	Achievement
The number of directors who do not have any relationship of spouses and relatives within the second degree of kinship with each other should exceed half of the number of directors	Achieved
Directors who also serve as company managers should not exceed one-third of the number of directors	Achieved
Board members should include at least one female	Achieved
Independent directors should not serve more than three consecutive terms	Achieved
The number of independent directors should not be less than one-third of the number of directors	Achieved

(II) Board Independence

The Company has 7 directors, including 3 independent directors, accounting for 43% (more than 1/3 of the Board seats);

The Company has 7 directors and 2 directors concurrently serve as company managers, accounting for 29% (less than 1/3 of the Board seats);

All independent directors do not serve more than three consecutive terms;

All independent directors do not hold the Company's shares;

Among the 7 directors, 4 of them (more than half of the seats) do not have any relationship of spouses and relatives within the second degree of kinship with each other and there are no cases specified in subparagraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

In conclusion, the Board of Directors of the Company is considered independent.

(II) Information Regarding President, Vice Presidents, Assistant Vice President, and the Supervisors of All the Company's Divisions and Branch Units

April 20, 2024

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 2)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 3)
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
President (General Manager)	R.O.C.	Yung-Hsiang Wu	Male	2011.10	33,903,930	5.73%	2,610,188	0.44%	13,767,300	2.33%	Bachelor in Engineering, Department of Chemical engineering, Chung Yuan Christian University	• President of Tong Yang Group • Director of Ding Chung Industry Co., Ltd. • Chairman of Nanjing Tong Yang • Director of Chang Chun Faway Tong Yang • Chairman of Foshan Tong Yang • Director of Cayman Tong Yang	None	None	None	None
President of the business group	R.O.C.	Tsu-Hsiung Chen	Male	2009.10	150,000	0.03%	0	0.00%	0	0.00%	Department of Transportation, R.O.C. Military Academy	Director of Nanjing Tong Yang	None	None	None	None
President of the business group	R.O.C.	Ming-Tsung Wu	Male	2010.10	6,246,165	1.06%	230,956	0.04%	0	0.00%	Chang Jung Senior High School	Director of Ru Yang Supervisor of Feng Yu Chairman of Guangzhou Tong Yang Tatematsu Director of Chongqing Daijang Yuchyang Director of Chongqing Dajiang Tong Yang Vice Chairman of Daikyo Nishikawa Tong Yang Director of Fuzhou Tong Yang Vice Chairman of Changsha GACC Tong Yang Director of Foshan Tong Yang Chairman of Xiangyang Tong Yang	None	None	None	None
Vice President of the business group	R.O.C.	Tung-Chao Sun	Male	2017.05	0	0.00%	0	0.00%	0	0.00%	Master, Department of Power Mechanical Engineering, National Formosa University	None	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 2)	Concurrent posts in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks (Note 3)
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Vice President of the business group	R.O.C.	Shih-Ming Huang	Male	2017.05	0	0.00%	0	0.00%	0	0.00%	EMBA of Department of Business Administration, National Chengchi University	Director of TYGM Director of TYGH Director of TYGL Director of TYGP	None	None	None	None
Vice President of the business group	R.O.C.	Ming-Lung Wu	Male	2018.01	0	0.00%	0	0.00%	0	0.00%	Master, Department of Mechanical Engineering, National Cheng Kung University	Director of Fuzhou Tong Yang Director of Wuhan Xiang Xing Director of Guangzhou Tong Yang Tatematsu Director of Xiangyang Tong Yang Director of Foshan Tong Yang	None	None	None	None
Chief Supervisor	R.O.C.	Cheng-Sheng Cheng	Male	1996.03	0	0.00%	0	0.00%	0	0.00%	Department of Engineering Science, National Cheng Kung University	Chairman of Chongqing Daijang Yuchyang Chairman of Chongqing Dajiang Tong Yang	None	None	None	None
Chief Supervisor	R.O.C.	Ming-Ho Yang	Male	2019.02	0	0.00%	1,443	0.00%	0	0.00%	College of Management, National Chiayi University	None	None	None	None	None
Vice President of the business group	R.O.C.	Chi-Pin Wang	Male	1996.03	137,278	0.02%	0	0.00%	0	0.00%	Bachelor in Accounting, National Cheng Kung University	• Director and Vice President of Finance of Tong Yang Group • Director of TYGM • Director of TYGH • Director of TYGL • Director of TYGP • Director of C&D CAPITAL II	None	None	None	None
Vice President of the business group (Chief Financial and Accounting Officer and Chief Corporate Governance Officer)	R.O.C.	Chin-Hsi Chen	Male	2009.10	1,243	0.00%	0	0.00%	0	0.00%	EMBA, National Cheng Kung University	None	None	None	None	None

Note 1: It shall include information of president, vice president, assistant vice president, supervisors of various departments and branches; any position equivalent to president, vice president, assistant vice president, regardless of job title, shall also be disclosed.

Note 2: For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position.

Note 3: Where the general manager or person of an equivalent post (the highest-level manager) of the Company is the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, additional seats of independent directors, and no more than half of the directors do not concurrently serve as employees or managers): None.

III. The Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice President:

The Remuneration of Directors, Independent Directors, Supervisors, President, and Vice President:

(I) If any of the following applies to a company, the name of the director or supervisor involved and the remuneration paid to him/her/it should be disclosed. For the remaining directors or supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (In the case of individual disclosure, it is required to list the title, name and amount separately, instead of the numerical range):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; however, it shall not apply in a situation where it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses.
2. A company with directors whose shareholding percentages have been insufficient for three or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual directors. A company with supervisors whose shareholding percentages have been insufficient for three or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual supervisors.
3. A company with an average ratio of shares pledged by directors or supervisors that exceeds 50 percent in any three months during the most recent fiscal year shall disclose the remuneration paid to each director or supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months.
4. If the total amount of remuneration received by all the directors and supervisors from all the companies listed in its financial statements exceeds two percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT$15 million, the Company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the

Appendix without including the relevant remuneration received as concurrent employees.)

5. Any result of evaluation made on corporate governance of a listed company in the most recent year is in the lowest two levels, or events of any trading method changes, any trading suspension, or de-listed from TWSE/TPEx, or any evaluation deemed not required by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this annual report.
6. The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year is less than NT$500,000.
7. A TWSE or TPEx listed company had an increase of 10 percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year.
8. A TWSE or TPEx listed company had a decline in after-tax net income reaching 10 percent and exceeding NT$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10 percent or more and exceeding NT$100,000.

(II) If the circumstance described in preceding sub-item 1 or in sub-item 5 applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

(1-2-1) Remuneration to Directors and Independent Directors (names and remuneration thereof to be disclosed individually) Unit: NT$ thousands

Title	Name	Remuneration to Directors								Total remuneration (A+B+C+D) and its ratio to after tax net income (Note 10)		Relevant remuneration received by directors who are also employees								Total remuneration (A+B+C+D+E+F+G) and its ratio to after tax net income (Note 10)		Remuneration paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration of Directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonus and special allowance (E) (Note 5)		Severance pay and pension (F)		Remuneration of employees (G) (Note 6)						
		The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)		The Company	All companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Yeong-Maw Wu	38,120	39,850	0	0	15,000	15,000	680	680	53,800 1.78%	55,530 1.84%	20,583	20,583	108	108	51	0	101	0	71,542 2.47%	76,322 2.53%	0
Director	Yung-Feng Wu																					
Director	Yung-Hsiang Wu																					
Director	Chi-Pin Wang																					
Independent Director	Kan-Hsiung Lin	2,160	2,160	0	0	0	0	540	540	2,700 0.09%	2,700 0.09%	0	0	0	0	0	0	0	0	2,700 0.09%	2,700 0.09%	0
Independent Director	Ming-Tien Tsai																					
Independent Director	Yen-Ling Cheng																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
   (1) The Company's Remuneration Committee has formulated and regularly reviewed the performance evaluation and remuneration policy, system, standard, and structure of the Board of Directors and managers, as well as periodically evaluating and determining the remuneration of directors and managers, andsubmit them to the board meeting for resolution.
   (2) In accordance with Article 16 of the Company's Articles of Incorporation, regardless whether the Company makes a profit or suffers a loss, the Company may pay the Directors the remunerations for performing their duties. The Board of Directors is authorized to determine such remunerations based on the extent of their involvements in the Company's operation and the value of their contribution and the remuneration level adopted by other companies in the same industry.
   (3) In accordance with Article 23 of the Company's Articles of Incorporation, the honorarium for all Directors shall be discussed and approved by the Board meeting.
   (4) The matters related to the duties of the Company's Independent Directors are set forth in the "Regulations Governing the Scope of Responsibilities of Independent Directors." The remunerations are a fixed amount paid out on a monthly basis based on related law and regulations, and the independent directors shall not receive the distribution of earnings.
2. In addition to those disclosed in the above table, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as a non-employee consultant for the parent company/all companies listed in the financial report/investee companies, etc.): None.

(1-2-2) Remuneration Range Table

Remuneration Scale to Directors of the Company	Name of director			
	The total of A+B+C+D		The total of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) I
Less than NT$1,000,000	Chi-Pin Wang / Kan-Hsiung Lin / Ming-Tien Tsai / Yen-Ling Cheng	Chi-Pin Wang / Kan-Hsiung Lin / Ming-Tien Tsai / Yen-Ling Cheng	Kan-Hsiung Lin / Ming-Tien Tsai / Yen-Ling Cheng	Kan-Hsiung Lin / Ming-Tien Tsai / Yen-Ling Cheng
NT$1,000,000 (Incl.) - NT$2,000,000 (Excl.)	None	None	None	None
NT$2,000,000 (Incl.) - NT$3,500,000 (Excl.)	None	None	None	None
NT$3,500,000 (Incl.) - NT$5,000,000 (Excl.)	None	None	Chi-Pin Wang	Chi-Pin Wang
NT$5,000,000 (Incl.) - NT$10,000,000 (Excl.)	Yung-Hsiang Wu	Yung-Hsiang Wu	None	None
NT$10,000,000 (Incl.) - NT$15,000,000 (Excl.)	None	None	None	None
NT$15,000,000 (Incl.) - NT$30,000,000 (Excl.)	Yeong-Maw Wu / Yung-Feng Wu	Yeong-Maw Wu / Yung-Feng Wu	Yeong-Maw Wu / Yung-Feng Wu / Yung-Hsiang Wu	Yeong-Maw Wu / Yung-Feng Wu/Yung-Hsiang Wu
NT$30,000,000 (Incl.) - NT$50,000,000 (Excl.)	None	None	None	None
NT$50,000,000 (Incl.) - NT$100,000,000 (Excl.)	None	None	None	None
More than NT$100,000,000	None	None	None	None
Total	7	7	7	7

Note 1: Directors' names shall be identified individually (institutional shareholders shall be identified by the names of institutional shareholders and representatives individually), the aggregate amount of each individual remuneration item paid to the general directors and independent directors shall be disclosed. If a director also serves as a General Manager or Deputy General Manager, this form and form (3-1) or form (3-2-1) or (3-2-2) below should be filled.

Note 2: Remunerations to the directors in the current year include director’s salary, directors’ allowances, severance pay, various bonuses, incentive payments, etc.

Note 3: The remuneration of directors approved by the Board of Directors in the most recent year.

Note 4: Professional service fees paid to the director in the most recent year (including traveling expense, special allowances, subsidies, dormitory, company cars, in-kind payments, etc.). If housing, vehicle, or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive remuneration.

Note 5: It refers to the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the directors who acted as employees concurrently (including president, vice president, managerial officer, and employee) in the most recent year. If housing, vehicle, or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in the remuneration.

Note 6: If the directors who acted as employees concurrently (including president, vice president, managerial officer, and employee) received employee bonus (including stock dividend and cash dividend) in the most recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders’ meeting in the most recent year. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio of the previous year, and then fill out table 1-3.

Note 7: The aggregate of the remuneration of the Company’s directors from the companies included in the consolidated financial reports (including the Company) should be disclosed.

Note 8: The aggregate of the remuneration of each director by the Company shall include the director’s name disclosed in the corresponding space of the following table.

Note 9: The aggregate of the remuneration paid to each of the Company’s directors by the companies included in the consolidated financial reports (including the Company) shall include the director’s name disclosed in the relevant space of the following table.

Note 10: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 11:
a. To specify whether the Company’s directors have received remuneration from an invested company other than the Company’s subsidiaries or parent company (If there is none, please fill in "none").
b. If the Company’s directors have received remuneration from an invested company other than the Company’s subsidiaries or parent company, please include such remuneration into

   Section I in the following table and changed the name of the section into "parent company and all investees."
c. The remuneration shall refer to the remuneration (remuneration of employee, director, and supervisor), compensation, employee bonus, and professional practicing fees received by the Company’s directors who acted as the directors, supervisors, or managerial officers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act. Thus, the purpose of this table is for information disclosure only, rather than taxation purposes.

(2) Remuneration of Supervisors: None
The Company has established the Audit Committee in place of supervisors.

(3-2-1) Remuneration to President and Vice President (aggregate remuneration with names indicated in each range)

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonus and special allowance (C) (Note 3)</th><th colspan="4">Remuneration to employees (D) (Note 4)</th><th colspan="2">Total remuneration (A+B+C+D) and its ratio to after tax net income (%) (Note 8)</th><th rowspan="3">Remuneration paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 5)</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Yung-Hsiang Wu</td><td rowspan="5">31,537</td><td rowspan="5">33,125</td><td rowspan="5">960</td><td rowspan="5">960</td><td rowspan="5">24,865</td><td rowspan="5">25,204</td><td rowspan="5">134</td><td rowspan="5">0</td><td rowspan="5">134</td><td rowspan="5">0</td><td rowspan="5">57,496
1.90%</td><td rowspan="5">59,423
1.97%</td><td rowspan="5">36</td></tr>
<tr><td>President of the business group</td><td>Tsu-Hsiung Chen</td></tr>
<tr><td>President of the business group</td><td>Ming-Tsung Wu</td></tr>
<tr><td>Vice President of the business group</td><td>Ming-Lung Wu</td></tr>
<tr><td>Vice President of the business group</td><td>Tung-Chao Sun</td></tr>
</table>

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and special allowance (C) (Note 3)		Remuneration to employees (D) (Note 4)				Total remuneration (A+B+C+D) and its ratio to after tax net income (%) (Note 8)		Remuneration paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Vice President of the business group	Shih-Ming Huang	31,537	33,125	960	960	24,865	25,204	134	0	134	0	57,496 1.90%	59,423 1.97%	36
Chief Supervisor	Cheng-Sheng Cheng													
Chief Supervisor	Ming-Ho Yang													
Vice President of the business division	Chi-Pin Wang													
Vice President of the business division	Chin-Hsi Chen													

* All who hold equivalent position to a president, vice president (i.e., director general, CEO, executive director, etc.) shall be disclosed regardless of the title.

(3-2-2) Remuneration Range Table

Remuneration Scale to President and Vice President	Names of President and Vice President	
	The Company (Note 6)	The parent company and all the investees included in the financial statements (Note 7) E
Less than NT$1,000,000	None	None
NT$1,000,000 (Incl.) - NT$2,000,000 (Excl.)	None	None
NT$2,000,000 (Incl.) - NT$3,500,000 (Excl.)	Chi-Pin Wang / Chin-Hsi Chen	Chi-Pin Wang / Chin-Hsi Chen
NT$3,500,000 (Incl.) - NT$5,000,000 (Excl.)	Cheng-Sheng Cheng / Ming-Ho Yang / Shih-Ming Huang / Tung-Chao Sun / Ming-Lung Wu	Cheng-Sheng Cheng / Ming-Ho Yang / Shih-Ming Huang / Tung-Chao Sun / Ming-Lung Wu
NT$5,000,000 (Incl.) - NT$10,000,000 (Excl.)	Tsu-Hsiung Chen / Ming-Tsung Wu	Tsu-Hsiung Chen / Ming-Tsung Wu
NT$10,000,000 (Incl.) - NT$15,000,000 (Excl.)	None	None
NT$15,000,000 (Incl.) - NT$30,000,000 (Excl.)	Yung-Hsiang Wu	Yung-Hsiang Wu
NT$30,000,000 (Incl.) - NT$50,000,000 (Excl.)	None	None
NT$50,000,000 (Incl.) - NT$100,000,000 (Excl.)	None	None
More than NT$100,000,000	None	None
Total	10	10

Note 1: Presidents' and Vice President's names shall be identified individually in aggregate amount of each remuneration item. If a director also serves as a General Manager or Deputy General Manager, this form and form (1-1) or form (1-2-1) or (1-2-2) above should be filled.

Note 2: Please specify the salary, duty allowance, and severance paid to the presidents, and vice presidents in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the presidents and vice presidents in the most recent year. If housing, vehicle, or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in the remuneration.

Note 4: This refers to the employee remuneration (including stock dividend and cash dividend) paid to president and vice president in the most recent fiscal year who concurrently hold positions as an employee. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio of the previous year, and then fill out Table 1-3.

Note 5: The aggregate of the remuneration of the Company's president and vice president from the companies included in the consolidated financial reports (including the Company) should be disclosed.

Note 6: The aggregate of the remuneration of each president and vice president by the Company shall include the president's and vice president's name disclosed in the corresponding space of the following table.

Note 7: The aggregate of the remuneration paid to each of the Company's presidents and vice presidents by the companies included in the consolidated financial reports (including the Company) shall include the president's and vice president's names disclosed in the relevant space of the following table.

Note 8: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 9:
a. To specify whether the Company's presidents and vice presidents have received remuneration from an invested company other than the Company's subsidiaries or parent company (If there is none, please fill in "none").
b. If the Company's president and vice president have received remuneration from an invested company other than the Company's subsidiaries or parent company, please include such remuneration into Section E in the following table and changed the name of the section into "parent company and all investees."
c. The remuneration shall refer to the remuneration (remuneration of employee, director, and supervisor), compensation, employee bonus, and professional practicing fees received by the Company's president and vice president who acted as the directors, supervisors, or managerial officers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act. Thus, the purpose of this table is for information disclosure only, rather than taxation purposes.

(4) Remuneration of the top five supervisors receiving the highest payment of TWSE- and TPEx-listed companies: Not applicable.
The Company has no circumstances as described below. Thus, it does not need to disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

a. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the remuneration of the top five management personnel shall be disclosed; however,
it shall not apply in a situation where it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses.
b. Any result of evaluation made on corporate governance of a listed company in the most recent year is in the lowest two levels, or events of any trading method changes, any trading suspension, or de-listed from TWSE/TPEx, or any evaluation deemed not required by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this annual report.

Employee Remuneration Distributed to Managerial Officers and Status of Allocation

Unit: NT$ thousands
April 20, 2024

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	The total amount as a percentage of net income (%)
Managerial officer	President	Yung-Hsiang Wu	0	134	134	0.004%
	President of the business group	Tsu-Hsiung Chen				
	President of the business group	Ming-Tsung Wu				
	Vice President of the business group	Ming-Lung Wu				
	Vice President of the business group	Tung-Chao Sun				
	Vice President of the business group	Shih-Ming Huang				
	Chief Supervisor	Cheng-Sheng Cheng				
	Chief Supervisor	Ming-Ho Yang				
	Vice President of the business division	Chi-Pin Wang				
	Vice President of the business division	Chin-Hsi Chen				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: This refers to the employee remuneration (including stock dividend and cash dividend) paid to managerial officers in the most recent fiscal year who concurrently hold positions as an employee. If the amount cannot be estimated, the proposed distribution amount of this year should be calculated based on the actual distribution ratio of the previous year. The earnings after tax refer to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of managerial officers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301. March 27, 2003

(1) President and equivalents;
(2) Vice president and equivalents;
(3) Assistant vice president and equivalents;
(4) Chief of Financial Dept.;
(5) Chief of Accounting Dept.;
(6) Any other persons in charge of the Company's affairs and entitled to sign instruments on behalf of the Company.

Note 4: If any director, president, or vice president has received employee bonus (including stock dividend and cash dividend), please complete Table 1-2 and also this table.

(III) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link to Business Performance and Future Risks.

1. Comparisons and descriptions of total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past two fiscal years to directors, the president, and vice presidents:

Unit: NT$ thousands

Category	The Company		All companies in the consolidated financial statements	
Year	2022	2023	2022	2023
Total remuneration paid to directors, the president, and vice presidents	118,183	113,996	122,027	117,703
Net income stated in the parent company-only financial statements	2,151,321	3,019,410	2,151,321	3,019,410
Total remuneration as a percentage of net income stated in the parent company-only financial statements	5.49%	3.78%	5.67%	3.90%

Description: In 2023, there was a significant decrease in the total remuneration paid to the Company’s directors, president, and vice presidents as a percentage of net income stated in the parent company-only financial statements. This was mainly due to a significant increase in net income after tax. The net income after tax in 2023 was NT$3,019,410 thousand, and that in 2022 was NT$2,151,321 thousand.

2. Description of remuneration policies, standards, and packages, procedure for determining remuneration, and link to business performance and future risks:
   (1) The Company’s Remuneration Committee has formulated and regularly reviewed the performance evaluation and remuneration policy, system, standard, and structure of the Board of Directors and managers, as well as periodically evaluating and determining the remuneration of directors and managers, and submit them to the board meeting for resolution.
   (2) In accordance with Article 16 of the Company’s Articles of Incorporation, regardless whether the Company makes a profit or suffers a loss, the Company may pay the Directors the remunerations for performing their duties. The Board of Directors is authorized to determine such remunerations based on the extent of their involvements in the Company’s operation and the value of their contribution and the remuneration level adopted by other companies in the same industry.

(3) In accordance with Article 23 of the Company's Articles of Incorporation, the honorarium for all Directors shall be discussed and approved by the Board meeting.
(4) In accordance with Article 24 of the Company's Articles of Incorporation, the Company may have managers, and the appointment, dismissal, and remuneration thereof shall be handled in accordance with Article 29 of the Company Act.
(5) In accordance with Article 26 of the Company's Articles of Incorporation, if the annual profit of the Company is over NT$500 million (inclusive), NT$5 million will be allocated as remuneration of employees and NT$15 million will be allocated as remuneration of directors. If the Company has a profit of less than NT$500 million, 1% of the profit should be appropriated as remuneration of employees and no more than 3% of the profit should be appropriated as remuneration of directors. When there are accumulated losses, profits must first be taken to offset cumulative losses before remuneration.
(6) The matters related to the duties of the Company's Independent Directors are set forth in the "Regulations Governing the Scope of Responsibilities of Independent Directors." The remunerations are a fixed amount paid out on a monthly basis based on related law and regulations, and the independent directors shall not receive the distribution of earnings.
(7) The remuneration of manager and employee mainly consists of three parts -- salary, bonus, and benefits. Salary is determined based on personal ability and position. Bonus is determined based on the employee's and department's goal achievement rate and the Company's operating performance. A profit sharing plan is included in the collective agreement to specify an allocation of 10% of the Company's annual net profit as an employee performance bonus and year-end bonus to motivate employees and share the Company's operating results. Benefits are designed based on the laws and regulations and needs of the employees.
(8) In order to enhance the Company's operating performance and encourage its managers and employees to share the Company's operating results, the Company has formulated the "Regulations Governing Year-end Bonus" and "Regulations Governing Performance Bonus", whereby a fixed percentage of net profit before tax is appropriated.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors:

A total of 9 (A) Board meetings were held in 2023. The attendance of the Directors was as follows:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	Yeong-Maw Wu	9	0	100%	Re-elected on June 19, 2023 Elected as Chairman on December 21, 2023 The election of Vice Chairman Yeong-Maw Wu as the Chairman of the Company was approved in 2023
Director	Yung-Feng Wu	8	1	88.89%	Re-elected on June 19, 2023 Resigned as Chairman on December 21, 2023
Director	Yung-Hsiang Wu	8	1	88.89%	Re-elected on June 19, 2023
Director	Chi-Pin Wang	9	0	100%	Re-elected on June 19, 2023
Independent Director	Kan-Hsiung Lin	9	0	100%	Re-elected on June 19, 2023

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A] (Note 2)	Remarks
Independent Director	Ming-Tien Tsai	9	0	100%	Re-elected on June 19, 2023
Independent Director	Yen-Ling Cheng	9	0	100%	Re-elected on June 19, 2023

Other matters:

I. With regard to the operation of the Board of Director, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's handling of such opinions shall be specified:

1. As set forth in Article 14-3 of the Securities and Exchange Act: In 2023 and up to the date of publication of the annual report, a total of 11 Board meetings were held.
   The resolutions are provided on pages 103 to 106 of the annual report.
   All independent directors have no objection to the matters listed in Article 14-3 of the Securities and Exchange Act.
2. Any recorded or written Board resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None.

II. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:
Motion 2 for discussion at the board meeting on 2023/06/29:
The term of office of 4th Remuneration Committee members has expired. Kan-Hsiung Lin, Ming-Tien Tsai, and Yen-Ling Cheng are re-elected as the 5th Remuneration Committee members. To comply with matters related to interest avoidance set forth in Article 206 of the Company Act, Kan-Hsiung Lin, Ming-Tien Tsai, and Yen-Ling Cheng recused themselves from the discussion and voting due to conflict of interest.

III. TWSE/TPEx listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method, and contents: Please see Note 3.

IV. Measures taken to strengthen the functionality of the Board in the current and the latest year (e.g., establishing the Audit Committee, enhancing information transparency), and
implementation status:

1. In order to strengthen the management mechanism and improve the supervision function, two functional committees, namely, "Audit Committee" and "Remuneration Committee", were set up under the Board of Directors. They convene meetings respectively in accordance with the organizational procedures adopted by the Board of Directors, review and discuss related issues, and submit conclusions and suggestions to the Board of Directors. Both of them have good performance.
2. For details on the diversity policy and independence of the Board of Directors of the Company, please refer to pages 20 to 22 of the Annual Report. The proportion of independent directors has exceeded one-third of all board seats, and none of the independent directors has served for more than three consecutive terms.
3. The Chairman of the Company does not concurrently serve as a manager of the Company, and there is a clear division of responsibilities to ensure a balance of power and authority.
4. In 2023 and up to the date of publication of the annual report, in accordance with the relevant regulations of the Company Act and the Securities and Exchange Act, the proposals that should be submitted to the Audit Committee for endorsement before submitting to the Board of Directors for resolution have been reviewed and endorsed by the Audit Committee and subsequently submitted to the Board of Directors for approval.
5. The renewal of "Directors', Supervisors' and Managerial Officers' Liability Insurance" was approved at the board meeting on June 29, 2023.
6. The Company's website has sections such as "Investor Relations", "Corporate Governance" and "Stakeholders", which provide relevant information in Chinese and English to enhance information transparency.
7. In 2023, the Company was invited to participate in a total of 8 investor conferences to communicate with investors.
8. On December 21, 2023, the Company's "Rules for Performance Evaluation of Board of Directors" was revised and the performance evaluation of the functional committee was added. The results of the 2023 performance evaluation were reported to the Board of Directors on March 8, 2024.

9. The financial statements for each quarter of 2023 were submitted to the Board of Directors for approval after they had been approved by the Audit Committee. 10. All directors of the Company (including independent directors) were reelected in 2023, and the Chief Corporate Governance Officer reported to the Board on March 10, 2023, the eligibility review results of independent directors on the nomination, which complied with the relevant laws and regulations.

Note 1: The names of institutional shareholders and its representative shall be disclosed if the director is a juristic person.

Note 2: (1) If a director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the number of such meetings attended.

(2) If a director is re-elected before the end of the accounting year, the names of the current and previous director shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the number of such meetings attended.

Note 3: The execution of the Board's evaluation:

The Company has put in place the "Regulations Governing the Evaluation of the Board of Directors", and it has been approved by the Board of Directors that evaluations of the Board's overall performance should be conducted regularly every year. The performance evaluation results of the Board of Directors should be completed before the end of the first quarter of the following year. The self-evaluation results of 2023 have been reported to the Board of Directors on March 8, 2024.

Evaluation cycles (Note 1)	Evaluation periods (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Internal evaluation is performed once a year	Jan. 1, 2023 - Dec. 31, 2023	(1) Evaluation of the Board's overall performance	(1) Board self-evaluation	(1) Evaluation of Board's overall performance: The 5 major aspects of the evaluation of the Board's overall performance include participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control, with a total of 11 indicators. Self-evaluation result: The overall score is above or equal to 90 points, except for the continuing education of directors that was not scored, and the final evaluation result is "Excellent".
		(2) Evaluation of individual director's performance	(2) Member self-evaluation	(2) Evaluation of individual director's performance: The 6 major aspects of the evaluation of individual director's performance include alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control, with a total of 17 indicators. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, except for the continuing education of directors, and the final evaluation result is "Excellent".

Evaluation cycles (Note 1)	Evaluation periods (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
		(3) Evaluation of functional committee's (Remuneration Committee) performance	(3) Committee member self-evaluation	(3) Evaluation of functional committee's (Remuneration Committee) performance: The 5 major aspects of the evaluation include participation in the operation of the Company, awareness of the duties of the functional committee, quality of the functional committee's decision making, the composition of the functional committee and appointment of members, and internal control, with a total of 12 indicators. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, and the evaluation result is "Excellent".
		(4) Evaluation of functional committee's (Audit Committee) performance	(4) Committee member self-evaluation	(4) Evaluation of functional committee's (Audit Committee) performance: The 5 major aspects of the evaluation include participation in the operation of the Company, awareness of the duties of the functional committee, quality of the functional committee's decision making, the composition of the functional committee and appointment of members, and internal control, with a total of 12 indicators. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, and the evaluation result is "Excellent".

Note 1: Specify the implementation cycle of the Board of Directors evaluation.

Note 2: Specify the period of the Board of Directors evaluation.

Note 3: The scope of the evaluation includes the performance of the entire Board, individual director, and the functional committee.

Note 4: The evaluation methods include board self-evaluation, member self-evaluation, or other appropriate methods.

Note 5: The evaluation contents shall include at least the following items according to the scope of evaluation:

(1) The evaluation of Board's overall performance shall include at least the participation in the operation of the Company, the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.

(2) The evaluation of individual director's performance shall include at least the alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

(3) The evaluation of functional committee's performance shall include at least the participation in the operation of the Company, awareness of the duties of a functional committee member, quality of the functional committee's decision making, the composition of the functional committee and appointment of members, and internal control.

(II) Operations of the Audit Committee:

The Company has established an Audit Committee in accordance with regulations, which is composed of all independent directors.

1. The professional qualifications, experience and independence of the members of the Audit Committee are provided on pages 17-19 of the annual report.
2. Key work items of the Audit Committee in 2023:
   (1) Formulation of or amendment to Internal Control Systems pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the Internal Control Systems.
   (3) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
   (4) Matters bearing on the personal interest of a director.
   (5) Material assets or derivatives trading.
   (6) Material loaning of funds, and provision of endorsements/guarantees.
   (7) Offering, issuance, or private placement of any equity-based securities.
   (8) Appointment, discharge, or compensation of a certified public accountant (CPA).
   (9) Appointment or discharge of a finance manager, accounting manager, or chief internal auditor.
   (10) The annual financial statements signed or stamped by the Chairman, managers, and accounting directors.
   (11) Other Significant Matters Set Forth by the Company or the Competent Authority.

3. A total of 8 (A) audit committee meetings were held in 2023. The attendance of the independent directors was as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Kan-Hsiung Lin	8	0	100%	Re-elected on June 19, 2023
Independent Director	Ming-Tien Tsai	8	0	100%	Re-elected on June 19, 2023
Independent Director	Yen-Ling Cheng	8	0	100%	Re-elected on June 19, 2023

Other matters:

I. With regard to the operation of the Audit Committee, if any of the following circumstances occurs, the dates of the meetings, terms of the meetings, contents of motions, independent directors' dissenting opinions, reservation, or major recommendations, the resolution and the Company's handling of such opinions shall be specified.
   1. Matters listed in Article 14-5 of the Securities and Exchange Act: In 2023 and up to the date of publication of the annual report, a total of 8 Audit Committees were held.
      All Audit Committee members have no objection to the matters listed in Article 14-5 of the Securities and Exchange Act.
   2. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

Resolutions of the audit committee meetings in 2023 and as of the publication date of the annual report:

12nd committee meeting of the 2nd audit committee (January 17, 2023)

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
Proposal for TONG YANG HOLDING CORPORATION, the Company's investment in the third region, to purchase 30% equity of Chongqing Dajing Tong Yang Plastics Co., Ltd. and sell 55% equity of Chongqing Dajing Yuchyang Plastics Co., Ltd.	None	After soliciting the opinion of all attending committee Members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on January 17, 2023 and the Board of Directors approved the proposals

13rd committee meeting of the 2nd audit committee (March 10, 2023):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2022 Business Report and Financial Statements. 2. The Company's 2022 earnings distribution. 3. The Company's appointment and evaluation of independence and competence of the CPAs. 4. The Company's internal control for the period from January 1, 2022 - December 31, 2022, and issued the Statement of Declaration of Internal Control based on self-evaluation. 5. Amendments to the Company's "General Principles of the Internal Control System" and "Regulations Governing the Assessment of the Internal Control System". 6. Adoption of the general principles of the Company's non-assurance services pre-approval policy.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on March 10, 2023 and the Board of Directors approved the proposals

14th committee meeting of the 2nd audit committee (May 8, 2023)

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2023 Q1 consolidated financial statements. 2. The proposal of 2022 earnings distribution with cash dividends of NT$2.5 per share and other matters including ex-dividend date, book closure period, the record date, cash dividend distribution date, etc.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on May 8, 2023 and the Board of Directors approved the proposals

1st committee meeting of the 3rd audit committee (June 29, 2023):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
Election of the convener and the chair of the audit committee meeting.	None	The election of Kan-Hsiung Lin as the convener and chair of the 3rd Auditing Committee was approved unanimously by all attending committee members.	None

2nd committee meeting of the 3rd audit committee (August 8, 2023):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2023 Q2 consolidated financial statements. 2. Proposal for TONG YANG HOLDING CORPORATION, the Company's investment in the third region, to cancel selling 55% equity of Chongqing Dajing Yuchyang Plastics Co., Ltd.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on August 8, 2023 and the Board of Directors approved the proposals

3th committee meeting of the 3rd audit committee (October 3, 2023):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
Proposal to sell its land use rights and its above-ground buildings and related ancillary equipment and facilities by Nanjing Tong Yang Transportation Equipment Parts Co., LTD., a subsidiary of the Company.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on October 3, 2023 and the Board of Directors approved the proposals

4th committee meeting of the 3rd audit committee (November 9, 2023):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2023 Q3 consolidated financial statements. 2. Partial amendments to the Company's "Regulations on Insider Trading"and "Regulations Governing the Administration of Shareholder Services".	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on November 9, 2023 and the Board of Directors approved the proposals

5th committee meeting of the 3rd audit committee (November 27, 2023)

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
Proposal to purchase the land at No. 721-1, Kegong Section, Annan Dist., Tainan City.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on November 27, 2023 and the Board of Directors approved the proposals

6th committee meeting of the 3rd audit committee (March 8, 2024):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2023 Business Report and Financial Statements. 2. The Company's 2023 earnings distribution. 3. The Company's internal control for the period from January 1, 2023 - December 31, 2023, and issued the Statement of Declaration of Internal Control based on self-evaluation. 4. Partial amendments to the Company's internal rules of "Procedures for the Preparation and Verification of Sustainability Reports", "Rules of Procedures for Board of Directors Meeting" and "Audit Committee Charter".	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on March 8, 2024 and the Board of Directors approved the proposals

5. The Company's appointment and evaluation of independence and competence of the CPAs. 6. Adoption of the general principles of the Company's non-assurance services pre-approval policy. 7. Proposal to purchase the industrial land of Cigu Technology Industrial Zone from the Tainan City Government.			

7th committee meeting of the 3rd audit committee (May 7, 2024):

Motions	Independent directors' dissenting opinions, reservation, or major recommendations	Resolutions	The Company's response to audit committee's opinions
1. The Company's 2024 Q1 consolidated financial statements. 2. The proposal of 2023 earnings distribution with cash dividends of NT$4 per share and other matters including ex-dividend date, book closure period, the record date, cash dividend distribution date, etc.	None	After soliciting the opinion of all attending committee members by the Chairman, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on May 7, 2024 and the Board of Directors approved the proposals

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None (In 2023 and up to the date of publication of the annual report, none of the Audit Committee's resolutions involved the independent directors' own interests that need to be avoided).

III. Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.):

1. The audit reports are submitted to the Independent Directors (Audit Committee) to review on a monthly basis.
2. Each audit report shall track the improvement progress on deficits of internal control and abnormality issues and tracking reports shall be prepared and deliver quarterly to each independent director (Audit Committee member).
3. The chief internal auditor is required to attend and report the audit tasks to the audit committee meeting every quarter and communicate with the independent directors through the Audit Committee.
4. Independent Directors can understand the Company's operating status (including financial and business status) and audit status through Board of Directors meeting, Audit Committee meeting, and the audit report periodically submitted by the audit department.
5. In 2023 and as of the publication date of the annual report, the independent directors communicated with the chief internal auditor through audit committee meetings and board meetings on a quarterly basis. Please see below for the records of the communications:

Date	Communication meeting	Matters of communication	Results of communication
2023/03/10	Audit Committee and Board of Directors	Report of November 2022 - February 2023 internal audit results 2022 Statement of Declaration of Internal Control	No opinion
2023/05/08	Audit Committee and Board of Directors	Report of March 2023 - April 2023 internal audit results.	No opinion
2023/08/08	Audit Committee and Board of Directors	Report of May 2023 - July 2023 internal audit results.	No opinion
2023/11/09	Audit Committee and Board of Directors	Report of August 2023 - October 2023 internal audit results.	No opinion
2023/12/21	Board of Directors	2024 internal control audit plan	No opinion
2024/03/08	Audit Committee and Board of Directors	Report of November 2023 - February 2024 internal audit results. 2023 Statement of Declaration of Internal Control	No opinion
2024/05/07	Audit Committee and Board of Directors	Report of March 2024 - April 2024 internal audit results.	No opinion

6. Before issuing the annual financial statements, the CPAs shall issue the "key audit matters" and communicate with all independent directors on a yearly basis.
   All independent directors expressed no opinion.
7. The appointment and evaluation of independence and competence of the CPAs were approved by the audit committee meeting and board meeting on March 8, 2024.
   All directors (including independent directors) approved the motion unanimously.

Note 1: If an independent director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of committee meetings held during his or her tenure and the number of such meetings attended.

Note 2: If any Independent Directors were elected before the end of the year, the names of preceding and succeeding Independent Directors shall be listed, and the date of election or reelection shall also be stated in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of audit committee meetings held during his or her tenure and the number of such meetings attended.

(III) Status of Corporate Governance and Discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons and Thereof

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, which was approved by the Board of Directors on August 9, 2022. The entire content of the Company's Corporate Governance Best Practice Principles is disclosed on the Company's website and TSE Market Observation Post System (MOPS).	No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
II. Shareholding structure & shareholders' rights (I) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	✓		(I) The Company has included in its Corporate Governance Best Practice Principles a chapter specifically dedicated to the Protection of Shareholders' Rights and Interests and has appointed a spokesperson, deputy spokesperson, IR Team, Public Affairs Team, Legal Team, stock affair personnel, and other related departments to handle shareholder inquiries, suggestions, doubts, disputes, and legal proceedings according to the procedures set forth in the chapter.	(I) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) The Company has established related departments to manage the relevant information on the shareholding held by the Company's directors, managerial officers, and major shareholders holding more than 5% of the Company's shares. The list of top 10 shareholders will be published in the annual report every year, and the information on the major shareholders holding more than 5% of the Company's shares will be disclosed in the financial report every quarter.	(II) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(III) Does the Company establish and execute a risk management and firewall system within its affiliates?	✓		(III) The affiliates of the Company operate independently. Each company has its own Internal Control Systems and the Company has formulated the Regulations Governing the Subsidiaries to implement the risk control mechanism for subsidiaries.	(III) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	✓		(IV) The Company has formulated the "Regulations on Insider Trading," "Code of Conduct," "Codes of Ethical Conduct for Directors and Managerial Officers," "Ethical Corporate	(IV) No significant discrepancies from the Corporate Governance

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			Management Best Practice Principles," and other regulations. These regulations are disclosed on the Company website to prevent insiders to trade securities using undisclosed information. Additionally, in order to establish a sound mechanism to process and disclose material inside information and to prevent information leakage and improper handling, the Company has formulated the Procedures for Handling Material Inside Information, which was adopted by the Board of Directors on November 8, 2022. Furthermore, in order to have a better understanding of insider trading regulations and prevention practices, the Company assigned employee Yung-Ping Yang to participate in the "2023 Insider Trading Prevention Conference" held by Taiwan Stock Exchange on October 20, 2023 and assigned employees Jui-Yun Chu and Pei-Hsin Li to participate in the "2023 Insider Equity Transaction Legal Compliance Conference" held by Taiwan Stock Exchange on November 15, 2023.	Best Practice Principles for TWSE/TPEx Listed Companies
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors have a diversity policy and specific goals of management in place and ensure the actual implementation?	✓		(I) The Company has formulated the board diversity policy and specific management objectives, and the Company is closely following up on the policy. Please refer to pages 20 to 22 of the annual report for relevant details.	(I) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the Company voluntarily establish other functional committees in addition to the legally required Remuneration Committee and Audit Committee?		✓	(II) The Company has established the Remuneration Committee and Audit Committee in accordance with the regulations. Apart from these two committees, the Company has not yet established other functional committees. In the future, other functional committees will be established based on the actual operation situation and business scale.	(II) Same as summary.
(III) Does the Company formulate rules and procedures for the Board of Directors' performance evaluation, conduct performance evaluation on the Board of Directors on a regular basis every year, report the results of performance evaluation to the Board of Directors, and apply the results to the individual	✓		(III) The Company has put in place "Regulations Governing the Evaluation of the Board of Directors". Performance evaluations are conducted regularly every year, and the evaluation results are used as a reference for the nomination of directors. The self-assessment of the Board of Directors' performance in 2023 has been completed and submitted to the Board of Directors on	(III) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
Directors' remuneration and nomination for reappointment?			March 8, 2024. It has been disclosed in the annual report of the shareholders' meeting and the Market Observation Post System in accordance with regulations. The self-evaluation results are as follows: I. The Board's overall performance: 1. Evaluation items: The 5 major aspects are the participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, and continuing education of the directors, and internal control, with a total of 11 indicators. 2. Self-evaluation result: The overall score is above or equal to 90 points, except for the continuing education of directors that was not scored, and the final evaluation result is "Excellent". II. Individual director's performance: 1. Evaluation items: The 6 major aspects are the evaluation of individual director's performance include alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control, with a total of 17 indicators. 2. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, except for the continuing education of directors, and the final evaluation result is "Excellent". III. Functional committee's (Remuneration Committee) performance: 1. Evaluation items: The 5 major aspects are the participation in the operation of the Company, awareness of the duties of a functional committee member, quality of the functional committee's decision making, the composition of the functional committee and appointment of members, and internal	(IV) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			control, with a total of 12 indicators. 2. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, and the evaluation result is "Excellent". IV. Functional committee's (Audit Committee) performance: 1. Evaluation items: The 5 major aspects are the participation in the operation of the Company, awareness of the duties of a functional committee member, quality of the functional committee's decision making, the composition of the functional committee and appointment of members, and internal control, with a total of 12 indicators. 2. Self-evaluation result: The average achievement rate of all indicators is above or equal to 90%, and the evaluation result is "Excellent".	Companies
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Company carries out the evaluation of independence and competence of the CPAs once a year with reference to the Statement on Auditing Standards and the Code of Ethics for Professional Accountants, as well as the statements of independence of the CPAs and the Audit Quality Indicators (AQIs) provided by the CPAs. The evaluation result has been submitted to the audit committee meeting and board meeting on March 8, 2024 and was approved. In addition, according to the provisions of the International Code of Ethics for Professional Accountants, since 2023, it must be approved by the Audit Committee before CPAs of the financial statement provide non-assurance services, so as to ensure the independence of the audit results. The Company evaluates that the CPAs, Mink Hu and Kuo-Sen Hung of Ernst & Young Global Limited, met standards for independence and competence evaluation (see Note 2) and were eligible to serve as CPAs for the Company.	
IV. Does the TWSE/TPEx listed company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and	✓		The Company approved the establishment of one "Chief Corporate Governance Officer" on May 11, 2021, and appointed Vice President Chin-Hsi Chen to serve as the highest-level supervisor (the Company's managerial officer) regarding corporate governance. He	No significant discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Item for evaluation</th><th colspan="3">Status (Note)</th><th rowspan="2">Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>regulations, handling matters in relation to the Board meetings and shareholders’ meetings and keeping minutes at the Board meetings and shareholders’ meetings according to law)?</td><td></td><td></td><td>specializes in financial and stock affairs, and has served as chief of finance and stock affairs for more than 3 years, and has promoted corporate governance-related affairs in the Financial Management Business Division. The Chief Corporate Governance Officer’s main duties include handling relevant meeting affairs of the Board of Directors and Shareholders Meetings in accordance with the law, producing meeting minutes of the Board meetings and Shareholders’ Meetings, assisting Directors in assuming their positions and continuing education, providing Directors with the information required to perform their duties, assisting Directors in complying with the laws and regulations, reporting to the Board of Directors on the review results of whether the qualifications of independent directors comply with relevant laws and regulations at the time of their nomination and election and during their term of office, handling matters related to changes of directors, and other matters provided in laws, regulations, the Company’s Articles of Incorporation, or contracts. Additionally, the Chief Corporate Governance Officer is required to complete at least 12 hours of training every year. In 2023, the Chief Corporate Governance Officer completed a total of 21 hours of training as listed below:
<table>
<tr><th>No.</th><th>Institution</th><th>Training Course</th><th>Date</th><th>Hours</th></tr>
<tr><td>1</td><td>Taiwan Stock Exchange (TWSE)</td><td>Advocacy Meeting on Sustainable Development Action Program for TWSE/TPEx Listed Companies</td><td>2023/04/27</td><td>3</td></tr>
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<tr><th rowspan="2">Item for evaluation</th><th colspan="3">Status (Note)</th><th rowspan="2">Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>2</td><td>Taiwan Stock Exchange (TWSE)</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>2023/07/04</td><td>6</td></tr>
<tr><td>3</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>4</td><td>Taiwan Corporate Governance Association</td><td>Net-zero ESG Talent Training Program [South Taiwan] - Carbon Governance and Sustainable Ecosystem</td><td>2023/10/26</td><td>9</td></tr>
</table></td><td></td></tr>
<tr><td>V. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?</td><td>✓</td><td></td><td>The Company has spokesperson and acting spokesperson to communicate with stakeholders, and the Company has set up a stakeholder section on the Company’s website to provide multiple communication channels and platforms to respond to issues of concern to stakeholders.</td><td>No significant discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>✓</td><td></td><td>The Company appoints Share Transfer Department of CTBC Bank to handle share-related matters.</td><td>No significant discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>VII. Information disclosure
(I) Does the Company have a website to disclose the financial operations and corporate governance status?

(II) Has the Company established any other information disclosure channels (e.g., maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors’ conferences, etc.)?</td><td>✓

✓</td><td></td><td>(I) The Company has set up an official website (http://www.tyg.com.tw) to disclose its financial, business and corporate governance information. In addition, the investors may also inquire about such information on the Taiwan Stock Exchange Market Observation Post System (http://mops.twse.com.tw).
(II) The Company has set up a Chinese- and English- version website, and appointed the Public Affairs Team to gather and disclose relevant information. The Company has also established a spokesperson and deputy spokesperson to implement the spokesperson policy. In addition, the itinerary and content of the institutional investor conference are reported</td><td>(I) No significant discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

(II) No significant discrepancies from the Corporate Governance Best Practice Principles for</td></tr>
</table>

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		✓	in accordance with the regulations. Investors may inquire through the Company website or the MOPS. (III) The Company publicly announces and files the 2023 annual financial reports within 75 days after the close of the given fiscal year and publicly announces and files the first, second, and third quarterly financial reports and the operation of each month within the required deadline.	TWSE/TPEx Listed Companies (III) Same as summary
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	✓		1. Employee rights: The Company is people-oriented and regards employees as important assets of the Company. For employees' working environment, education, and training, the Company has established and implemented a complete system, to provide employees with safe and healthy conditions. 2. Employee wellness: The Company attaches great importance to the safety and health of employees and provides employees with health examinations. Besides, the Company has also established nurses to provide emergency care for, and regularly sends doctors to the factories to provide medical and health-related consultation to employees. The Company also organizes health seminars from time to time, and establishes an EAP employee assistance program to help employees with personal issues that affect their work productivity, so as to prevent and resolve the reasons thereof. 3. Investor relations: The Company maintains good communications with investors on a continuous basis, including disclosing information on the MOPS in accordance with the law to protect the rights and interests of investors; setting up an investor sector on the Company's website to provide sufficient information for investors' reference, and established a communication platform for investors to contact the Company. In addition, the Company participates in domestic and overseas investor conferences from time to time to communicate with investors. 4. Supplier relations: The Company regards its suppliers as long-term partners with the goal of building mutual growth. Through the SCM online supply platform and other channels, the	No significant discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Company strengthens information exchange and communication with suppliers and enhances the knowledge of supplier operation and management. In addition to our dedication to promoting quality, the Company also urges suppliers to sort and set their work environment in order, to improve their production processes, and related safety management, so as to create a win-win situation and achieve mutual prosperity.
5. Stakeholder rights: The Company has spokesperson and acting spokesperson to communicate with external stakeholders and the stakeholders can provide their feedback and recommendation to the Company to safeguard their interests. The Company has also set up a stakeholder section on the Company's website to provide multiple communication channels and platforms to respond to issues of concern to stakeholders.
6. 2023 Continuing education for directors and managerial officers:
<table>
<tr><th>No.</th><th>Name</th><th>Institution</th><th>Training Course</th><th>Date</th><th>Hours</th></tr>
<tr><td>1</td><td>Yung-Feng Wu Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>2</td><td>Yeong-Maw Wu Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>3</td><td>Yung-Hsiang Wu Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>4</td><td>Chi-Pin Wang Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>5</td><td>Kan-Hsiung Lin Independent Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>6</td><td>Ming-Tien Tsai Independent Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td>7</td><td>Yen-Ling Cheng Independent Director</td><td>Taiwan Corporate Governance Association</td><td>Analysis of Global Trends - Risks and Opportunities</td><td>2023/08/08</td><td>3</td></tr>
<tr><td rowspan="2">8</td><td rowspan="2">Chin-Hsi Chen Vice President</td><td>National Cheng Kung University</td><td>Accounting continuing education course</td><td>2023/7/13-2023/7/14</td><td>12</td></tr>
<tr><td colspan="4">21-hour Chief Corporate Governance Officer continuing education course.
Please refer to pages 49-50 of the Annual Report for more details.</td></tr>
</table>
7. Execution of risk management policy and risk evaluation standard: The company has stipulated various internal control system and management procedures. All departments shall assign a dedicated person to implement and assess various risk management. The Audit Team shall put forward an annual audit plan based on the risk assessment, and execute the plan accordingly, so as to implement the monitoring mechanism and various risk management.
8. Implementation of customer policies: The Company has a business department that provides customer services and complaint response, maintains smooth communication channels with customers, and maintains stable and good relationships with customers, so as to create profits for the Company.
9. Directors’, supervisors’ and officers’ liability insurance: The renewal of "Directors’, Supervisors’ and Officers’ Liability Insurance" for all directors was approved at the board meeting on June 29, 2023. Relevant information is disclosed on the MOPS.
</td><td></td></tr>
</table>

Item for evaluation	Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.

Improvements of Corporate Governance Practices:

Improved items in the 2023 corporate governance evaluation indicators.		
No.	Indicators	Method of improvement
1.9	Does the Company upload the English version of the meeting notice, meeting handbook and supplementary information 30 days prior to the general shareholders' meeting?	The Company has uploaded the English version of the meeting notice, meeting handbook and supplementary information 30 days prior to the general shareholders' meeting.

Improvements that are yet to be made and shall be prioritized in the 2023 annual corporate governance indicator		
No.	Indicators	Method of improvement
1.18	Does the Company record important content of shareholders' questions and responses of the Company in the minutes of the shareholders' meetings?	The company records important content of shareholders' questions and responses of the Company in the minutes of the shareholders' meetings. If there are no questions from shareholders at the shareholders' meeting, it shall still be recorded in the minutes.
2.18	Does the Company regularly conduct internal performance evaluations for the functional committees (including at least the Audit Committee and the Compensation Committee) each year, and disclose the implementation and evaluation results on the Company's website or in the Annual Report?	The Company has conducted the internal performance evaluation for the functional committees (including the Audit Committee and the Compensation Committee), and has reported the implementation and results of the evaluation to the Board of Directors on March 8, 2024 and disclosed them on the Company's website or in the Annual Report.

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

Note 2: Evaluation Standards for the Independence and Competence of CPAs

Item for evaluation	Assessment results	Independence of the CPAs
1. Financial interests	No direct or indirect material financial interests were found.	Yes
2. Financing and guarantee	No matters of financing and guarantee were found.	Yes
3. Business relations	No business relations were found.	Yes
4. Family and personal relationship	No such matter.	Yes
5. Employment relationship	No such matter.	Yes
6. Presents or gifts of great value	No behavior that affects professional decisions or actions of obtaining secret information was found.	Yes
7. Rotation of CPAs	The rotation of CPAs is compliant with the regulations.	Yes
8. Non-audit services	No services that affect the CPAs' independence were found.	Yes
9. Statement of independence	The Company has obtained the statements of independence of the CPAs. As in Note 3	Yes
10. Audit Quality Indicators (AQI) information	The information on Audit Quality Indicators (AQI) has been obtained.	Yes

Note 3:

Statement of Independence

To the Board of Directors and Audit Committee of Tong Yang Group

This statement reported our annual independence communication in accordance with the requirements of auditing standards.

In accordance with the Auditing Standards, we report to you that Ernst & Young LLP has complied with relevant ethical standards regarding independence.

We are not aware of any relationships or other matters that may be considered to affect independence.

In accordance with the provisions of the Auditing Standards and the International Code of Professional Ethics for Accountants (IESBA Code), we report to you the audit and non-audit services provided by Ernst & Young and its alliance firms to the company and its controlled entities during the period covered by the financial statements. Public fees collected.

This statement is only for the reference for the Company's Board of Directors, Audit Committee, Management, and internal personnel, and shall not be used for other purposes.

Best Regards

Ernst & Young Global Limited

Tzu-Ren Hu

CPAs:

Kuo-Sen Hung

Mar. 8, 2024

(IV) Operations and Composition of the Remuneration Committee:

(1) There are three members in the Remuneration Committee of the Company. The Remuneration Committee of the Company shall exercise the care of an administrator with good faith, faithfully fulfill the following functions and power, and submit its recommendations to the Board of Directors for discussion:

1. Establishing and regularly reviewing the Board of Directors and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure;
2. Regularly assessing and determining the Board of Directors and upper management's remuneration.

Information on the remuneration committee members

April 20, 2024

Member type (Note 1)	Qualifications / Name	Professional qualifications and experience (Note 2)	Independence criteria (Note 3)	Number of other public companies where the individual concurrently serves as a remuneration committee member
Convener and Independent Director	Kan-Hsiung Lin	Please refer to page 17-19 of the Annual Report	Please refer to page 17-19 of the Annual Report	None
Independent Director	Ming-Tien Tsai			None
Independent Director	Yen-Ling Cheng			None

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the Remuneration Committee. If they are independent directors, please make note of referring to Appendix (I) on page OO for information on directors and supervisors. Please fill in independent director or others for the field of member type (if the member is the convener, please add a note).

Note 2: Professional qualifications and experience: State the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence criteria: Specify whether or not the members of the Remuneration Committee are deemed independent, including but not limited to whether they, their spouse, or their relatives within the second degree act as directors, supervisors or employees of the Company or its associates; the number and proportion of the Company's shares held by them, their spouse, relatives within the second degree (or in the name of others); whether they are a director, supervisor or employee of a company that has a specific relationship (please refer to sub-paragraphs 5-8, paragraph 1, Article 6 of "Regulations Governing Appointment of Independent Directors and Compliance

Matters for Public Companies") with the Company; the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its associates in the last two years.

(2) Operations of the Remuneration Committee

1. There are three members in the Remuneration Committee of the Company.
2. Term of the Remuneration Committee: June 29, 2023 to June 18, 2026. A total of 3 Remuneration Committee meetings were held in 2023. (A) The information and attendance of the members were as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate (%) [B/A] (Note)	Remarks
Convener	Kan-Hsiung Lin	3	0	100%	Re-appointed for another term on June 29, 2023 upon the expiration of the term of office
Member	Ming-Tien Tsai	3	0	100%	Re-appointed for another term on June 29, 2023 upon the expiration of the term of office
Member	Yen-Ling Cheng	3	0	100%	Re-appointed for another term on June 29, 2023 upon the expiration of the term of office
Other matters: I. If the Board of Directors does not adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors is more favorable than the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None. II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions, and the response to members' opinion shall be specified: None.					

Note: (1) If a committee member resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of committee meetings held during his or her tenure and the number of such meetings attended.

(2) If a committee member is re-elected before the end of the accounting year, the names of the current and previous committee members shall be listed and their appointment status and re- election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of remuneration committee meetings held during his or her tenure and the number of such meetings attended.

(3) Important resolutions of the remuneration committee meetings in 2023 and as of the publication date of the annual report:

7th meeting of the 4th remuneration committee

Date	Motions	Dissenting opinions, reservation, or major recommendations by remuneration committee members	Resolutions	The Company's response to remuneration committee's opinions.
2023.3.10	1. Review of the directors' and managerial officers' performance evaluation and relevant regulations regarding remuneration. 2. Discuss the distribution of 2022 remuneration of employees and directors. 3. Adjustment to the 2023 salary, and bonus distribution. 4. Partial amendments to the "Regulations Governing the Payment of Remuneration to Directors".	None	After discussion by all attending committee members, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on March 10, 2023 and the Board of Directors approved the proposals

1st committee meeting of the 5th remuneration committee

Date	Motions	Dissenting opinions, reservation, or major recommendations by remuneration committee members	Resolutions	The Company's response to remuneration committee's opinions.
2023.6.29	Election of the convener and the chair of the remuneration committee meeting.	None	After discussion by all attending committee members, the proposal was approved unanimously.	None

2nd committee meeting of the 5th remuneration committee

Date	Motions	Dissenting opinions, reservation, or major recommendations by remuneration committee members	Resolutions	The Company's response to remuneration committee's opinions.
2023.12.21	1. Partial amendments to the Company's "Regulations Governing the Evaluation of the Board of Directors". 2. Review of the directors' and managerial officers' performance evaluation and relevant regulations regarding remuneration. 3. Review of the directors' and managerial officers' 2023 remuneration.	None	After discussion by all attending committee members, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on December 21, 2023 and the Board of Directors approved the proposals

3rd meeting of the 5th remuneration committee

Date	Motions	Dissenting opinions, reservation, or major recommendations by remuneration committee members	Resolutions	The Company's response to remuneration committee's opinions.
2024.3.8	1. Review of the directors' and managerial officers' performance evaluation and relevant regulations regarding remuneration. 2. Discuss the distribution of 2023 remuneration of employees and directors. 3. Adjustment to the 2024 salary, and bonus distribution.	None	After discussion by all attending committee members, the proposal was approved unanimously.	The proposals were submitted to the Board of Directors on March 8, 2024 and the Board of Directors approved the proposals

(V) Implementation Status of Sustainable Development and Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company establish a governance framework for sustainable development and a dedicated (or ad-hoc) sustainable development unit with authorization by the Board of Directors for senior management to handle related matters, which is supervised by the Board of Directors?	✓		The Company established the Corporate Social Responsibility (CSR) Committee in early 2016 and renamed it to "Sustainable Development (ESG) Committee" in 2021. The Company has appointed the President as the convener and the general managers of 2 business groups as the deputy conveners along with other related units including corporate finance, human resources, environmental safety, sales, R&D, production, procurement and public relations. The Sustainable Development (ESG) Committee is responsible for coordinating the formulation of the sustainable development policy throughout the Company, establishing relevant response strategies by identifying the sustainability issues that stakeholders are concerned about through meeting discussions, assisting each functional unit to carry out sustainable development related tasks, and reviewing the implementation of sustainability practices. The Sustainable Development (ESG) Committee produces a sustainability report once a year to address the implementation of sustainable development goals. The latest sustainability report has been submitted to the Board of Directors on June 29, 2023 for the Board of Directors, and Greenhouse Gas Inventory and Verification Schedule Plan from the third quarter of 2022 for the Board of Directors every quarter of year. The Board of Directors review the Company’s implementation strategies and results of sustainable issues and follow up on the Company’s sustainability	No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			practices, so as to provide supervision at all times to ensure that sustainable development is incorporated into the Company's daily operations.	
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)	✓		The information disclosed herein covers the sustainable development performance of the Company's major business locations from January 2023 to December 2023. The risk assessment boundary includes all operation sites under the Taiwan Head Office and is the same as the boundary of the environmental and social issues disclosed hereafter. The Sustainable Development (ESG) Committee conducts analysis based on the principle of materiality for sustainability reporting, communicates with internal and external stakeholders, and collects information from each department, so as to assess material ESG issues and formulate relevant management strategies as follows: I. Environmental issues: (I) Through process optimization and implementation of safety management systems, the Company effectively reduced pollution emissions, lowered the impact on the environment, and obtained the ISO 14001. Environmental Management Systems certification. (II) Conduct an inventory of greenhouse gas emissions to review the impact on the Company's operations. Based on the results of the carbon footprint verification, continue to implement carbon reduction measures, including taking the replacement of old equipment and	No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			improving energy consumption of off-the-shelf machines (such as installing frequency converters and setting up servo motors, etc.) to reduce the emission risks of Scope 1 and indirect greenhouse gas emissions of Scope 2 caused by electricity use. II. Social issues: Established Occupational Health and Safety Management systems and obtained the OHSAS 18001 certification, so as to ensure compliance with laws, continuous improvement, and mitigation of risks. Regular fire drills and work safety education and training are also instituted annually to improve employees' ability to respond to emergencies and achieve self-safety management so as to avoid the risk of accidents. III. Corporate governance: (I) The Company ensures that all the personnel and their operations are in line with the relevant laws and regulations by establishing and implementing the mechanism of corporate governance and internal control system. (II) The Corporate Governance Best Practice Principles are adopted and implemented. (III) The Chief Corporate Governance Officer is appointed and required to participate in training courses regularly, stay up to date with the changes in laws and regulations, as well as respond to the requirements of competent authorities.	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			(IV) The director liability insurance policy is purchased for directors to protect them from lawsuits or claims. (V) The Company website has a dedicated section for stakeholders and provides various communication channels to encourage interaction and avoid confrontation and misunderstanding, which is coordinated and managed by the spokesperson.	
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		(I) The Company has obtained the ISO 14001 Environmental Management Systems certification (effective from July 6, 2023 to July 05, 2026) and OHSAS 18001 Occupational Health and Safety Assessment Series certification (replaced by ISO 45001:2018 Occupational Health and Safety Management Systems in 2018, effective from July 28, 2023 to July 27, 2026) and has been complying with these standards.	(I) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(II) Is the Company committed to improving the energy efficiency and using recycled materials with low impact on the environment?	✓		(II) The Company is currently promoting measures to improve overall energy-saving efficiency mainly through replacing less efficient equipment to improve equipment performance and installing inverters or servo motors for new equipment. In addition, the lighting equipment is gradually replaced by T5 or LED lighting, and sensors are added to save energy. The new production line is equipped with	(II) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>energy-saving lighting and equipment to achieve the goal of continuous energy saving and carbon reduction. The power consumption per unit of revenue of the Company in 2023 was reduced by 9.65% compared with that in 2022, and the goal of 1% reduction has been achieved. Relevant data is as follows:
<table>
<tr><th>Year</th><th>Electricity consumption (kWh)</th><th>Revenue (NT$ thousands)</th><th>Electricity consumption per unit of revenue</th></tr>
<tr><td>2022</td><td>102,550,700</td><td>15,707,401</td><td>6.53</td></tr>
<tr><td>2023</td><td>107,387,601</td><td>18,205,469</td><td>5.90</td></tr>
</table>Furthermore, the Company is increasing the proportion of recycled raw materials during the manufacturing process of the plastic products to reduce the impact on the environment. The Company reduces the amount of waste generated by reducing unnecessary packaging during product design and packaging and continues to recycle and reuse wood waste as pallets to reduce the volume of timber. Last but not least, the Company collaborates with manufacturers to study the waste recycling technology for circular economy. The copper liquid waste in the electroplating process is electrolytically recovered and transferred to the manufacturers for refining before reusing it in the process to reduce the output of sludge and at the same</td><td></td></tr>
</table>

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			time improve the discharge of heavy metal in wastewater.	
(III) Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to climate-related issues?	✓		(III) In response to global climate change, under the guidance of the environmental safety and health policy, the Company uses the ISO 14001 environmental management system as the basis, taking into account various environmental impacts, government regulations, internal and external environmental issues, to identify the Company's potential risks, opportunities and measures to address them, such as the introduction of water-based paint process to reduce pollution emissions, solar power generation equipment installed on the roof of the factory to reduce carbon emissions, and the recycling of process wastewater to reduce tap water usage. In view of the increasingly extreme climate, various contingency management measures for floods, earthquakes and fires have been established to reduce environmental impacts. For details, please refer to the Company's Sustainable Development report.	(III) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on greenhouse gas reduction, water reduction, or waste management?	✓		(IV) The Company has conducted basic greenhouse gas inventory inspection for all operation sites under the Taiwan Head Office to calculate greenhouse gas emissions by conducting source identification, activity intensity, and emissions data collection. The Company has disclosed the volume of annual greenhouse gas emissions in the sustainability report.	(IV) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The greenhouse gas emissions over the past 2 years for all operation sites under the Taiwan Head Office are as follows:
Unit: Metric tons
<table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Emissions per unit of product Metric tons of CO2e/Revenue (NT$ millions)</th></tr><tr><td>2022</td><td>9513</td><td>52198</td><td>3.93</td></tr><tr><td>2023</td><td>11643</td><td>53157</td><td>3.56</td></tr></table>The greenhouse gas emissions at the operation sites were mainly from the use of electricity. Therefore, in terms of energy saving and carbon reduction measures, the first priority is to reduce the electricity consumption per unit of revenue.
The electricity consumption per unit of revenue in 2023 is 9.65% lower than that in 2022, and the goal of 1% reduction has been achieved.
In the future, we will continue to make efforts to reduce the amount of greenhouse gas emissions.
The goal in 2024 is set to be 2% lower than that in 2023. The goal in 2035 is that electricity consumption per unit of revenue will be 25% lower compared to that in the base year of 2022.
Additionally, with solar power generation equipment</td><td>Companies</td></tr>
</table>

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			installed on the roofs of the operation sites, 2.5 million kWh of green electricity was generated in 2023 to reduce carbon emissions. As far as the water saving measures are concerned, the Company's plan mainly focuses on the usage of recycled water during the manufacturing process. For example, 100% recycled water is used in the painting process and plant watering, leading to the improvement in the water use efficiency and cost saving. The volume of tap water and recycled water used in the last 2 years at all operation sites under the Taiwan Head Office is shown in the table below: Unit: Metric tons	

Year	Tap water volume	Recycled water volume	Percentage of recycled water consumption volume
2022	777805	67859	8.72%
2023	829756	74369	8.96%

In addition to obtaining discharge permits in accordance with regulations, the Company continues to promote various water-saving measures.
The goal is that the proportion of recycled water will reach 9.1% of tap water in 2024, and the proportion of recycled water will reach 10% of tap water in 2030.

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>The removal and disposal of waste generated during the Company's operation are handled in accordance with the relevant regulations of the Waste Disposal Act, and waste classification is carried out to improve the recycling of waste. Furthermore, the Company reduces the amount of waste generated by reducing unnecessary packaging during product design and packaging at source and carries out wast classification strictly.
The waste output in the last 2 years for all operation sites under the Taiwan Head Office is summarized in the following table:
Unit: Metric tons
<table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Total volume of waste output</th><th>Volume of output per unit of revenue Metric tons/Revenue (NT$ millions)</th></tr><tr><td>2022</td><td>296</td><td>2445</td><td>2,741</td><td>0.17</td></tr><tr><td>2023</td><td>274</td><td>2666</td><td>2,940</td><td>0.16</td></tr></table>In 2023, under the framework of ISO 14001 Environmental Management Systems, the Company continued to promote various waste reduction measures and resource reuse, and the volume of waste generated</td><td></td></tr>
</table>

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			per unit of revenue has decreased by 30% compared to that in the base year of 2016 (the original goal is 10%), far exceeding the goal set by the Company. In the future, we will continue our management and monitoring to meet the medium-term and long-term goal in the plan (reducing waste generation intensity per unit of revenue by 40% in 2030 compared with that in 2016).	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company abides by relevant labor laws and regulations and agrees with international human rights standards such as the Universal Declaration of Human Rights. The Company is committed to avoiding human rights violations and continues to enhance and improve the management of human rights-related issues, such as specific restrictions on child labor employment, prohibition of forced labor, anti-discrimination, prevention of bullying and harassment (for example: publish the "Whistleblowing Management Guidelines" to provide a channel for the Company’s employees to file complaints about workplace abuse) and protection of the freedom of assembly and association of employees (for example: employees form trade unions, conduct rational communication and interaction with the Company, and conclude a group agreement between labor and management to protect labor rights). The	(I) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Company has announced the implementation of specific management plans such as "Forklift Management Measures" and "Workplace Life Management Measures" to provide and maintain a safe, hygienic and healthy working environment. In 2023, the training for managers at all levels stressed that management concepts and leadership skills should be in line with labor laws to avoid any illegal events or violation of human rights in management or system planning. In addition, we also actively promoted the Employee Assistance Programs (EAPs) and organized sensitivity training for department level supervisors. The total number of participants was 85, with a total number of 781 training hours.	
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits) and appropriately reflect operating performance or results in employee compensation?	✓		(II) The Company strictly complies with the relevant laws and regulations regarding labor and human rights promulgated by the government. The Company also formulates and implements reasonable employee benefit measures (including remuneration, vacation and other benefits) and appropriately reflects operating performance or results in employee compensation. 1. Employee remuneration policy and reflection of operating performance or results in employee compensation: The remuneration of employees mainly consists of	(II) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			three parts, namely, salary, bonus, and benefits. Salary is determined based on personal ability and position. Bonus is determined based on the employee's and department's goal achievement rate, and the Company's operating performance. In addition, a five-day festival bonus is given every year during the Mid-Autumn Festival. There is profit sharing clause, and 10% of the Company's annual net profit is allocated to employee performance bonus and year-end bonus. The guaranteed year-end bonus is for 25 days. This can motivate the morale of employees and share the Company's business results. In accordance with the Company's Articles of Incorporation, if the annual profit of the Company is over NT$500 million (inclusive), NT$5 million will be allocated as remuneration of employees; otherwise, 1% of the profit should be appropriated as remuneration of employees. 2. Vacation system: The vacation system has been implemented: in accordance with the labor laws and regulations. For employees who need a longer period of time off for parental leave or due to severe illness or injury, etc., they can also apply for a leave of absence without pay to take care of personal and family needs.	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			3. Retirement protection: Tong Yang has set up the Regulations Governing the Pension as prescribed, providing stable pension contribution and payment. Since the implementation of the Labor Pension Act, the Company has been contributing 6% of the salary every month to the individual pension accounts for the employees applicable to the Act. 4. Welfare measures: The Company has designed the employee benefits in accordance with laws and regulations and based on the needs of employees. Our employees can enjoy a comprehensive benefit system covering employee housing, parking, meals at affordable prices, employee health examination, etc. (for example: wedding and funeral grants, maternity allowance and maternity leave, parental leave, paternity leave, etc.). 5. Workplace diversity and equal opportunity: The Company implements the principle of equal pay for equal work between men and women and offers employment opportunities based on job-related qualifications. Women also have the opportunity to be promoted to management positions. In 2023, the ratio of female employees amounted to 18.59%, and the ratio of female employees at managerial levels	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		amounted to 13.07%. 6. Remuneration policies: The Company adjusts salaries based on market rates and individual performance and reflects operating results in employee compensation to maintain overall salary competitiveness. The average annual salary of a full-time non-managerial employee of the Company in 2023 increased by 9% compared with the previous year. (III) In accordance with the relevant provisions of the Occupational Safety and Health Act, the Company has obtained the OHSAS 18001 Occupational Health and Safety Assessment Series certification (replaced by ISO 45001: 2018 Occupational Health and Safety Management Systems in 2018, effective from July 28, 2023 to July 27, 2026), which applies to the Company’s Tainan Factory and Guanyin Factory as well as all contractors entering the factories, including the construction personnel, guards, cleaning personnel and kitchen staff. In 2023, there was a total of one occupational injury. The Company conducted an investigation on the occupational injury immediately to confirm the reason of the incident, and extended the investigation to confirm whether other units have potential hazard factors, and to improve and strengthen safety education and training. The Company provides a	(III) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			healthy and safe working environment and organizes training on health and safety for its employees on a regular basis. 1. The Company organizes health examinations for employees and advanced health examinations for senior-level managerial officers. 2. A policy for non-smoking working environment is in place so that employees can work in a comfortable and healthy environment. 3. The Company provides employees with clean, safe drinking water, and requests the agency recognized by the Environmental Protection Administration to conduct drinking water quality testing on a regular basis in accordance with regulations and requirements. The Company also regularly maintains and disinfects water supply equipment. 4. Various drills are held from time to time to enable employees to handle the disaster in accordance with the emergency response plan and minimize impact. 5. The Company has also established nurses to provide emergency care for, regularly sends doctors to the factories to provide medical and health-related consultation to employees, and organizes health seminars from time to time. 6. The Company has installed AED and provides CPR and AED education and training courses for	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			employees to provide immediate and effective first aid before the ambulances arrives, so as to save valuable lives. 7. Occupational safety education and training includes training for new recruits, occupational safety and health classroom, hazardous machinery equipment operation training, safety and health SOP training, hazardous machinery equipment professional certification course, first-aid personnel training, fire drills, and safety and health education training for supervisors at all levels. 8. Related information on fire: (1) No fire accidents occurred in 2023. (2) Provide a fire prevention and management manual: The main purpose of "fire prevention and management" is to prevent disasters from occurring. It sets out methods to manage fires at their source as standard operating procedures. (3) Set up fire prevention facilities: Set up fire prevention facilities in high-risk places to prevent disasters or minimize losses when disasters occur. a. Automatic fire extinguishing system b. Grounding system c. Static electricity elimination facilities d. Explosion-proof electrical appliances e. Ventilation equipment	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			(4) Fire prevention facilities inspection: Purchase professional equipment for the following monthly inspections on site. a. Inspections on the temperature of the electrical box b. Inspections on the gas pipeline leak c. Inspections on the ground resistance of combustible materials d. Inspections on the water pressure of the fire hose e. Inspections on the automatic fire extinguishing system (5) In terms of the function test on the automatic fire extinguishing system, engage the service provider or the Engineering Department to carry out the function test on the automatic fire extinguishing system to ensure its normal function. (6) Provide different fire extinguishers according to various types of workplaces: a. Dry chemical fire extinguisher b. 200P, 20P alcohol-resistant foam-based fire extinguisher c. Automatic foam-based fire extinguishing system d. Automatic carbon dioxide fire extinguishing	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			system e. Environmental HALON fire extinguisher, carbon dioxide fire extinguisher f. Automatic sprinkler system for fire extinguishing g. Loaded stream-based automatic fire extinguishing system (7) Fire inspection and review mechanism: a. Fire prevention mechanism and inspection at night and on holidays: i. Security guards shall inspect key areas of flammable materials stored in the plant at night and on holidays. ii. During holidays, inflammables shall not be hold on the production line and they must be moved to an independent warehouse for inflammables. b. Entrust professionals to carry out electrical box inspections every year. c. The extension cable must be tested by the Engineering Department before it can be used. (8) Establishment of disaster relief organizations: a. Form a disaster relief organization with the neighboring fire brigade and strive for response time in the event of a disaster, so as to minimize disaster losses.	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			b. Prepare emergency equipment vehicles at night and on holidays. c. Set up the enterprise's volunteer fire brigade. (9) Education and training: a. Fire micro-learning video b. Fire technical training c. Education and training of fire commanders d. Education and training of fire extinguishers e. Fire emergency response drills of various departments f. No-warning drills for the volunteer fire brigade g. The enterprise's volunteer fire brigade conducts professional fire training every month (10) Fire prevention management of the contractors: a. Contractors shall control the high-risk operation of open flames and temporary electricity during construction. b. Micro-learning of open flames SOP, organization of manufacturer's fire prevention. (11) Safety protection of lightning rod throughout the plant: a. Comprehensively inspect the protection scope of the lightning rod in the plant.	

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			b. Entrust the service provider to use special instruments to check the lightning rod of the whole plant. c. Set the lightning stroke counter to count the number of lightning strokes in the plant. (12) Set up a fire command system: When a fire breaks out, the commander and team members can scan the QR code immediately to see the tasks, responsibilities and precautions of each team (commander, commander's assistant, information team, fire fighting team, rescue team, security guards, work safety personnel, engineering personnel, and trapped personnel).	
(IV) Has the Company established effective career development training plans?	✓		(IV) The Company has established a comprehensive training policy, which includes pre-duty training for new recruits, professional and general knowledge development, management course for supervisors, and international talent cultivation system, so as to provide employees with proper education and training at different times and establish an effective career development training program for employees. For details about the hours of education and training in 2023, please refer to the Company's 2023 ESG Report.	(IV) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health	✓		(V) The Company is committed to research and development of materials and improvement of product design and development capabilities to meet the quality	(V) No significant discrepancies from the Sustainable

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and customer complaint procedures?			standards of domestic and foreign customers. In addition, in order to respond to environmental protection, starting from source management, the Company invests in water-based paint equipment that meets European standards, reduces VOC emissions, and avoids adverse effects on the environment and health hazards. Due to the industrial characteristic of the OEM market, in addition to signing related technology and R&D confidentiality agreements with customers/suppliers, the Company has also formulated "Confidential Information Management Measures", "Intellectual Property Management Measures" and "Group Business Secret Management Measures" and "Employee Code of Conduct" to protect business information such as Company and customer patents and technology related information. In order to provide customers with multiple communication channels, in addition to direct response to the exclusive salesperson by email, the Company also considers designing an e-commerce platform in different languages such as Chinese, English and Spanish on the basis of zero time difference and no borders for customers to get timely information on new products. At the same time, the Company has set up the "Regulations Governing the Handling of Customer Complaint," and complaints and dissatisfaction of the customers will be addressed as	Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			quickly as possible to prevent reoccurrence, reduce customer dissatisfaction, and foster the Company’s reputation. In addition to the labeling of product information, the Company also provides environmental and risk labels on its products or packaging.	
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		(VI) The Company’s Occupational Safety and Health System applies to the Company’s Tainan Factory and Guanyin Factory as well as all contractors entering the factories, including the construction personnel, guards, cleaning personnel and kitchen staff. Before entering the factories, contractors have to sign an agreement and receive hazard notification education and training as well as the somatosensory training for industrial safety. All contractors can enter the factories after passing the test, and retraining is needed every three years. All purchases of the Company must comply with the relevant procurement management operation guidelines and policies. The qualified suppliers are also reviewed with the supplier assessment being conducted regularly and the environmental safety management of the suppliers is included in the evaluation and audit items. The Company has begun to request key suppliers to sign the "Supplier Commitment Letter" (including new suppliers). When new suppliers are reviewed, it is necessary to verify that there is no violation of labor conditions and human rights issues, which is	(VI) No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			incorporated in the supplier evaluation. In addition, the packaging woven bag provided by the suppliers must be printed with water-based paint to reduce the use of toxic substances arising from oil-based paint. In order to comply with the VOC (Volatile Organic Compounds) organic solvent emission regulations, and reduce the use of toxic substances arising from oil-based paint, the Company strives to promote the purchase of water-based paints, while decreasing heavy metals such as lead, mercury, cadmium, and hexavalent chromium to reduce the harmful effects on human body and effective wastewater treatment. The Company has officially issued letters to notify all suppliers to cooperate and abide by it.	
V. Does the Company refer to internationally- used standards or guidelines for the preparation of reports such as sustainability reports to disclose non- financial information? Are the reports certified or assured by a third-party accreditation body?	✓		The Company's sustainability reports are compiled according to the guidelines and structures specified in Universal Standards 2021 as published by the Global Reporting Initiative (GRI) in 2021, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE and TPEx Listed Companies, and Task Force on Climate-related Financial Disclosures (TCFD) as the principle of the CSR report to disclose the relevant strategies, objectives and specific actions of the major issues concerning the Company, and are prepared using the Sustainability Accounting Standards Board (SASB). The Company discloses the information on the	No significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Market Observation Post System and the Company’s website in accordance with the regulations. However, the reports are not certified or assured by a third-party accreditation body.</td><td></td></tr>
<tr><td colspan="5">VI. If the Company has established its own sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any discrepancies from the Principles: The Company operates in accordance with the sustainable development best practice principles stipulated by itself. There are no significant discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate a better understanding of the Company’s sustainable development practices:
1. Environmental protection: The Company introduced low-pollution water-based painting, invested in various pollution control equipment, recycled and reused wastewater, and sorted and treated the waste properly, and recycling of plastic recycling materials, and various energy saving and carbon reduction measures, so as to reduce the impact on the environment.
2. Community participation, social contribution, and social services: The Company adopted the parks in the community where Tong Yang is located and led our employees to jointly clean, maintain and beautify the green space to enhance the bond with the community residents. The Company also adopted the road around the plant of Tong Yang and the employees volunteered to clean the road so as to provide a clean and safe road for passers-by. In addition, the Company took the initiative to support the Mountains to Sea National Greenway Project of Tainan City Government and adopted the bike trail outside the plant of Tong Yang for the watering of trees to maintain the ecology, providing a green bike trail that the public can enjoy when biking, jogging or taking a walk.
3. Social Welfare: The Company founded Tong Yang Culture & Education Foundation with the mission to care for the traffic culture of the society and improve the traffic quality for the people. The Foundation is devoted to traffic safety education and enhancing people’s awareness of safety behavior. In 2023, the Company held the "Tainan Safe-Go" and "Show Tainan" events and supported the media platform - "GoNews" to promote traffic safety.
4. Consumer rights: The Company has established the operation procedure for handling customer complaints, and appointed designated personnel in charge of receiving customer complaints.
5. Human rights: The Company lays emphasis on human rights. It has purchased various insurance policies including public liability insurance, employment injury insurance, and employee group insurance. It has also entered collective agreements with the union in accordance with the Collective Agreement Act. The Company was recognized by the Tainan City Government as an excellent and harmonious employer for 10</td></tr>
</table>

Promotion item	Implementation (Note 1)			Discrepancies from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	

consecutive years.

6. Safety and Health: The Company actively promotes environmental safety certification to meet customer requirements and international standards. In 2005, it has obtained the OHSAS 18001 Occupational Health and Safety Assessment Series Certification (replaced by ISO 45001 Occupational Health and Safety Management Systems in 2018, effective from July 28, 2023 to July 27, 2026). In addition, the Company hopes to internalize occupational safety into its employee. In order to allow factory workers to cultivate their habits, the Company organizes a disaster-free competition every year and has established reward, penalty, and inspection systems. Tong Yang’s occupational health and safety standards have been incorporated into educational training and are adopted as the benchmark of work safety of Tainan City. It also organizes frequent tours for vendors or external guests and was awarded the "Occupational Safety Five Star Award" by the Council of Labor Affairs twice, attracting other automobile manufacturers to come and learn for experience. Furthermore, in 2023, the Company was awarded the Outstanding Award in Labor Affairs Bureau of Tainan City Government Assessment.
7. Other social responsibility activities: The Company adjusted all salaries in 2023 and was selected as a constituent stock of the "Taiwan Employment 99 Index" (the first and ever global CSR index), and the Company will continue to fulfill its corporate social responsibility to help reduce the unemployment rate.
8. For results of the Company’s CSR, please see Note 3.

Note 1: If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No", please provide the detailed description and reasons in the field of Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons, and specify the plans to adopt relevant policies, strategies and measures in the future. However, for Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the Company’s risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: Materiality principle refers to environmental, social, and corporate governance issues that are of material impact to the Company’s investors and stakeholders.

Note 3: The CSR implementation results:

Year	Implementation results
1996	The Tong Yang Wu Gao Cultural & Educational Foundation was awarded the "Award of Outstanding Community Education Group in Seven Counties of Southern Taiwan" and the "Outstanding Community Education Group."
1997	Awarded the 5-Star Award for Excellent Organization in Taiwan for the Implementation of Safety and Health and the National Promotion of Safety and Health
2005	Awarded the Excellent Workplace of Tobacco Hazard Prevention by the Ministry of Health and Welfare for three consecutive years.
2006	Awarded "Outstanding Company for Hiring Disabilities."
2007	Signed the "Safety Partnership Declaration" with the Labor Inspection Office of the Southern District of the Executive Yuan Labor Committee, and became a safety partner.
2010	Awarded the 3rd Safety Partner - Group Contribution Award 2010 by the Council of Labor Affairs
2019	Commended by the Ministry of Labor and Tainan City Government, and signed the collective agreements. Tong Yang Wu Gao Cultural & Educational Foundation was awarded the "2019 Gold Safety Award" - Corporate contribution award.
2020	National Occupational Safety and Health Award - Special Award for Traditional Industry Investment.
2021	Mr. Shang-Li Hu, Chairman of the Company's labor union won the "Excellent Leadership" award from the Tainan City General Industrial Association.
2022	Awarded in various competitions by the Occupational Safety and Health Administration for its outstanding performance in implementation of occupational safety and health measures in 2022: Champion of the Safety and Heath Family Group, Runner-up of the Safety Partner Group Outstanding Award in Labor Affairs Bureau of Tainan City Government Assessment Rated Class A Supplier of Safety and Health Management System Assessment by Taiwan Kuozui Motors.
2023	Awarded the well-established harmonious employer of labor relations. Commended by the Tainan City Government, and signed the collective agreements. Outstanding Award in Labor Affairs Bureau of Tainan City Government Assessment. Rated Class A Supplier of Safety and Health Management System Assessment by Taiwan Kuozui Motors. The Company's corporate union won the Excellence Award in 2023 Labor Union Business Evaluation of Tainan City

Climate-Related Information

Implementation of Climate-Related Information

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. The Company has established the "Greenhouse Gas Risk Management Committee", which is composed of the President as the convener, the general managers of the two business groups as the deputy conveners, and the relevant units of the Company. It is responsible for the inventory of its various carbon emissions, planning energy saving and carbon reduction strategies and goals, promoting the management of energy saving and carbon reduction, researching and developing carbon reduction technologies, and introducing carbon reduction equipment, so as to promote the achievement of energy saving and carbon reduction goals. Since the third quarter of 2022, the progress of greenhouse gas inventory and verification shall be reported to the Board of Directors on a quarterly basis. In addition, the Company has established the "ESG Implementation Committee" to compile the annual sustainability report on the implementation results of the ESG and report it to the Board of Directors. The Board of Directors reviews the implementation strategy and achievements, tracks the implementation results, and provides supervision at all times, so as to ensure that operations are free of risks.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. (1) Climate risk: Short-term heavy rainfall, typhoons, earthquakes and other extreme weather may lead to production line shutdown and supply chain disruption, thus affecting the Company's operation. In order to mitigate climate change, the promulgation of relevant regulations may increase the cost of greenhouse gas emissions for the Company, increase the cost of equipment transformation, and affect customers' preferences for the products. (2) Opportunities of climate risks: Through reviewing the Company's process equipment, energy efficiency may be improved and greenhouse gas emissions may be reduced; In addition, the reuse of

Item	Implementation
3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	wastewater and the development of recycled raw materials are also opportunities for the Company to develop new markets. 3. Assess the potential impacts on finance and operations caused by the major climate risks and opportunities identified above and develop plans to address them. In terms of climate risks, taking the imposition of the carbon tax/carbon fee for example, it is expected to increase indirect costs. For example, upstream suppliers passing on their related expenses may also lead to higher procurement costs, resulting in lower profits. In terms of financial, we reduce climate risks through various insurances and have a sound financial structure in the short, medium and long term. In terms of climate opportunities, taking the replacement of old equipment and improving the energy consumption of off-the-shelf equipment to improve energy efficiency for example, the introduction of new equipment may increase capital expenditure. However, on the other hand, it can reduce greenhouse gas emissions, which in turn reduces the expenditure on the carbon tax/carbon fee. 4. According to the environmental protection, safety and health policy, under the guidance of "prevention of pollution, strengthening communication, promoting health, education and training, compliance with laws and regulations, protecting resources, and continuous improvement", with the ISO 14001 environmental management system as the basis for promotion, we use the PDCA method to consider various environmental impacts, government laws and regulations, internal and external environmental issues, identify potential risks of the Company, and formulate relevant countermeasures for VOC gas emission improvement, carbon reduction, water recovery and discharge, waste treatment, and reduce impacts on the environment. In addition, risk management is combined with regular assessment under environmental laws, as well as environmental

Item	Implementation
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	management systems, identification of relevant regulations and technologies to consider the overall risk to the Company. 5. The Company has not used the scenario analysis to evaluate the resilience in the face of climate change risks. 6. In order to face the global climate change, the Company has not only strengthened the risk adaptation of climate change to reduce the impact of disasters on its operations, but also made continuous efforts to mitigate greenhouse gas emissions. (1) Through reducing the pollution at the source and introducing the pollution prevention equipment at the end, under the condition of no new manufacturing processes, the long-term goal is set to reduce the VOC emission intensity per unit of revenue by 50% by the end of 2030 compared with 2016. The goal for 2024 is to reduce VOC emission intensity per unit of revenue by 43% compared with 2016. (2) Reduce carbon emissions by installing solar power generation equipment on the roof of the plant. It is expected that 2.5 million KWH of green electricity will be generated continuously in 2024, reaching more than 8% of the total electricity consumption of the Company. (3) Energy saving and carbon reduction: Promote various energy-saving measures, and reduce the power consumption per unit of revenue by more than 2% in 2024 compared with 2023. (4) Circular economy: Recover the copper in electroplating waste liquid, transfer them to the manufacturer for refining, and use them again in the process. The goal for 2024 is to recover 320KG of copper waste

Item	Implementation
	liquid, recover 100% of copper waste liquid in 2027, and also improve the discharge of heavy metals in wastewater. (5) Save water resources and make full use of recycled water. The long-term goal is that recycled water could make up 10% of tap water use in 2030, and the goal for 2024 is set as 9.1%. (6) Improve the wastewater treatment technology continuously. It is estimated that the comprehensive indicator of water pollution in 2030 will be 45% better than the Effluent Standards, and the comprehensive indicator of water pollution in 2024 is set to be 39% better than the Effluent Standards. (7) Implement the sorting and management of various wastes to reduce outsourcing treatment. In 2030, the intensity of waste output per unit of revenue will be reduced by 40% compared with 2016, and the goal for 2024 is set to reduce the intensity of waste output by 32% (compared with 2016).
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. The Company has not used the internal carbon pricing as a planning tool yet.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. The Company has not set the climate-related goals yet.
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2 below).	9. Fill in 1-1 and 1-2

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Year	Data coverage scope	Scope 1 Emission (metric tons of CO2e)	Scope 2 Emission (metric tons of CO2e)	Total emission (metric tons of CO2e)	Intensity (metric tons of CO2e/revenue in NT$ million)
2022	Parent company	9,513	52,198	61,711	3.93
2023	Parent company	11,643	53,157	64,800	3.56

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information (describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion) : none

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report". If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)", and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan (Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets): None.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(VI) Corporate observance of ethical business practices and discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles" which was approved by the Board. The Principles are disclosed on the MOPS and the Company's website. The Company strictly requires its directors, managerial officers, and employees to abide by the integrity policy and implement it. In addition, the business philosophy of the Company is "Enthusiasm, Honesty, and Creativity." It is published across the workplace, on the Company's website and in the employee handbook, which serve as guidelines for the Company's sustainable development.	(I) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) The Company has established the "Ethical Corporate Management Best Practice Principles" to analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly as specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies."	(II) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?	✓		(III) The Company has formulated the "Ethical Corporate Management Best Practice Principles", "Codes of Ethical Conduct for Directors and Managerial Officers", "Employee Code of Conduct" and "Whistleblowing Management Guidelines" to stipulate the related processing procedures and provide the channels for employees and external parties to report any violation of code of conduct and regulations. The Company will take disciplinary actions against any violation of the Codes of Ethical Conduct in accordance with the internal disciplinary policy. The staff handbook of the Company specifies the matters that should be known to the employees, including correct working attitude, workplace ethics, and confidentiality awareness, such as "employees of the Company shall not receive or offer rebates or other improper benefits to customers, suppliers or other persons related to the Company's business" and "unless approved, employees are strictly forbidden to accept gifts, cash or any equivalent in monetary from suppliers," in order to }promote integrity and self-discipline among employees and implement the concept.	(III) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
II. Fulfillment of ethical corporate management (I) Does the Company evaluate business	✓		(I) The Company has formulated the "Ethical	(I) No significant

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
partners' ethical records and include ethics-related clauses in business contracts?			Corporate Management Best Practice Principles" and conducts business activities on the basis of the principle of integrity management and in a fair and transparent manner. Before cooperation, the Company considers the legality of agents, customers, or other transaction objects and whether they involve unethical conducts, to avoid transactions with those involved in unethical conducts. When the Company signs contracts with other entities, the Company includes provisions requiring compliance to its ethical business policy and termination or cancellation of the contract at any time in the event of unethical conduct by the transaction counterparty.	discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Management Division of the Company is responsible for the formulation and supervision of the implementation of the ethical business policy and prevention programs against unethical conduct. The Company has established the disciplinary and complaint systems, and the discloses of information within the Company about violations and handling of violations. In the event of material non-compliance or material damage to the Company identified by the human resource unit, the matter shall immediately prepare in a report	(II) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
			and the independent directors shall be notified in writing.	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has incorporated the policy to prevent conflicts of interest in the "Ethical Corporate Management Best Practice Principles" and has provided appropriate communication channels for the implementation of prevention of conflicts of interest. Moreover, as provided in the "Rules and Procedures for Board Meetings", in the event of an agenda item representing a conflict of interest for a director of for the entity he or she represents, he or she shall disclose the conflict at the current meeting and refrain from discussion or vote on the matter. He or she shall be recused during discussion or vote on the matter and shall not exercise the right to vote on behalf of any other directors of the Board. A total of 11 board meetings were held in 2023 and as of the publication date of the annual report, in accordance with the Rules and Procedures for Board Meetings.	(III) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the assessment results of the risk of involvement in unethical conduct, devise	✓		(IV) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system which are reviewed on an ongoing basis to prevent the risk of dishonest conduct in its business activities. The internal	(IV) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?			audit unit shall regularly check the compliance with the said system according to the audit plan and prepare audit reports and report them to the Board of Directors. If necessary, CPAs may be appointed to perform audit tasks.	TWSE/TPEx Listed Companies
(V) Does the Company regularly hold internal and external educational trainings on operational integrity?	✓		(V) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and holds ethical management education training or promotion for the personnel of the Company, so that they can fully understand the Company's determination, policies, prevention programs, and consequences of unethical conduct. The "Ethical and Moral Training" was held in 2023, with a total of 119 hours of training.	(V) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
III. Operation of the whistle-blowing system (I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-ups?	✓		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Whistleblowing Management Guidelines" to stipulate related reporting procedures and whistleblowing incentive reward. The reporting channels are well established including internal channels such as: (1) Set up "feedback platform", (2) Set up the feedback mailbox and contact number of HR manager and the labor union; and external channels as follows: (1) Set up a complaint/reporting mailbox on the Company's	(I) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
			website (enter the Company’s official website www.tyg.com.tw → click "Contact Us"), (2) Provide the information of complaint/reporting mailbox and phone number (06-3560511 #6026) in the entrance guard room and manufacturer identification cards. These are channels for internal and external parties to report violations of integrity and for employees to file complaint about workplace abuse. The Human Resources Department is responsible for handling reports on violations of the integrity or ethics regulations.	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Regulations Governing Complaints". When a complainant reports any unethical conduct, he/she may lodge the complaint through the complaint channel. Upon receipt of the complaint, the Company shall initiate the investigation by the investigation team within three days and record it in the "Complaint Investigation Table". The Company will keep confidential and protect all personnel involved in the complaints received and subsequent investigations; All documents in the process of acceptance and investigation will also be managed as special confidential documents.	(II) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Item for evaluation</th><th colspan="3">Status (Note)</th><th rowspan="2">Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Does the Company provide proper whistleblower protection?</td><td>✓</td><td></td><td>(III) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Regulations Governing Complaints". When a complainant reports any unethical conduct, he/she may lodge the complaint through the complaint channel. Upon receipt of the complaint, the Company shall initiate the investigation by the investigation team within three days and record it in the "Complaint Investigation Table". The Company will keep confidential and protect all personnel involved in the complaints received and subsequent investigations; All documents in the process of acceptance and investigation will also be managed as special confidential documents.</td><td>(III) No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>IV. Enhanced disclosure of ethical corporate management information
Does the Company disclose the Ethical Corporate Management Best Practice Principles and the results of its implementation on the Company website and MOPS?</td><td>✓</td><td></td><td>The Company discloses the "Ethical Corporate Management Best Practice Principles" on the Company website and MOPS for inquiry at any time.</td><td>No significant discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td colspan="5">V. If the Company has established the ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the policies and their implementation:
The Company has formulated the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct for Directors and Managerial Officers," and "Code of Conduct." All employees and managerial officers and the board members shall abide by the regulations. There are no significant discrepancies from the Corporate Governance Best Practice Principles.</td></tr>
</table>

Item for evaluation	Status (Note)			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof.
	Yes	No	Summary	
VI. Other information relevant to understanding the Company's business integrity (e.g., reviews and amendment of its Ethical Corporate Management Best Practice Principles): Since the establishment of Tong Yang, the Company has been adhering to its central notion of "Humanistic Management" and corporate spirit of "Enthusiasm, Honesty, and Creativity." It is not only the belief of Tong Yang's sustainable operation, but also the corporate culture of Tong Yang. Over the years, the Company has adhered to its central notion of "Humanistic Management," continues to organize and reorganize, establishes a Tong Yang of sustainable development and sustainable operation, dedicates to the sustainable development of the Company and the society, creates mutual benefits for all stakeholders, increases economic value for the society, and continues to be the driving force of social improvement.				

Note: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

(VII) The inquiry methods of the Company's corporate governance principles and relevant regulations: The Company has formulated the " Corporate Governance Best Practice Principles," "Articles of Incorporation," "Rules of Procedures for Shareholders' Meeting," "Rules of Procedures for Board of Directors Meeting," "Regulations Governing Elections of Directors," "Procedures for Acquisition and Disposal of Assets," "Procedures for Loans to Others," "Procedures for Endorsement and Guarantee," "Remuneration Committee Charter," "Audit Committee Charter," "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct for Directors and Managerial Officers," "Regulations Governing the Scope of Responsibilities of Independent Directors," and "Whistleblowing Management Guidelines." Regulations related to corporate governance are disclosed in the Company's website (http://www.tyg.com.tw) or the "Corporate Governance" sector in the MOPS (http://mops.twse.com.tw).

(VIII) Other information that facilitates the understanding of the Company's corporate governance should be also disclosed: Please go to "Corporate Governance" sector in the MOPS, or the Company's website (http://www.tyg.com.tw).

(IX) Internal Control System Execution Status:

1. Statement of Declaration of Internal Control:

Public Company Internal Control System Statement
The design and implementation are both effective.
(This report is applicable to all laws and regulations.)

TONG YANG INDUSTRY CO., LTD.
Internal Control System Statement

Date: March 08, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

I. The Company understands that the establishment, implementation, and maintenance of internal control system are the responsibility of the Board of Directors and managerial officers of the Company. The Company already established such a system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 key components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023[Note 2], the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 8, 2024, and none of the seven directors in attendance objected to it and all consented to the content expressed in this statement.

TONG YANG INDUSTRY CO., LTD.

Chairman: Signature

President: Signature

Note 1: If there are material deficiencies in the design and implementation of the Company's internal control system during the year, such matter shall be stated in the paragraph after Paragraph 4. The deficiencies shall be listed and explained, as well as the actions and improvements taken by the Company before the balance sheet date.

Note 2: The date of the statement is the date of the "end of the fiscal year."

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report:

1. Important resolutions and implementation of the Shareholders' Meeting

Date	Important resolutions	Implementation
2023.6.19	1. Recognition of 2022 Business Report and Financial Statements and Financial Statements. 2. Recognition of distribution of 2022 retained earnings. 3. Election for all 7 seats of Directors (incl. 3 seats of Independent Directors). 4. Proposal to release the newly elected directors from non-competition restrictions.	1. The relevant reports and statements have been filed with the competent authority for future reference, disclosure, and declaration pursuant to the relevant laws and regulations. 2. In accordance with the resolution passed by the shareholders' meeting, cash dividends of NT$2.5 per share have been distributed. Cash dividends reference day: July 2, 2023 Cash dividends distribution date: July 21, 2023. 3. Completed the registration for change to the Ministry of Economic Affairs within 15 days in accordance with the laws and regulations. 4. Effective upon resolution of the shareholders'' meeting.

2. Important resolutions of the Board Meeting

Date	Important resolutions
2023.1.17	Approved the proposal for TONG YANG HOLDING CORPORATION, the Company's investment in the third region, to purchase 30% equity of Chongqing Dajing Tong Yang Plastics Co., Ltd. and sell 55% equity of Chongqing Dajing Yuchyang Plastics Co., Ltd.
2023.3.10	1. Report on the self-evaluation results of the performance evaluation of the Board of Directors and individual directors for the year of 2022. 2. Report on implementation progress of the Company's greenhouse gas inventory and verification. 3. Approved the Company's 2023 business plan. 4. Approved the distribution of 2022 remuneration of employee and director. 5. Approved the Company's 2022 Business Report and Financial Statements. 6. Approved the 2022 earnings distribution, with cash dividend at NT$2.50 per share.

Date	Important resolutions
	7. Approved the "Review of the directors' and managerial officers' performance evaluation and relevant regulations regarding remuneration" reviewed by the Remuneration Committee, and "Adjustment to the 2023 salary, and bonus distribution." 8. Approved the Company's appointment and evaluation of independence and competence of the CPAs. 9. Approved the 2022 Statement of Declaration of Internal Control. 10. Approved the amendments to the Company's General Principles of the Internal Control System, Regulations Governing the Assessment of the Internal Control System, and Guidelines for Remuneration to Directors. 11. Approved the Company's "Greenhouse Gas Inventory and Verification Schedule Plan" for the subsidiaries in the Consolidated Financial Statements. 12. Approved the reelection for all 7 seats of Directors (incl. 3 seats of Independent Directors). 13. Approved the candidates for Director election (incl. Independent Directors) nominated by the Company's board of directors. 14. Approved the proposal to release the newly elected directors from non-competition restrictions submitted to the shareholders' meeting. 15. Approved the 2023 shareholders' meeting commence time, venue, and reason, and electronic means may be used for voting. 16. Approved the adoption of the general principles of the Company's non-assurance services pre-approval policy.
2023.5.8	1. Reported the Company's Greenhouse Gas Inventory and Verification Schedule Plan. 2. Approved the Company's 2023 Q1 consolidated financial statements. 3. Approved the proposal of 2022 earnings distribution with cash dividends of NT$2.5 per share and other matters including ex-dividend date, book closure period, the record date, cash dividend distribution date, etc.
2023.6.29	1. Report on the implementation of the Company's sustainable development in 2022. 2. All Directors unanimously resolved to elect Yung-Feng Wu as the Chairman and Yeong-Maw Wu as the Vice Chairman. 3. The Independent Directors Kan-Hsiung Lin, Ming-Tien Tsai, and Yen-Ling Cheng were re-appointed as members of the 5th session of the Remuneration Committee upon the expiration of their terms of office. 4. Approved the Company's renewal of "Directors', Supervisors' and managerial Officers' Liability Insurance."
2023.8.8	1. Report on implementation progress of the Company's greenhouse gas inventory and verification. 2. Approved the Company's 2023 Q2 consolidated financial statements. 3. Approved the proposal for TONG YANG HOLDING CORPORATION, the Company's investment in the third region, to cancel selling 55% equity of Chongqing Dajing Yuchyang Plastics Co., Ltd.
2023.10.3	Approved the sale of its land use rights and its above-ground buildings and related ancillary equipment and facilities by Nanjing Tong Yang Transportation Equipment Parts Co., LTD., a subsidiary of the Company.

Date	Important resolutions
2023.11.9	1. Reported the Company’s Greenhouse Gas Inventory and Verification Schedule Plan. 2. Approved the Company’s 2023 Q3 consolidated financial statements. 3. Approved the partial amendments to the Company’s "Regulations on Insider Trading" and "Regulations Governing the Administration of Shareholder Services". 4. Approved the Company’s donation of NT$1,000,000 to its related party Tong Yang Wu Gao Cultural & Educational Foundation.
2023.11.27	Approved the purchase of the land at No. 721-1, Kegong Section, Annan Dist., Tainan City.
2023.12.21	1. Approved the "Review of the directors’ and managerial officers’ performance evaluation and relevant regulations regarding remuneration" reviewed by the Remuneration Committee, and "Adjustment to the 2023 salary, and bonus distribution." 2. Approved the partial amendments to the Company’s "Regulations Governing the Evaluation of the Board of Directors". 3. Approved 2024 internal control audit plan. 4. Approved the election of Vice Chairman Yeong-Maw Wu as the Chairman of the Company, and the by-election of Vice Chairman will not be carried out for the time being.
2024.3.8	1. Report on the self-evaluation results of the performance evaluations of the directors, the Board of Directors and the functional committees for the year of 2023. 2. Report on implementation progress of the Company’s greenhouse gas inventory and verification. 3. Approved the Company’s 2024 business plan. 4. Approved the distribution of 2023 remuneration of employee and director. 5. Approved the Company’s 2023 Business Report and Financial Statements. 6. Approved the 2023 earnings distribution, with cash dividend at NT$4 per share. 7. Approved the "Review of the directors’ and managerial officers’ performance evaluation and relevant regulations regarding remuneration" reviewed by the Remuneration Committee, and "Adjustment to the 2024 salary, and bonus distribution." 8. Approved the 2023 Statement of Declaration of Internal Control. 9. Approved the partial amendments to the Company’s internal rules of "Procedures for the Preparation and Verification of Sustainability Reports", "Rules of Procedures for Board of Directors Meeting" and "Audit Committee Charter". 10. Approved the appointment and independence evaluation of the CPAs. 11. Approved the adoption of the general principles of the Company’s non-assurance services pre-approval policy. 12. Approved the 2024 shareholders’ meeting commence time, venue, and reason, and electronic means may be used for voting. 13. Approved the purchase of the industrial land of Cigu Technology Industrial Zone from the Tainan City Government.

Date	Important resolutions
2024.5.7	1. Reported the Company's Greenhouse Gas Inventory and Verification Schedule Plan. 2. Approved the Company's 2024 Q1 consolidated financial statements. 3. Approved the proposal of 2023 earnings distribution with cash dividends of NT$4 per share and other matters including ex-dividend date, book closure period, the record date, cash dividend distribution date, etc.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None.

(XIII) A summary of resignations and dismissals of the Company's Chairman, President, accounting manager, financial manager, chief internal auditor, Corporate Governance Officer, and R&D manager during the most recent year and up to the date of publication of the Annual Report:

1. Yung-Feng Wu, Chairman of the Company, resigned as Chairman for the sake of corporate inheritance and sustainable operation. However, he would still serve as a director. What's more, Vice Chairman Yeong-Maw Wu was elected as Chairman of the Company, and the by-election of Vice Chairman was not carried out for the time being. It has been approved by all directors present at the board meeting on December 21, 2023.
2. There is no resignations and dismissals of the Company's President, accounting manager, financial manager, chief internal auditor, Corporate Governance Officer, and R&D manager.

V. Information on CPA Audit Fees

Information on CPA Audit Fees (Please fill in the amount)

Unit: NT$ thousands

Name of Accounting firm	Name of CPA		Auditing period	Audit fee (Note 1)	Non-Audit fee (Note 2)	Total	Note:
Ernst & Young Global Limited	Tzu-Ren Hu	Kuo-Sen Hung	2023.1.1 -2023.12.31	8,984	527	9,511	No Replacement of CPAs

Note: If the Company changes the CPAs or the accounting firm this year, please list their respective audit periods separately, specify the reason for the replacement in the "Remarks" column, and disclose the audit and non-audit professional fees paid in order. For non-audit professional fees, the service provided should be specified in the note.

Note 1: Audit fee refers to service fee paid to external auditor regarding the audit and review of financial statement and review of financial forecast.

Note 2: The Company's 2023 non-audit fee was NT$527 thousand, including NT$275 thousand for transfer pricing report, NT$20 thousand for full-time employee salary for non-executive positions for information checking, NT$122 thousand for review on the English version of the annual report at the shareholders' meeting, NT$100 thousand for tax certification, and NT$10 thousand for business registration.

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

VI. Information on Replacement of CPAs: In line with the rotation policy of certified accountants of Ernst & Young, starting from the first quarter of 2023, the original certified accountants Kuo-Sen Hung and Mars Hong will be replaced by Mink Hu and Kuo-Sen Hung.

VII. The Company's Chairman, Presidents, or Accounting Officers hold any positions in the Company's accounting firm or its affiliates during the most recent fiscal year: None.

VIII. Any transfer of equity interests and/or changes in pledges by a director, supervisor, managerial officer, or shareholders with a stake of more than 10 percent:

Share changes by directors, supervisors, managers, and major shareholders

Title	Name	2023		2024 As of April 20, 2024	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman	Yeong-Maw Wu	0	0	0	0
Director	Yung-Feng Wu	0	0	0	0
Chairman and President	Yung-Hsiang Wu	0	0	0	0
Director and Vice President of the business division	Chi-Pin Wang	0	0	0	0
Independent Director	Kan-Hsiung Lin	0	0	0	0
Independent Director	Ming-Tien Tsai	0	0	0	0
Independent Director	Yen-Ling Cheng	0	0	0	0
President of the business group	Tsu-Hsiung Chen	3,023	0	0	0
President of the business group	Ming-Tsung Wu	195,000	0	0	0
Vice President of the business group	Shih-Ming Huang	0	0	0	0
Vice President of the business group	Tung-Chao Sun	0	0	0	0
Vice President of the business group	Ming-Lung Wu	0	0	0	0
Chief Supervisor	Cheng-Sheng Cheng	0	0	0	0
Chief Supervisor	Ming-Ho Yang	0	0	0	0
Vice President of the business division (Chief Financial/Accounting Officer and corporate governance officer)	Chin-Hsi Chen	0	0	0	0

Note 1: The shareholders who hold more than 10% of the Company's shares shall be identified as major shareholders and stated separately.

Note 2: The counterparties of shareholding transfers and shareholding pledges are not related parties.

IX. Relationship among the Top 10 Shareholders

April 20, 2024

NAME (NOTE 1)	SHARES HELD IN OWN NAME SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARKS
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Shareholder name	Relationship	
Yeong-Maw Wu	38,006,787	6.43%	0	0.00%	14,326,600	2.42%	Yung-Feng Wu Yung-Hsiang Wu Hong Yang Investment Co., Ltd. Xin Yang Investment Co., Ltd.	Brother Brother Sibling of the representative Sibling of the representative	None
Yung-Feng Wu	36,677,497	6.20%	2,930,455	0.50%	14,928,900	2.52%	Yeong-Maw Wu Yung-Hsiang Wu Hong Yang Investment Co., Ltd. Xin Yang Investment Co., Ltd. Yung Feng Kang Investment Co., Ltd.	Brother Brother Same person as the representative Same person as the representative Father of the representative	None
Yung-Hsiang Wu	33,903,930	5.73%	2,610,188	0.44%	13,767,300	2.33%	Yeong-Maw Wu Yung-Feng Wu Hong Yang Investment Co., Ltd. Xin Yang Investment Co., Ltd.	Brother Brother Sibling of the representative Sibling of the representative	None

NAME (NOTE 1)	SHARES HELD IN OWN NAME SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARKS
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Shareholder name	Relationship	
Hua Nan Commercial Bank is entrusted with the custody of the special account of the Yuanta Taiwan Value High Dividend ETF Securities Investment Trust Fund	30,451,000	5.15%	0	0.00%	0	0.00%	None	None	None
Hong Yang Investment Co., Ltd. Representative: Yung-Feng Wu	28,317,430	4.79%	0	0.00%	0	0.00%	Yung-Feng Wu Yeong-Maw Wu Yung-Hsiang Wu Xin Yang Investment Co., Ltd. Yung Feng Kang Investment Co., Ltd.	Same person as the representative Sibling of the representative Sibling of the representative Same person as the representative Father of the representative	None
Xin Yang Investment Co., Ltd. Representative: Yung-Feng Wu	27,132,669	4.59%	0	0.00%	0	0.00%	Yung-Feng Wu Yeong-Maw Wu Yung-Hsiang Wu Hong Yang Investment Co., Ltd. Yung Feng Kang Investment Co., Ltd.	Same person as the representative Sibling of the representative Sibling of the representative Same person as the representative Father of the representative	None

NAME (NOTE 1)	SHARES HELD IN OWN NAME SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARKS
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Shareholder name	Relationship	
Hua Nan Commercial Bank is entrusted with the custody of the special account of the UPAMC Taiwan High Dividend Momentum ETF Securities Investment Trust Fund	18,994,000	3.21%	0	0.00%	0	0.00%	None	None	None
Public Service Pension Fund Supervisory Board	16,603,717	2.81%	0	0.00%	0	0.00%	None	None	None
Rui Cheng Investment Co., Ltd. Representative: Chin-Pao Wu	15,724,258	2.66%	0	0.00%	0	0.00%	None	None	None
Yung Feng Kang Investment Co., Ltd. Representative: Ming-Tsung Wu	14,928,900	2.52%	0	0.00%	0	0.00%	Yung-Feng Wu Hong Yang Investment Co., Ltd. Xin Yang Investment Co., Ltd.	Father of the representative Father of the representative Father of the representative	None

Note 1: The top ten shareholders' names shall be identified separately. In the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately.

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & minor children, or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

April 20, 2024

Total equity stake held

Unit: shares; %

Investee (Note)	The Company's investment		Investment by directors / supervisors / managers and by companies directly or indirectly controlled by the Company		Total investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Tung Yang Chemical Ind. Co., Ltd.	3,600,000	40.00%	0	0.00%	3,600,000	40.00%
TONG YANG HOLDING CORPORATION	59,000,000	100.00%	0	0.00%	59,000,000	100.00%
HOW BOND INVESTMENT CO., LTD.	16,000,000	100.00%	0	0.00%	16,000,000	100.00%
Ru Yang Co., Ltd.	12,946,752	58.95%	0	0.00%	12,946,752	58.95%
Ding Chang Ind. Co., Ltd.	2,000,000	100.00%	0	0.00%	2,000,000	100.00%
C&D Capital Corporation II	4,776,268	42.53%	0	0.00%	4,776,268	42.53%
Wushi Plastic Manufacturing Co., Ltd.	1,500,000	50.00%	0	0.00%	1,500,000	50.00%

Note: Investee accounted for under the equity method.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Issued shares as of May 8, 2024

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Shareholding (shares)	Amount (100 MM NT$)	Shareholding (shares)	Amount (100 MM NT$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
October 1967	NT$ 1,000 per share	1,000	1,000,000	1,000	1,000,000	Incorporation	None	None
June 1976	NT$ 1,000 per share	10,000	10,000,000	10,000	10,000,000	Capital increase by cash NT$ 9,000,000.	None	None
December 1980	NT$ 1,000 per share	40,000	40,000,000	40,000	40,000,000	Capital increase by cash NT$ 22,100,000. Capital increase by capital surplus NT$ 7,900,000.	None	None
December 1981	NT$ 1,000 per share	70,000	70,000,000	70,000	70,000,000	Capital increase by cash NT$ 30,000,000.	None	1982.2.16 Shang-Zi No. 07105101
February 1983	NT$ 1,000 per share	100,000	100,000,000	100,000	100,000,000	Capital increase by cash NT$ 30,000,000.	None	1983.4.4 Shang-Zi No. 07212842
June 1984	NT$ 1,000 per share	130,000	130,000,000	130,000	130,000,000	Capital increase by cash NT$ 30,000,000.	None	1984.8.6 Shang-Zi No. 07329857
August 1985	NT$ 1,000 per share	140,000	140,000,000	140,000	140,000,000	Capital increase by cash NT$ 10,000,000.	None	1985.10.16 Shang-Zi No. 07445670
June 1988	NT$ 1,000 per share	170,000	170,000,000	170,000	170,000,000	Capital increase by cash NT$ 30,000,000.	None	1988.6.27 Shang-Zi No. 07718302

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Shareholding (shares)	Amount (100 MM NT$)	Shareholding (shares)	Amount (100 MM NT$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
December 1989	NT$ 1,000 per share	380,000	380,000,000	380,000	380,000,000	Capital increase by cash NT$ 210,000,000.	None	1989.5.30 Gong-Shang-Zi No. 0793500
August 1992	NT$ 10 per share	150,000,000	1,500,000,000	75,000,000	750,000,000	Capital increase by cash NT$ 120,000,000. Capital increase by retained earnings NT$ 250,000,000.	None	1992.11.17 Shang-Zi No. 081124141
June 1993	NT$ 10 per share	150,000,000	1,500,000,000	93,750,000	937,500,000	Capital increase by retained earnings NT$ 187,500,000.	None	1993.8.26 Shang-Zi No. 082117349
September 1994	NT$ 10 per share	150,000,000	1,500,000,000	120,000,000	1,200,000,000	Capital increase by retained earnings NT$ 234,375,000. Capital increase by capital surplus NT$ 28,125,000.	None	1994.10.20 Shang-Zi No. 083114805
August 1995	NT$ 10 per share	150,000,000	1,500,000,000	144,000,000	1,440,000,000	Capital increase by retained earnings NT$ 204,000,000. Capital increase by capital surplus NT$ 36,000,000.	None	1995.9.26 Shang-Zi No. 084114390
September 1996	NT$ 10 per share	150,000,000	1,500,000,000	195,600,000	1,956,000,000	Capital increase by cash NT$ 300,000,000. Capital increase by retained earnings NT$ 86,400,000. Capital increase by capital surplus NT$ 129,600,000.	None	1996.10.22 Shang-Zi No. 085117688
August 1997	NT$ 10 per share	500,000,000	5,000,000,000	298,300,000	2,983,000,000	Capital increase by cash NT$ 538,000,000. Capital increase by retained earnings NT$ 146,700,000. Capital increase by capital surplus NT$ 342,300,000.	None	1997.9.30 Shang-Zi No. 086118007

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Shareholding (shares)	Amount (100 MM NT$)	Shareholding (shares)	Amount (100 MM NT$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
June 1998	NT$ 10 per share	500,000,000	5,000,000,000	343,045,000	3,430,450,000	Capital increase by retained earnings NT$ 149,150,000. Capital increase by capital surplus NT$ 298,300,000.	None	1998.7.17 Shang-Zi No. 087119430
June 1999	NT$ 10 per share	500,000,000	5,000,000,000	377,349,500	3,773,495,000	Capital increase by retained earnings NT$ 137,218,000. Capital increase by capital surplus NT$ 205,827,000.	None	1999.8.17 Shang-Zi No. 088129755
July 2000	NT$ 10 per share	500,000,000	5,000,000,000	396,216,975	3,962,169,750	Capital increase by capital surplus NT$ 188,674,750.	None	2000.8.2 Shang-Zi No. 089126192
March 2001	NT$ 10 per share	500,000,000	5,000,000,000	388,322,975	3,883,229,750	Capital reduction by treasury stock NT$ (78,940,000).	None	2001.4.4 Shang-Zi No. 09001096510
August 2002	NT$ 10 per share	500,000,000	5,000,000,000	397,718,550	3,977,185,500	Capital increase by capital surplus NT$ 93,955,750.	None	2002.9.11 Shang-Zi No. 09101372600
December 2002	NT$ 10 per share	500,000,000	5,000,000,000	370,734,438	3,707,344,380	Capital reduction by treasury stock NT$ (269,841,120).	None	2002.12.30 Shang-Zi No. 09101512050
August 2003	NT$ 10 per share	500,000,000	5,000,000,000	381,700,322	3,817,003,220	Capital increase by retained earnings NT$ 36,552,950. Capital increase by capital surplus NT$ 73,105,890.	None	2003.8.27 Shang-Zi No. 09201257110
December 2003	NT$ 10 per share	500,000,000	5,000,000,000	387,790,809	3,877,908,090	Capital increase by ECB NT$ 60,904,870.	None	2003.12.23 Shang-Zi No. 09201340740
March 2004	NT$ 10 per share	500,000,000	5,000,000,000	392,358,678	3,923,586,780	Capital increase by ECB NT$ 45,678,690.	None	2004.4.21 Shang-Zi No. 09301067900
June 2004	NT$ 10 per share	500,000,000	5,000,000,000	393,729,040	3,937,290,400	Capital increase by ECB NT$ 13,703,620.	None	2004.7.29 Shang-Zi No. 09301132100

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Shareholding (shares)	Amount (100 MM NT$)	Shareholding (shares)	Amount (100 MM NT$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
August 2004	NT$ 10 per share	500,000,000	5,000,000,000	405,484,955	4,054,849,550	Capital increase by retained earnings NT$ 117,559,150.	None	2004.9.16 Shang-Zi No. 09301170270
September 2004	NT$ 10 per share	500,000,000	5,000,000,000	407,073,914	4,070,739,140	Capital increase by ECB NT$ 15,889,590.	None	2004.10.29 Shang-Zi No. 09301198970
December 2004	NT$ 10 per share	500,000,000	5,000,000,000	408,994,554	4,089,945,540	Capital increase by ECB NT$ 19,206,400.	None	2005.1.24 Shang-Zi No. 09401009850
March 2005	NT$ 10 per share	500,000,000	5,000,000,000	410,585,928	4,105,859,280	Capital increase by ECB NT$ 15,913,740.	None	2005.5.4 Shang-Zi No. 09401077910
June 2005	NT$ 10 per share	500,000,000	5,000,000,000	412,757,426	4,127,574,260	Capital increase by ECB NT$ 21,714,980.	None	2005.8.1 Shang-Zi No. 09401148920
September 2005	NT$ 10 per share	500,000,000	5,000,000,000	413,541,351	4,135,413,510	Capital increase by ECB NT$ 7,839,250.	None	2005.10.19 Shang-Zi No. 09401207940
September 2007	NT$ 10 per share	500,000,000	5,000,000,000	425,947,592	4,259,475,920	Capital increase by retained earnings NT$ 124,062,410.	None	2007.9.29 Shang-Zi No. 09601239410
September 2008	NT$ 10 per share	500,000,000	5,000,000,000	451,504,448	4,515,044,480	Capital increase by retained earnings NT$ 127,784,280. Capital increase by capital surplus NT$ 127,784,280.	None	2008.9.17 Shang-Zi No. 09701239380
September 2009	NT$ 10 per share	800,000,000	8,000,000,000	465,049,582	4,650,495,820	Capital increase by retained earnings NT$ 135,451,340.	None	2009.9.24 Shang-Zi No. 09801220370
September 2010	NT$ 10 per share	800,000,000	8,000,000,000	518,557,510	5,185,575,100	Capital increase by merger NT$ 657,142,210. Capital reduction by shares cancellation due to merger NT$ 122,062,930	None	2010.9.29 Shang-Zi No. 09901214350

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Shareholding (shares)	Amount (100 MM NT$)	Shareholding (shares)	Amount (100 MM NT$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
September 2011	NT$ 10 per share	800,000,000	8,000,000,000	554,856,536	5,548,565,360	Capital increase by retained earnings NT$ 362,990,260.	None	2011.9.8 Shang-Zi No. 10001206970
September 2012	NT$ 10 per share	800,000,000	8,000,000,000	577,050,798	5,770,507,980	Capital increase by retained earnings NT$ 221,942,620.	None	2012.9.5 Shang-Zi No. 10101184260
September 2013	NT$ 10 per share	800,000,000	8,000,000,000	591,477,068	5,914,770,680	Capital increase by retained earnings NT$ 144,262,700.	None	2013.9.11 Shang-Zi No. 10201186300

Note 1: Please specify the information for the current year available until the date of the publication of the annual report.

Note 2: The capital increase shall be identified by effective (approval) date and document No. additionally.

Note 3: The stock issued at the price less than the par value shall be indicated clearly.

Note 4: Please specify the offset by monetary creditor's rights and technology, if any, and note the type and amount of offset.

Note 5: The private placement, if any, should be clearly identified.

2. Type of Stock as of May 8, 2024

Share Type	Authorized Capital (shares)			Note
	Issued Shares	Unissued Shares	Total	
Common stock	Listed company shares: 591,477,068	208,522,932	800,000,000	-

3. Information for Shelf Registration: None

(II) Status of Shareholders

April 20, 2024

Structure / Item	Government Agencies	Financial institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	18	123	20,535	302	20,978
Shares held	0	11,353,899	241,533,860	204,355,917	134,233,392	591,477,068
Percentage of ownership	0.00%	1.92%	40.84%	34.55%	22.69%	100.00%

Note: The first TWSE/TPEx listed or emerging market companies shall disclose the proportions of their shares held by Mainland Chinese investor; Mainland Chinese investors refer to the people, legal persons, groups, other institutions from Mainland Area or their organizations investing in third areas, as defined in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area.

(III) Distribution of Shares

1. Common Shares

April 20, 2024

Range of Shares	Number of Shareholders	Shares Held	Percentage of Ownership
1-999	9,540	1,617,365	0.27%
1,000-5,000	9,650	17,383,209	2.94%
5,001-10,000	867	6,778,529	1.15%
10,001-15,000	218	2,763,850	0.47%
15,001-20,000	131	2,426,897	0.41%
20,001-30,000	114	2,902,631	0.49%
30,001-40,000	60	2,188,809	0.37%
40,001-50,000	48	2,198,035	0.37%
50,001-100,000	98	6,963,284	1.18%
100,001-200,000	57	7,780,051	1.32%
200,001-400,000	66	18,717,635	3.16%
400,001-600,000	30	14,527,610	2.46%
600,001-800,000	18	12,537,727	2.12%
800,001-1,000,000	7	6,307,979	1.07%
1,000,001 and above	74	486,383,457	82.22%
Total	20,978	591,477,068	100.00%

2. Preferred Shares: None

(IV) Major Shareholders

April 20, 2024

Shareholding / Name of Major Shareholders	Shares Held	Percentage of Ownership
Yeong-Maw Wu	38,006,787	6.43%
Yung-Feng Wu	36,677,497	6.20%
Yung-Hsiang Wu	33,903,930	5.73%
The Hua Nan Commercial Bank has been entrusted with the custody of the Yuanta Taiwan Value High Dividend ETF. ETF Securities Investment Trust Fund Account	30,451,000	5.15%
Hong Yang Investment Co., Ltd.	28,317,430	4.79%
Xin Yang Investment Co., Ltd.	27,132,669	4.59%
The Hua Nan Commercial Bank has been entrusted with the custody of UPAMC Taiwan High Dividend Momentum ETF ETF Securities Investment Trust Fund Account	18,994,000	3.21%
Public Servants Retirement and Relief Fund Management Committee	16,603,717	2.81%
Rui Cheng Investment Co., Ltd.	15,724,258	2.66%
Yung Feng Kang Investment Co., Ltd.	14,928,900	2.52%

(V) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Item			2022	2023	As of March 31, 2024 (Note 8)
Market value per share (Note 1)	Highest		57.20	88.70	129.00
	Lowest		30.50	40.90	73.60
	Average		41.96	59.60	96.76
Net value per share (Note 2)	Before distribution		40.15	43.03	45.23
	After distribution		37.65	39.03	Note 9
Earnings per share	Weighted average number of shares (thousand shares)		591,477	591,477	591,477
	Earnings per share (Note 3)	Before adjustment	3.64	5.10	1.98
		After adjustment	3.64	5.10	Note 9
Dividends per share	Cash dividends		2.50	4.00	Note 9
	Stock dividends	Stock dividends appropriated from earnings	0	0	Note 9
		Stock dividends appropriated from capital surplus	0	0	Note 9
	Retained dividend (Note 4)		None	None	Note 9
Return on Investment	Price-to-earnings ratio (Note 5)		11.53	11.69	Note 9
	Dividend yield (Note 6)		16.78	14.90	Note 9
	Cash dividend yield (Note 7)		5.96%	6.71%	Note 9

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: List the highest and lowest market price in each fiscal year and calculate the average market price based on the trading value and volume.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the board meeting or the shareholders' meeting held in the following year.

Note 3: If it is necessary to make retroactive adjustments due to the distribution of stock dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provide that the dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained dividend accumulated until the then year.

Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

Note 9: The data does not include a full year.

(VI) Dividends Policy and Implementation Status:

1. Dividend policy in the Articles of Incorporation

If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, (however, this shall not be applicable if the amount of accumulated legal capital reserve has reached the amount of the paid-in capital) and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, the total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous years.

The Board of Directors may propose a profit distribution plan for approval at the shareholders' meeting. With consent from the majority of attending Directors which represents more than two-thirds of all Directors, the Company may appropriate a part or all of the dividends, bonuses, legal reserve or capital surplus to be distributed in the form of cash. In addition, the distribution proposal shall be submitted to the shareholders' meeting.

The Company may appropriate distributable retained earnings as shareholders' dividends, which shall be no less than 40% of the retained earnings of that current year, and cash dividends shall account for no less than 10% of the total shareholders' dividends.

2. Allocation of dividends proposed at the shareholders' meeting:

   In accordance with Article 26 of the Company's Articles of Incorporation, where dividends and bonuses are distributed entirely or partially in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by the majority of attending Directors which represents more than two-thirds of all Directors and submit to the shareholders' meeting. The earnings distribution of the Company for the year ended December 31, 2023 was approved by the Board of Directors on March 8, 2024 and May 7, 2024, and a cash dividends of NT$4 per share was distributed to the shareholders and reported to the shareholders' meeting.

3. There is no material change in dividend policy expected.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting:

Not applicable since the Company has not prepared and disclosed its financial forecast, and thus there is no stock dividends were distributed.

(VIII) Remuneration of Employees and Directors:

1. Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation:

   If the annual profit of the Company is NT$500 million or more, NT$5 million will be allocated as remuneration of employees and NT$15 million will be allocated as remuneration of directors. If the Company has a profit of less than NT$500 million, 1% of the profit should be appropriated as remuneration of employees and no more than 3% of the profit should be appropriated as remuneration of directors. However, when there are accumulated losses, profits must first be taken to offset cumulative losses before remuneration.

2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   (1) The estimation basis for employee and director remuneration for the current period is calculated in accordance with Article 26 of the Company's Articles of Incorporation.

(2) Remuneration of employees as approved by the Board of Directors was fully distributed in cash and no stock was distributed.

(3) Discrepancies between the actual amount distributed and the estimated amount are recognized as profit or loss for the current period.

3. Employee Compensation Distribution Proposals adopted in Board of Directors Meeting:

(1) In accordance with Article 26 of the Company's Articles of Incorporation, as the Company's profit for the year of 2022 amounted to more than NT$500 million. On March 8, 2024, the Compensation Committee and the Board of Directors approved the distribution of cash to employees. The proposed distribution and recognition include remuneration of NT$5 million and director's remuneration of NT$15 million. There is no discrepancy between the actual amount distributed and the estimated amount recognized as expense.

(2) The amount of stock distributed as remuneration of employees and the percentage thereof to the net income after tax and to the total amount of remuneration of employees: Not applicable in 2023, the remuneration to employees was fully distributed in cash and no stock was distributed.

4. Actual distribution of employee and director remunerations for the previous fiscal year:

The actual amount of 2022 remuneration of employees and directors distributed were NT$5,000,000 and NT$15,000,000 respectively.

The amounts are the same as the amount recognized in the financial statements for the year ended December 31, 2022.

(IX) Buy-back of the Company's shares: No such matter as of the most recent fiscal year and the publication of the annual report.

II. Corporate Bonds: None

III. Preferred Stocks, Global Depositary Receipts (GDRs), and Employee Stock Options: None

IV. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

V. Financing Plans and Implementation: For the period as of the quarter preceding the date of publication of the Annual Report, the Company does not have uncompleted public issue or private placement of securities, or such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. Major lines of business

A. Motor vehicles, motorcycles, other transport equipment and parts manufacturing, wholesale, and retail sale

B. Manufacture and trade of various molds

C. Manufacture and trade of electrical appliances, machinery, hardware, etc. (except regulatory products)

D. Engagement in the import and export trade of the preceding products

2. Weight of lines of business

Unit: NT$ thousands

Product	2023	
	Amount	Proportion of Revenue (%)
Self-manufactured - motor vehicle components - plastic	16,076,707	67.38
Self-manufactured - motor vehicle components - metal	3,483,575	14.60
Self-manufactured - motor vehicle components - others	772,254	3.24
Purchased products	2,679,130	11.23
Others	847,140	3.55
Total	23,858,806	100.00

3. Current Products

Self-manufactured - motor vehicle components - plastic: bumper, grille, instrument panel, etc.

Self-manufactured - motor vehicle components - metal: hood, fender, etc.

Self-manufactured - motor vehicle components - others: fans, Active Grille Shutters (AGS), etc.

4. New products to be developed:

With the trend of high technology and internationalization, the Company speeds up the development of high-quality and first-class products. In addition, as new car models are manufactured by the car assembly factories, the Company also develops, mass-produces new products with newer models and higher-quality materials, to ensure the best product quality. Moreover, the Company also listed products with high demand and high added-value as its marketing focus. The Company develops lightweight, new technology, new processing methods, and new products to stimulate the new-energy vehicle market.

(II) Industry Overview

1. Current Status and Development

The automotive industry is an industry with a high level of integration, is highly related to the fields including mechanics, automation, plastic, rubber, electronic, information, material, and chemical engineering, and has a higher working population than other general technology industries. Thus, the automotive industry is usually deemed as the leading industry in many developed countries and has a significant impact on industrial growth. The automobile component industry is an upstream industry of the automotive industry, and these two industries are closely related. As automobile manufacturing factories pose a direct impact on the future development of component factories, how to become the major supplier of automobile manufacturing factories has become the main task for the component factories. Due to limited automotive market absorption, the domestic automobile component industry is devoted to expanding its export market to maintain stable growth. The Taiwanese automobile component industry is recognized by the international market for its high level of customization, stable product quality, strong development, and innovative capability.

On the other hand, automobile manufacturers are shifting from a vertical production model to complete vehicle projects with the professionalized production model. This exemplified the trend of a decreasing self-manufacturing rate of automobile components by the complete vehicle factories while expanding production scales. As the outsource rate increases, the complete vehicle manufacturers rely more on automobile component manufacturers. As for automobile component manufacturers, their business scope extended beyond the traditional OEM. It now covers design development, manufacturing, quality inspection, lead time control, and AM service. Incorporating automobile component manufacturers into the early stage of project development is also advantageous for resource integration. Furthermore, the automobile component manufacturers will be playing a significant role in achieving high product quality and cost goals. Through participation in the early stages, automobile component manufacturers can contribute their expertise, cooperate with complete vehicle manufacturers in the development of new car models, so as to achieve standardization and generality.

However, COVID-19 has brought fluctuations to the production, sales, and supply chain to the automotive industry. Therefore, optimization of the supply chain has become the latest development trend of the automotive industries in the post-pandemic era. Being the direct victim of this pandemic, the automobile component supply chain has become the focus of the car factory reform. Apart from developing contingency capacity, the original production principles including "just in time," and "zero inventories" need to be adjusted, and the companies need to seek backup suppliers. How to achieve a new balance between cost control and risk dispersion tests the wisdom of the management.

Due to the large number and level of components in the automobile industry, production cannot be done without the smallest piece of component. This further increases the risks of the supply chain. The COVID-19 pandemic has not only had a significant effect on the international trade but also highlighted that the modern business model highly relies on the global supply chain. Once the supply chain is interrupted, all major car factories around the world will have to be forced to stop production due to goods held up at customs, too high uncertainty with only one supplier, and shortage of components. These have urged automobile manufacturers to seek alternative sources of supply. This impact has forced multinational companies to reconsider the risks of globalization. In the case of over-concentration of production, a pandemic like COVID- 19 will bring severe impacts on globalized production. Car factories must adjust their inventories and expand sources of supplies to prepare themselves for future uncertainties in the market.

In reviewing the sales situation of the global automotive market in recent years, global automobile sales declined by 1% in 2018 after reaching their peak in 2017. This marked the first annual negative growth since 2010. The decline in global automobile sales continued in 2019. In 2020, due to the impact of the COVID-19 pandemic, the global automotive market remained sluggish, and the decline in automobile sales expanded. In 2021, automobile sales only grew by 4% due to the ongoing pandemic and the shortage of automotive chips. In 2022, although the international pandemic entered the era of coexistence with the virus, overall new car sales slightly declined due to soaring energy costs, supply chain disruptions, and the Russia-Ukraine war. In 2023, with the easing of the automotive chip shortage, global new car sales reached approximately 86.6 million units, a year-on-year increase of 6.1%. Among them, electric vehicles have been growing year by year, and in 2023, global new energy vehicle sales (including pure electric vehicles, plug-in hybrid electric vehicles, and fuel cell electric vehicles) reached approximately 13.03 million units, with a year-on-year growth rate of 29.8% (according to TrendForce statistics). This accounted for the first time that new energy vehicle sales exceeded 15% of global new car sales in 2023.

In response to the global trend of achieving net zero carbon emissions, all industries will face increased costs, carbon tariffs, and the impact of carbon reduction and green energy. Countries around the world are actively promoting policies aimed at achieving net zero emissions by 2050. In addition to industries such as steel, cement, petrochemicals, and coal-fired power generation, which are high carbon and high energy-consuming and must undergo transformation, governments and businesses have included the goal of achieving net zero carbon emissions by 2050 in their sustainable development vision. New energy vehicles are considered a key strategy to achieve this goal and have become an inevitable trend in the automotive industry. The automotive industry is experiencing four core trends for new energy vehicles, known as CASE (Connected, Autonomous, Services and Shared, Electric), which are reshaping the traditional automotive supply chain. With the increasing market share of electric vehicles, and the growing public acceptance of them, related technologies and products are gaining attention from buyers. Lightweighting technology is essential to reduce vehicle weight in response to increasingly strict emissions and environmental regulations. New materials and processes are being developed and implemented to improve fuel efficiency, safety, and comfort. Lightweighting technology is playing an increasingly important role. For automotive component manufacturers, the path to development lies in the development of high-value products.

Automotive component manufacturers can be divided into OEM component manufacturers that supply directly to vehicle assembly plants for car assembly, and aftermarket (AM) component manufacturers that supply components for global automotive maintenance services. The characteristic of the automotive component industry lies in the diverse range of products, which cannot be independently produced by a single manufacturer. Moreover, the Taiwanese automotive component industry possesses the advantage of flexible manufacturing with small batch, diverse production capabilities. After continuous investment in research and development and the enhancement of production technology, it has gained international competitiveness. In recent years, despite fluctuations in the domestic automotive market, the annual export volume of automotive components has continued to expand. In 2022, it grew by approximately 14.58%, reaching a historical peak of NT$253 billion. However, in 2023, due to economic downturns and high inventory levels, the export value decreased by 10.91% to NT$225.4 billion.

Automobile Components Export Value Statistics Table

Unit: NT$ 100 million

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Amount	2,145	2,113	2,149	2,147	2,148	1,927	2,208	2,530	2,254
Growth	3.26%	-1.47%	1.70%	-0.11%	0.02%	-10.26%	14.58%	14.58%	-10.91%

Source: Statistics Database Query of CPT, and Taiwan Transportation Vehicle Manufacturers Association

According to data from the Taiwan Transportation Vehicle Manufacturers Association, in 2023, Taiwan's automotive component export amounted to approximately NT$225.4 billion. The United States was the largest export destination, accounting for 50.81%, followed by Japan, and Mexico ranking third. Additionally, in 2023, Taiwan's automotive component import amounted to NT$128 billion, with the majority imported from mainland China, accounting for 30.18%, followed by Japan.

Unit: NT$ thousands

Table of Taiwan's Automobile Component Import and Export Value by Country in 2023			
Export		Import	
Country	Amount	Country	Amount
United States	114,534,086	Mainland China	38,613,168
Japan	12,837,651	Japan	29,410,777
Mexico	8,586,066	Thailand	12,610,393
Germany	6,957,221	Germany	8,371,364
United Kingdom	6,214,810	Republic of Korea	6,100,690
Australia	5,819,177	Sweden	5,376,461
Mainland China	5,474,422	Indonesia	5,369,042
Canada	5,208,377	Netherlands	2,430,225
Netherlands	4,988,789	United States	2,288,041
Italy	4,984,681	Mexico	1,917,890
Others	49,802,474	Others	15,469,481
Total	225,407,754	Total	127,957,532

Source: Statistics Database Query of CPT, and Taiwan Transportation Vehicle Manufacturers Association

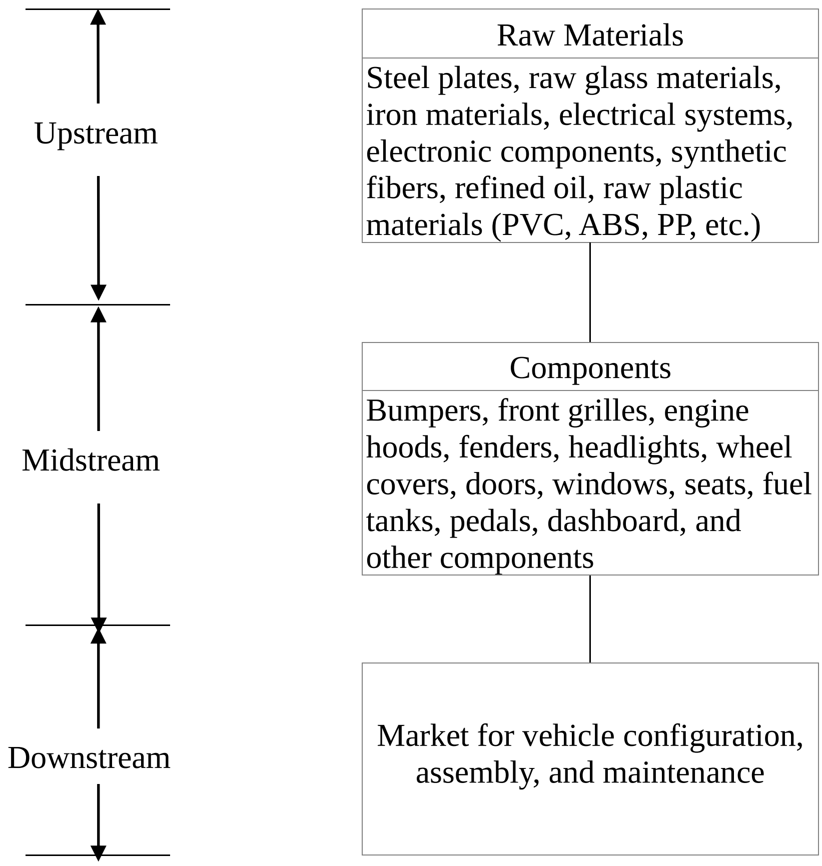
Taiwan's automobile industry, with its low quantity and high variety production model, have formed a competitive edge in the aftermarket (AM) service market. The primary export regions for Taiwan's AM components are North America and Europe. Among them, the United States is the largest export market for Taiwan's AM parts. With nearly ninety percent of vehicles in the United States insured, collision repair costs are mostly covered by insurance companies. Therefore, insurance companies are also the largest customers for Taiwan's AM parts. In recent years, due to supply chain shortages, OEM parts have faced disruptions and shortages, causing significant delays in collision repairs for American vehicle owners. Recognizing this issue, the largest insurance company in the United States, State Farm, has gradually expanded its use of AM parts for compensation since 2022, extending coverage to various states and increasing the range of eligible parts, including headlights, bumpers, hoods, fenders, and grilles. Insurance companies are now replacing OEM parts with equivalent-quality AM parts for compensation, reducing customer waiting times and speeding up claims processing. This indicates that the use of AM parts for compensation is gradually gaining acceptance among American consumers. In order to ensure that repair shops can confidently use non-original automotive components, a set of product inspection standards, namely the product certification system, has been established. Through this certification, not only can product image be enhanced, but it also contributes to the trust of repair and insurance industries in AM parts. For example, in the North American market, CAPA certification, and in the European market, TUV certification, are promoted, making product quality another important competitive factor besides price. To seek development opportunities in intense international competition, domestic component manufacturers must continuously establish advantages in technology and cost.

As for the automotive market in mainland China, with the implementation of national policies promoting consumption and continued purchase tax incentives, the sales and production volume of automobiles in 2023 reached 30.16 million units and 30.09 million units, respectively, representing a year-on-year increase of 11.6% and 12% (as reported by the China Association of Automobile Manufacturers). China maintains its position as the world's largest automotive market, and its automotive ownership has steadily increased in recent years. The demand for automotive AM services will continue to grow, playing a significant role in the global automotive market.

2. Relationship amongst upstream, midstream, and downstream of the industry

The automotive industry is a technology-intensive, and capital-intensive industry, covering a wide range of fields. For the relationship between the component industry and the complete vehicle manufacturing industry, the automobile component industry lies in the midstream of the value chain. The materials used for automobile components include plastic, steel plate, glass, electrical systems, electronic components, etc. The industries it covers include plastic, petrochemistry, steel, glass, electrical engineering, electronics, etc. Its downstream customers are complete vehicle configuration factories, assembly factories, and maintenance factories. These are all closely related to each other. As the manufacturing and assembly process is highly complicated, requiring more than tens of thousands of components, the component manufacturers and complete vehicle central plant, together, form a central-satellite plant system and maintains a long-term and stable cooperative relationship. As each factory and plant within the automotive industry are highly interrelated, each complete vehicle car factory conducts vertical integration with upstream or downstream companies to a certain extend.

Association chart of automobile component industries:



Relation Among Automotive-related Industry:

Related industries	Components
1. Plain Stees	Body, axles, and care frames, etc.
2. Cast iron	Cylinder blocks, cylinder heads, engine blocks, and their components, etc.
3. Special steel	Gears, camshafts, crankshafts, pistons, springs, and other components
4. Non-ferrous metals (Al, Pb, Cu, Zn, precious metals and other nonferrous metals)	Wheels, oil pumps, water pumps, electrical parts, radiators, engine components, components for exhaust gas purifiers, decorative electroplated parts, water tanks, condensers
5. Fiber products	Seat covers, seat belts, and carpets, among other items
6. Ceramics	Spark plugs
7. Asbestos	Cylinder liners, gaskets, linings, etc.
8. Glass	Car windows, headlights, and rear-view mirrors
9. Synthetic resin	Cooling fans, steering wheels, radiator accessories, bumpers, etc.
10. Rubber and plastic	Bumpers, front grilles, oil seals, tires, filler parts, wiper blades, battery chutes, mudguards, seat assembly, etc.
11. Petrochemicals	Fuel, brake oil, lubricating oil, antifreeze, etc.
12. Electrical systems	Lighting equipment, batteries, starter motors, various types of pumps, generators
13. Electronic devices	Radios, recorders, air conditioners, etc.
14. Electronics	Components for instrument panels, warning system, etc.
15. Other Industries	Other unspecified components

3. Product Development Trends

Since the birth of the first automobile, today's people enjoy the convenience and benefits of it. However, energy depletion, ecological damage, and air pollution brought by the automotive industry have gained importance in prevention work in the world's industrial countries. Major companies have formulated laws to regulate the automotive industry. These laws affect and even steer the development of automobiles. Hence, the development of relevant policies and regulations must be emphasized. In recent years, ESG has become a focal point in the automotive industry, with lightweighting, environmentally friendly recycling, and energy conservation being the common development trends pursued globally. In the face of environmental protection and energy consumption concerns, lightweighting technology for cars has become imperative. This has led to changing trends in automotive components, which can be summarized as follows:

(1) Optimize the distribution of weight for materials

(2) (2) Different materials may counteract with one another, resulting in substitution and inverse substitution effect

(3) Using composite materials in designs

(4) Selecting environmental-friendly materials

(5) Steel remains the main material used in the car body

(6) Increasing in percentage use of light metal, particularly aluminum alloys

(7) Increasing in percentage use of car-use plastic every year

Under the trend of personalization, and diversification, the manufacturing of automobiles focuses on short delivery time. The Company's R&D Center focuses on the development of CAD/CAM/CAE systems and increases the precision level of molds and tools as a response measure. As the public expects higher standards, and a more streamlined look of the automobile, the number of connecting points between the main body of components and their reinforcements are also increasing. In order to meet this development trend, the Company has introduced digitally-controlled welding machines to stabilize product quality, shorten working hours and save manpower. Also, in order to manufacture lightweight and high rigidity components, we have introduced gas assisted injection equipment, to facilitate future product development, and to expand the scope of our products. Moreover, due to car assembly factories' requirement for lightweight, the AM market is developing plastic steel products to replace the original sheet metal hoods and fenders.

4. Competition

The Group's primary business focus is automotive components. Through long-term dedication to product development and the integration of sales channels, we have rapidly expanded into international markets, becoming the most professionally scaled enterprise group in the field of transportation equipment in Taiwan. In recent years, under the globalization and specialization strategies, the Tong Yang Group has established production factories and marketing hubs in Taiwan, mainland China, the United States, and other regions to expand market competitiveness. We are the world's largest supplier of automotive AM plastic components for collision replacement and a leading global supplier of automotive aftermarket (AM) sheet metal components for collision replacement.

The Group possesses advantages in different product lines. By leveraging complementary and mutually supportive resources within the business, we enhance operational efficiency and expand business scale. We establish common sales platforms, expand the breadth and depth of product lines, and offer one-stop shopping convenience to customers, thus increasing customer service value. This strengthens the combination and foundation of our customer base, further enhancing market share, distancing ourselves from competitors, and improving overall operational efficiency. This creates a more favorable operating space for the future. With a combination of sales and channel coordination, our company's revenue scale firmly holds the top position in the domestic automotive aftermarket components industry, surpassing other component manufacturers such as TYC Brother Industrial Co., Ltd., and DEPO Auto Parts Ind. Co., Ltd.

Unit: NT$100 millions.

Name of Company	Net consolidated sales revenue in 2023
TONG YANG INDUSTRY CO., LTD.	238.59
TYC Brother Industrial Co., Ltd.	192.78
DEPO Auto Parts Ind. Co., Ltd.	185.53

(III) Research and Development Achievements and Plans

The R&D department engages in various R&D projects with its professional technology and experience. The R&D expenses invested in the year 2023 and up to March 31, 2024 amounted to NT$566,612,000 and NT$154,088,000, respectively. The successfully developed technology and products are as follows

1. R&D / Mass production of plastic tailgate modules:
   (1) The Company conducts early-stage R&D (processing method evaluation, CAD structure design, CAE analysis simulation, RP sample testing, and specification verification).
   (2) Plan and implement the mass production (shape, high adhesion application, mold/checking fixture/clamp/jig, combining assembly, and automatic manufacturing equipment).
   (3) Strategies in warpage die repair and experience in mass production of large, long fiber injection parts.
   (4) Cooperate with technical cooperation manufacturers to promote the key technology of mass production plastic tailgate (long fiber deformation countermeasures and experience) to all car manufacturers.
   (5) Applying the research and development process of large-scale luminous dashboard panels, we have achieved the integration of optical decorative panels on plastic tailgates. These can be paired with taillight modules to provide more application scenarios and design freedom in terms of driving information and exterior decoration.
2. R&D of intelligent cockpit:
   (1) The 3D translucent film technology simultaneously achieves decorative appearance with tactile texture surface and information display functions. It can also accommodate different control interfaces such as touch, gesture recognition, and voice systems, thus functionalizing interior parts and reducing mechanical space.
   (2) The electrical actuation system personalizes the interior space by motorizing the secondary instrument panel through motors, sliding tracks, and movable mechanisms, enhancing the flexibility of the vehicle interior and the operability for the driver.
   (3) Patent applications for new concept products and creative ideas have been completed and have been granted invention and utility model patents in Taiwan, Japan, and mainland China.

(4) Some products have already commenced whole vehicle redesign research, evaluation, and prototype engineering with customers. Additionally, independent research and development continues to collaborate with different industries, conducting design verification of development concepts and prototype trials. Moreover, in January 2024, participation in the Automotive World exhibition in Japan facilitated exchange on new products and technologies.

3. R&D of front-end luminous large dashboard:

(1) Development of Stereoscopic Light and Shadow Optical Front Grille (Electric Vehicle Front Grille): Our goal is to create products with hidden illuminated patterns or 3D stereoscopic optical effects by utilizing LED, translucent panels, optical films, screen printing, surface mount technology (SMT), and dual-material injection molding.

(2) Luminous Bumper: The luminous bumper is made of translucent PP as the base material. Techniques such as spraying, etching, and masking are used to achieve a body-colored appearance. When illuminated, it reveals a hidden luminous pattern. This improvement addresses the issues of low light transmittance, color contamination, and high working hours that were present in the initial development products. The light transmittance has been significantly increased by three times through the self-developed "penetrating dot coating process," and the issue of painting color contamination has been overcome.

(3) By utilizing LED lights with RGB elements and electronic system control, it is possible to achieve programmable graphic and information display effects. These effects can include day and night transformation, as well as interactive/warning functions between the driver and the vehicle when combined with the vehicle computer system.

4. R&D/Production of Vacuum Plating and Decoration Technology:

(1) In comparison to the metallic texture achieved by electroplating, vacuum plating can achieve multi-color, gradient, and iridescent effects through variations in materials.

(2) The process of vacuum plating poses no water pollution issues, making it a relatively environmentally friendly process.

(3) By controlling the thickness of the metal coating, it is possible to achieve a semi-transparent effect. When combined with LED, this effect creates a one-way mirror effect. The intensity of the light can be adjusted to determine whether it displays a metallic reflective pattern or a hidden pattern.

(IV) Long and Short-Term Business Development Plan

1. Repair/Maintenance Business

   Short-Term Business Development Plan:

   (1) Increase the development of Chinese and European products in order to expand the market.

   (2) Improve product quality and supply rate, increase the selling price and profit margin, and optimize overall sales quality.

   Long-Term Business Development Plan:

   (1) Continuously expand the range of product certifications, with a particular focus on the insurance company market.

   (2) Fully develop the North American product line and establish a strong presence in the North American market.

2. Assembly Business

   Short-Term Business Development Plan:

   (1) Actively visit existing and potential customers to gather information on development quotes for new car models and minor modifications.

   (2) Utilizing the advantages of product design, we offer design development services and flexible manufacturing supply integration to shorten the timeline for new product development.

   (3) Promote various internal improvement activities such as quality, cost, and delivery to enhance management and profitability.

   (4) Targeting potential new customers such as automotive manufacturers in Europe and America like Magna, VW, BMW, TESLA, etc., we have identified strategic products and are continually strengthening communication to seek RFQ opportunities.

   Long-Term Business Development Plan:

   (1) Actively reaching out to potential overseas clients, leveraging our product design advantages, and integrating our production and supply systems, we are targeting strategic export products. Proactively promoting these products, we aim to secure new manufacturing opportunities.

   (2) Expanding the development of new product lines, we continue to introduce new methods, technologies, and materials to drive performance.

   (3) (3) Through introductions from car manufacturers, peers, traders, and foreign trade associations, we aim to expand business with Original Equipment Suppliers (OES) within the international automotive industry ecosystem.

   (4) Through collaboration channels with various mainland Chinese factories and leveraging resources in the OEM business group, we aim to cooperate with customers in product design. Following a strategy of "cross-strait complementarity and division of labor," we seek opportunities to secure new manufacturing contracts with mainland Chinese automotive manufacturers.

(5) Accelerating the adoption of various lightweight products, we actively promote their integration and use by customers.

(6) Utilizing strong and stable customer relationships, we seek opportunities to participate in product design from the early stages of vehicle development to expand our business.

(7) We are actively pursuing collaborations with automotive electronic manufacturers to secure opportunities for manufacturing automotive electronic-related products.

II. Market and Production Overview

(I) Market Analysis

1. Primary Regions for Product Sales

The main products of this group are automotive components such as bumpers, front grilles, engine hoods, and fenders. Sales are distributed worldwide, with the primary regions being the United States, China, and Taiwan, accounting for over 70% of the group's total revenue.

Unit: NT$ thousands

Year / Sales Region	2023	
	Amount	%
United States	9,934,277	41.62
China	4,776,303	20.01
Taiwan	4,038,459	16.92
Others	5,119,767	21.45
Total	23,868,806	100.00

2. Market Share

This group's products are mainly divided into the AM market and OEM market. For automotive aftermarket (AM) collision components, about 85% to 90% of the global supply comes from Taiwan. Among aftermarket component manufacturers, Tong Yang is the largest automotive AM plastic and sheet metal component manufacturer in Taiwan. In the original equipment manufacturer (OEM) parts market, Tong Yang is also the largest OEM supplier of plastic components for Taiwanese automobiles. For domestically produced vehicles, most exterior plastic parts are manufactured by Tong Yang. Moreover, eight out of the top ten automotive groups in mainland China (with a market share of over 80%) are customers of Tong Yang. The company will continue to provide high-quality, cost-effective products, while focusing on customer service and strengthening partnership relationships to expand its business.

3. Future Market Supply, Demand, and Growth Potential

The Taiwan automotive parts industry has been recognized by the international market for its advantages such as highly customized production, stable product quality, and strong development and innovation capabilities. In recent years, vehicle electrification, automation, and intelligence have become three major focuses. The global automotive industry is witnessing a wave of electrification to comply with increasingly stringent emissions and environmental regulations. Lightweighting technology has become imperative to reduce vehicle weight, leading to the continuous research and adoption of new materials and processes to enhance fuel efficiency, safety, and comfort. With advancements in material technology, plastic parts now offer collision resistance comparable to traditional steel plates but with the added advantage of lighter weight. As a result, the proportion of plastic parts in new vehicle designs is increasing, and our company possesses the capacity and technological advantages in this area.

To solidify our position in the market, our company will strengthen efforts in lightweighting, new technologies, and new methods. We will develop more competitive lightweight products, invest in the research and development of new products to meet the trends in new energy vehicles, and continuously enhance the competitiveness of the group. We will advance simultaneously in both OEM and AM markets to secure our position in these two major automotive parts markets.

4. Competitive Advantages

(1) Taiwanese automobile body exterior parts are globally competitive.
(2) With strategic planning and global deployment, the group seizes opportunities and gains the upper hand.
(3) The company possesses the most robust global logistics management capabilities and marketing channels compared to its competitors.
(4) There is a wide range of products available to meet the needs of customers.
(5) The AM collision parts manufacturing plant is the largest in the world, surpassing all other competitors in scale.
(6) Over the years, we have accumulated a number of molds, creating effective barriers to entry and enabling us to avoid competition.
(7) The automotive component industry has benefited from the expertise of a highly experienced management team with extensive knowledge and technical development capabilities.
(8) Possessing product design and development capabilities provides us with a competitive edge over our competitors in the industry.

5. Development Prospects: Favorable and Unfavorable Factors and Response Strategies

5.1 Favorable Factors:

(1) The Group's comprehensive range of products, extensive marketing channels, and renowned quality and brand image contribute to the growth of its performance.

(2) The company is continuously enhancing its investment in CAD/CAM/CAE computer mold development technology, which significantly improves product quality, reduces production time, and lowers costs.

(3) The Group's unparalleled dominance in the automotive components market, in terms of reputation, technology, and marketing, sets it apart from its competitors. The Group's extensive production and sales capabilities, along with its deep market familiarity, will play a crucial role in the company's future growth and success.

(4) The products in this group are available for use in the automotive and maintenance markets, catering to both domestic and international customers.

(5) The global layout has been finalized, giving overseas factories a competitive advantage in directly competing with local operators.

5.2 Adverse Factors and Countermeasures:

(1) There are multiple types of products, which can result in inadequate allocation of machine capacity.

Response Strategy:

A. Exporting through inventory production methods, in line with the characteristic of small, diverse orders, allows us to control safety stock levels effectively. This facilitates the efficient integration and allocation of production capacity, reducing production costs, and ensuring timely delivery to meet customer needs.

B. Utilize the adjustment of supply and demand functions at overseas bases to achieve global logistics management capabilities.

C. Strengthen the outsourcing of interior parts and the production of products that are not cost-effective to produce in-house in order to reduce costs.

(2) If component manufacturers fail to effectively control costs or expand markets as per the requirements of assembly plants, it may impact the company's profitability.

Response Strategy:

A. Measures such as accelerating the development of new products, rationalizing production costs, and expanding sales in global markets will be implemented, in order to increase product volume and value. This will enhance the economy scale in production, reducing the proportion of fixed production costs.

B. Implementing a production method that is based on orders, in collaboration with the assembly plant's long-term and stable orders, in order to alleviate inventory pressure.

(3) A multitude of competing manufacturers: Currently, there are numerous domestic manufacturers of automotive parts, leading to fierce competition and downward pressure on market prices.

Response Strategy:

A. Strengthening production equipment to enhance capacity and supply rates will improve the ability to receive orders and increase profitability.

B. Improving product quality, expediting product certification processes, and offering more high-value-added products.

(II) Key Functions and Production Processes of Main Products

The main product items of our company are as follows:

Self-manufactured - motor vehicle components - plastic: bumper, grille, instrument panel, etc.

Self-manufactured - motor vehicle components - metal: hood, fender, etc.

Self-manufactured - motor vehicle components - others: fans, Active Grille Shutters (AGS), etc.

The important uses and production processes of the aforementioned products are explained as follows:

1. Key Function:

(1) Bumper: Protects vehicles from damage due to collision, and improves driving safety.

(2) Grille: For decorative and aesthetic purposes.

(3) Instrument panel: For decorative purposes, and fixates the display panel.

(4) Hood: Protects all components in the engine bay, and absorbs energy from impact.

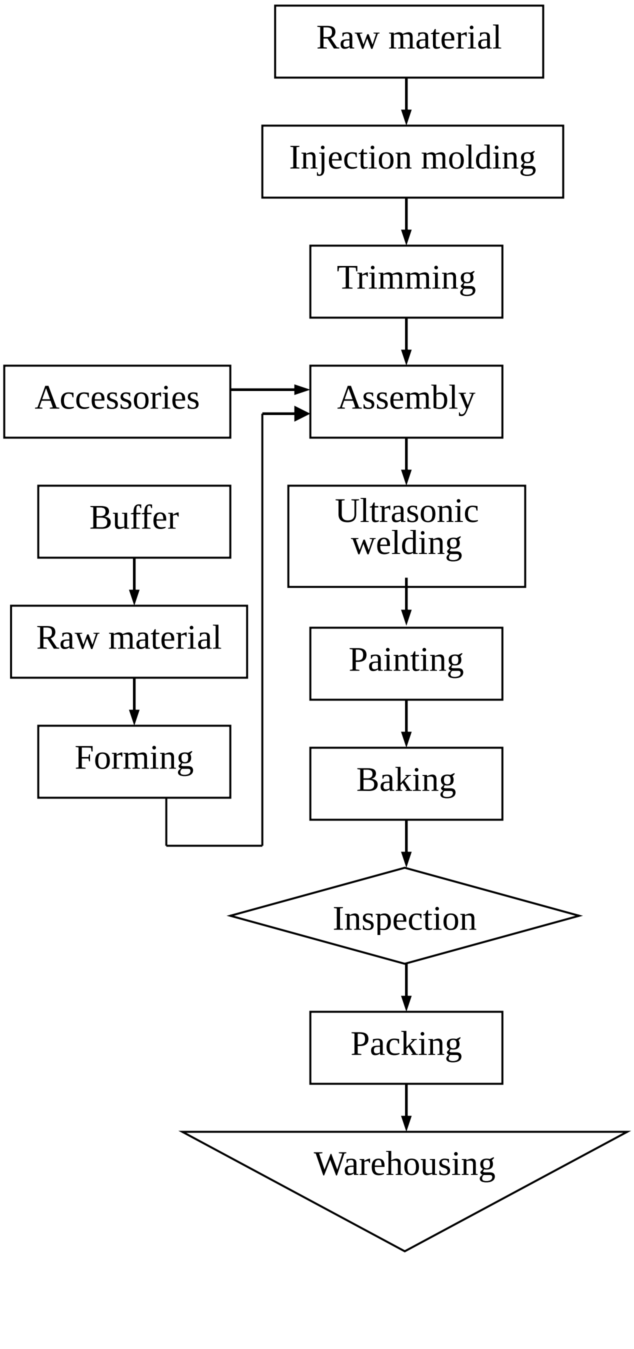
(5) Fender: Prevents mud and sand from being scattered by the tires, maintaining driving safety.

(6) Cooling fan: Increases speed of airflow to improve the efficiency of the condenser and the water tank.

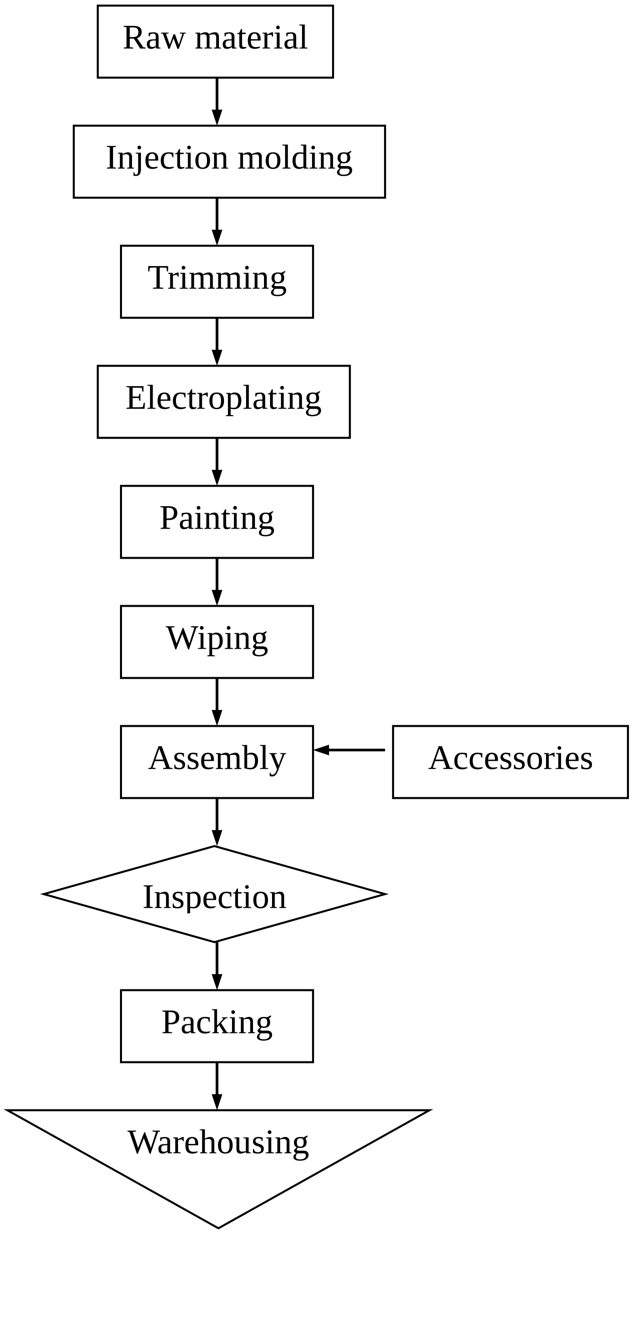
(7) Active Grille Shutter (AGS): Controls the airflow and aerodynamic resistance to improve fuel economy and quickly reach the engine's optimal operating temperature.

2. Production Process

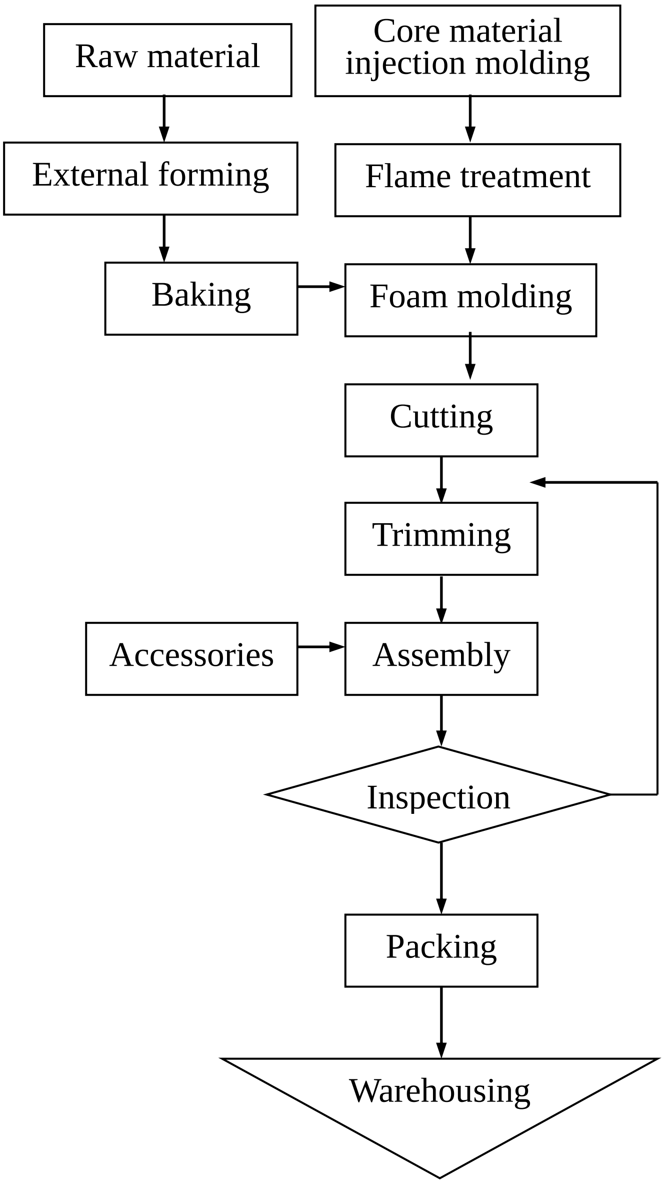
(1) Main production process of front bumper procedure



(2) Main production process of front grille



(3) Main production process of instrument panel



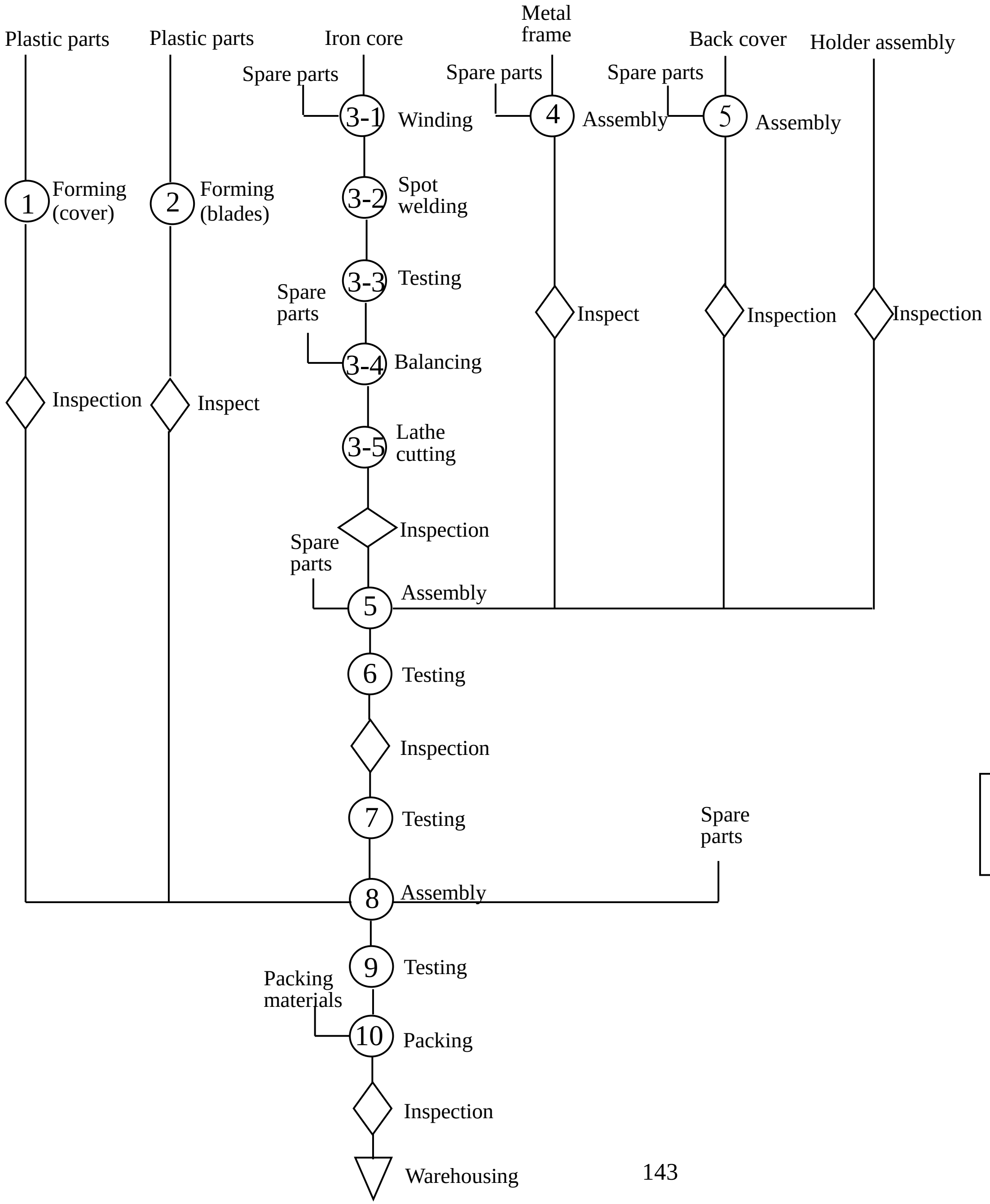
(4) Main production process of hood

1. Steel coil
2. Cutting
3. Drawing
4. Perimeter cutting
5. Perimeter bending
6. Overedge assembly
7. Pressing
8. CO2
9. Polishing and grinding
10. Electrostatic coating
11. Packing
12. Warehousing

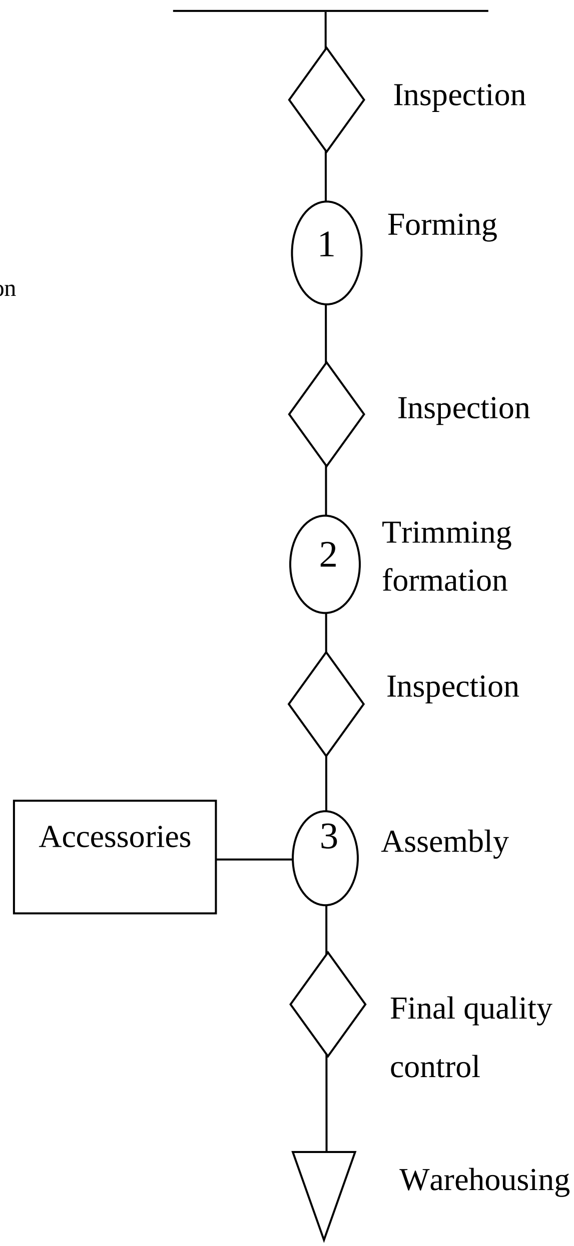
(5) Main production process of fender

1. Steel coil
2. Cutting
3. Drawing
4. Perimeter cutting
5. Perimeter bending
6. Wheel panel liner
7. Fender panel
8. Main accessory
9. Polishing and grinding
10. Electrostatic coating
11. Packing
12. Warehousing

(6) Main production process of cooling fan



(7) Main production process of AGS



(III) Supply of Key Materials

The materials used for the Company's manufacturing of components consist of mainly metal and non-metal materials. The main metal materials are steel coils, aluminum sheets, and aluminum coils and are mainly purchased from China Steel Corp. and CSAC Co. Non-metal materials include Polypropylene (PP), and Acrylonitrile Butadiene Styrene (ABS). PP is mainly supplied by Formosa Chemicals and Fibre Corp. and Sumitomo Corporation Asia & Oceania Pte. Ltd., Formosa Chemicals and Fibre Corp., etc. ABS is mainly supplied by Taita Chemical Co., Ltd. and Formosa Chemicals and Fibre Corp. Materials for painting are supplied by Tung Yang Chemical Co., Ltd., Tai Ying Paint Industrial Co., Ltd., etc. The Company has a long-term relationship with the above suppliers. They provide good quality, stable delivery, reasonable price, and stable supply. The Company and the suppliers have established a good and stable supplier relationship.

(IV) Major suppliers and customers in the past two years

1. Primary supplier data for the past two years: None (individual supplier purchase amounts have not accounted for over 10% of the group's total purchases).
2. Major customers in the past two years Unit: NT$ thousands

	2022				2023				2024, as of the previous quarter (Note 2)			
Item	Name of Company	Amount	Percentage of total net supply (%)	Relationship with the issuer	Name of Company	Amount	Percentage of total net supply (%)	Relationship with the issuer	Name of Company	Amount	Percentage in total net supply (as of the previous quarter) (%)	Relationship with the issuer
1	A	3,874,931	18.21%	Non-related party	A	4,417,615	18.52%	Non-related party	A	1,302,636	21.10%	Non-related party
	Others	17,407,675	81.79%		Others	19,441,191	81.48%		Others	4,871,536	78.90%	
	Net sales	21,282,606	100.00%		Net sales	23,858,806	100.00%		Net sales	6,174,172	100.00%	

Note 1: Name of the customer with more than 10% of the total sales amount in the last two years and the amount and proportion of the sales. Due to the contractual agreement, the name of the sales or the object of the transaction may not be disclosed, and individuals and non-related parties may be disclosed in code names.

Note 2: For a public company whose stocks are listed on a stock exchange (a "listed" company) or by an OTC company, if, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Reason for changes: Based upon sales requirements.

(V) Production Volume and Value for the Past 2 Years

Production volume unit: units

Unit: NT$ thousands

Production year / Production Major Volume / Product (or department) Value	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Self-manufactured - motor vehicle components - plastic	50,628,995	35,223,182	10,533,989	47,275,883	31,801,701	10,964,856
Self-manufactured - motor vehicle components - metal	4,920,000	2,659,248	2,666,542	4,920,000	2,823,512	2,795,355
Others	1,000,000	580,197	626,942	1,000,000	563,557	631,280
Total	56,548,995	38,462,627	13,827,473	53,195,883	35,188,770	14,391,491

Note: Production capacity refers to the quantity that the company can produce under normal operations using existing production equipment, after considering necessary shutdowns, holidays, and other factors.

(VI) Sales Volume Data for the Past 2 Years Sales volume unit: units

Unit: NT$ thousands

Sale Year / Sale Major Volume / Product Value (or Department)	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Self-manufactured - motor vehicle components - plastic	5,308,979	2,585,322	31,391,006	11,587,149	5,029,055	2,698,842	28,878,350	13,377,865
Self-manufactured - motor vehicle components - metal	384,772	459,471	2,259,394	2,532,840	398,832	542,122	2,471,713	2,941,453
Purchased products	599,130	185,985	8,571,410	2,359,007	734,144	230,746	7,876,154	2,448,384
Others	31,008	480,354	533,716	1,092,478	40,009	566,749	528,855	1,052,645
Total	6,323,889	3,711,132	42,755,526	17,571,474	6,202,040	4,038,459	39,755,072	19,820,347

III. **Employees**

The employee data for the past two years and up to the printing date of the annual report:

Year		2022	2023	Current year up to March 31, 2024
Number of Employees	Direct	2,531	2,635	2,693
	Indirect	2,148	2,064	2,046
	Total	4,679	4,699	4,739
Average Age		38.00	38.40	38.20
Average Service Year		8.3	8.7	8.7
Academic Distribution Ratio	PhD	0.02%	0.02%	0.02%
	Master's	3.06%	3.30%	3.19%
	Bachelor's	44.78%	44.78%	45.68%
	High School	36.03%	37.71%	37.29%
	Below High School	16.11%	14.19%	13.82%

IV. Environmental Protection Expenditure

(I) The losses incurred due to environmental pollution for the most recent fiscal year and up to the printing date of the annual report:

Date of penalty	Penalty number	Legislation and contents of violation	Contents of penalty	Penalty Fine Amount	Improvement measure
2023. 1.11	Environmental Inspection No. 1120001659	Violation of Article 7, Paragraph 1 of the Water Pollution Control Act and Article 2 of the Effluent Standards	On September 22, 111 (Taiwanese calendar), environmental protection agency personnel sampled and tested the discharge outlet of Factory 8. The test results showed suspended solids of 43.4 mg/L (standard value 30 mg/L), which did not meet the discharge standards for electroplating industry wastewater.	NT$ 105,000	The discharge pipeline was immediately cleaned, and subsequent regular maintenance will be conducted.

(II) Response measures and possible expenditures for environmental protection problems in the future:

1. Information on environmental protection

The company always prioritizes environmental protection work, promptly addresses issues as they arise, and reviews existing prevention and control equipment. In addition to providing employees and nearby residents with a good working and living environment, stricter adherence to emission standards is enforced. The environmental protection measures taken by the company for pollution and waste generated during the production process are as follows:

(1) Regarding water pollution prevention and control: a wastewater treatment plant is installed to treat the wastewater generated within the factory. Applications for water pollution prevention and control permits are submitted to the competent authorities, and dedicated personnel are assigned to handle wastewater treatment. Qualified testing companies are commissioned to conduct regular water quality sampling and analysis, and internal water quality checks are conducted periodically. Drinking water dispenser water quality testing is performed quarterly. In the year 2023, the amount of reclaimed water reached 74,369 metric tons, which was used for production and related purposes. Permit numbers are as follows: Tainan City Environmental Protection Bureau Water Discharge Permit No. 05948-02 (Plant 1), Tainan City Environmental Protection Bureau Water Discharge Permit No. 06315-01 (Plant 3), Tainan City Environmental Protection Bureau Water Discharge Permit No. 5410-05 (Plant 4), Tainan City Environmental Protection Bureau Water Discharge Permit No. 05483-03 (Plant 9), Tainan City Environmental Protection Bureau Water Discharge Permit No. 06103-02 (Plant 8), Tainan City Environmental Protection Bureau Water Discharge Permit No. 06316-01 (Plant 12).

(2) Controlling fixed pollution sources: the waste gas generated during the process is treated by control equipment before being discharged. To ensure compliance with emission standards, qualified testing companies are commissioned to conduct inspections. Before operations, the functioning of the control equipment is checked for normal operation, and maintenance schedules are established. Emission amounts are reported in January, April, July, and October. Permit numbers are as follows: Tainan City Government Environmental Protection Bureau Operation Certificate No. D1094-01 (Plant 1 M01), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0257-00 (Plant 1 M02), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0594-01 (Plant 1 M03), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0763-00 (Plant 1 M04), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0435-01, Tainan City Government Environmental Protection Bureau Operation Certificate No. D0018-00 (Plant 1 M06), Tainan City Government Environmental Protection Bureau Operation Certificate No. D1107-01 (Plant 1 M10), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0392-01 (Plant 3 M01), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0983-00 (Plant 4 M01),

Tainan City Government Environmental Protection Bureau Operation Certificate No. D0554-00 (Plant 4 M02), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0512-00 (Plant 4 M03), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0874-01 (Plant 8 M01), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0908-01 (Plant 8 M02), Tainan City Government Environmental Protection Bureau Operation Certificate No. D0885-01 (Plant 9 M03), Tainan City Government Environmental Protection Bureau Operation Certificate No. D1037-01 (Plant 9 M04), Tainan City Government Environmental Protection Bureau Operation Certificate No. D1038-00 (Plant 12 M01).

(3) Waste management: educating colleagues to cultivate habits of waste sorting, controlling waste generation from the source, obtaining approval for waste management plans, reporting temporary waste storage conditions monthly, and declaring waste transport manifests during waste removal to control the direction of waste disposal, ensuring proper handling to avoid secondary pollution. Approval reference numbers are:1100001951 (Plant 1), 1130017102 (Plant 3),1100090184 (Plant 4), 1090094516 (Plant 5), 1090019084 (Plant 8), 1090107901 (Plant 9), 1110097477 (Plant 12), 1110027228 (Plant 13).

(4) Toxic substance management: reporting operational records, clearly labeling and controlling access to storage locations, implementing leak prevention measures, and conducting toxic disaster drills with the Environmental Protection Bureau. The company is affiliated with the first group of the Tainan City Joint Disaster Prevention and Rescue Team for Toxic Chemical Substances.

2. Our company complies with domestic regulations regarding environmental protection, safety, and health activities. Our environmental, safety, and health policies include pollution prevention, enhanced communication, safety awareness, hygiene reinforcement, education and training, regulatory compliance, resource conservation, and continuous improvement. We have obtained ISO 14001 Environmental Management System certification (valid until July 5, 2026) and ISO 45001:2018 Occupational Health and Safety Management System certification (valid until July 27, 2026). Some of our subsidiaries in China have also obtained ISO 14001 Environmental Management System certification and comply with relevant national regulations. Upholding the spirit of continuous improvement, we actively propose and implement feasible improvement plans in pollution control, energy and resource conservation, waste reduction, safety and health

management, aiming to reduce potential environmental, safety, and health risks.

3. 2024 environmental expenditure forecast of the Group:

Unit: NT$ thousands

	Water pollution control	Stationary pollution source control	Waste disposal	Toxic chemical substance control	Others
Items	Water quality testing fees, wastewater treatment plant operating costs, permit application fees, improvement of control equipment	Testing fees, permit application fees, maintenance and improvement costs for control equipment	Waste disposal and handling fees, waste testing fees, improvement of waste reduction equipment	Production of GHS labels, leak prevention equipment	
Amount	25,264	80,394	39,160	1,971	5,636
Total	152,425				

V. Labor Relations

(I) The following lists the various employee benefit measures, training and development programs, retirement system, and their implementation within the company, as well as the agreements between labor and management and the situation regarding the protection of employees' rights:

1. Employee Benefits

(1) On November 26, 1976, our company established the Employee Welfare Committee, comprised of representatives selected from various departments. Meetings are held at least once every three months, with welfare matters overseen by this committee. Currently, the following welfare measures are being implemented:

A. All employees are entitled to regular health check-ups, life insurance, and accident insurance.

B. Employees receive holiday bonuses, celebratory gifts, wedding and funeral allowances, and subsidies for overseas travel.

C. Diverse meal options are provided, accompanied by healthy eating management.

D. Over a thousand books and magazines are available for borrowing, with regular updates.

E. A warm and comfortable nursing room is provided for female colleagues, ensuring privacy.

F. Out-of-town employees may apply for company dormitories as per company regulations, with both double and single rooms available.

G. Contracts with various discount stores are signed, offering a range of leisure activities and event information.

H. Addressing colleagues' daily needs, a group purchasing and discount voucher platform is established, leveraging group resources.

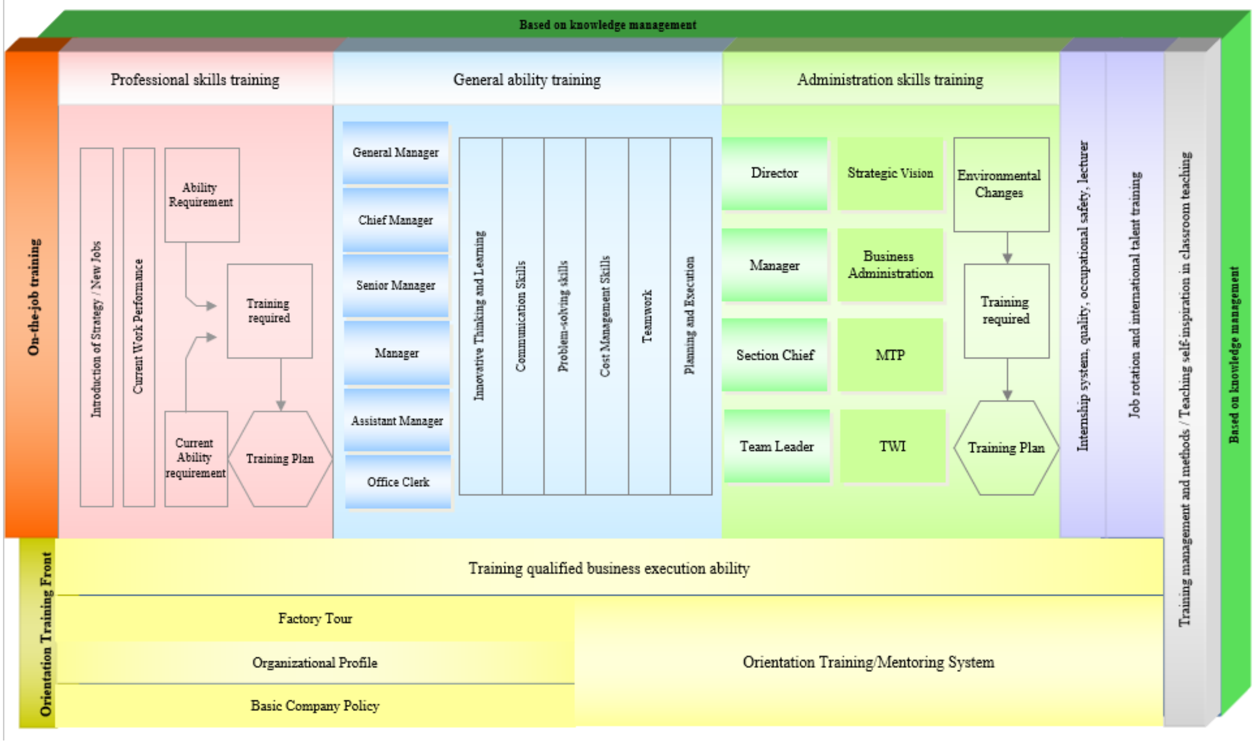
(2) All employees of our company are enrolled in the National Health Insurance and Labor Insurance, in accordance with the regulations of the National Health Insurance Act and the Labor Insurance Act.

(3) Employees of our subsidiaries in mainland China are all covered by social insurance, including old-age insurance, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, in accordance with the regulations of the People's Republic of China.

2. Continuing Education/Training

For many years, the company has followed the corporate culture of "enthusiasm, honesty, and creativity" as its three main objectives in talent development. We provide opportunities and environments for employee learning and development. Thus, regardless of the unit, whether it's production, supply, development/design, or various levels within the organization, we have a complete mechanism for experience transmission and integration and operation training among teams. This encourages continuous growth and the application of acquired knowledge in their work. Looking ahead, the company will continue to deepen training towards sustainable operation, aiming to optimize competitiveness through generational transitions and cultivate models for knowledge management and experience transmission. In 2023, training expenses amounted to NT$4,497,000, focusing on the following areas:

Talent Training Chart



3. Retirement System and Its Implementation

(1) Our company and domestic subsidiaries have established an employee retirement plan in accordance with the Labor Standards Act, which constitutes a defined benefit plan. The payment of employee retirement benefits is calculated based on the number of years of service and the approved average monthly salary at the time of retirement. Employees with up to fifteen years of service (or less) are entitled to two base units for each full year of service, while those with more than fifteen years of service are entitled to one base unit for each full year of service, with a maximum accumulation of 45 base units. Our company and domestic subsidiaries allocate retirement funds monthly at a rate of 2.73% to 8% of the total payroll, deposited into a special account at Taiwan Bank under the name of the Labor Pension Supervisory Committee. Additionally, at the end of each fiscal year, our company and domestic subsidiaries estimate the balance of the aforementioned labor retirement reserve account. If the balance is insufficient to cover the estimated retirement benefits for eligible employees in the following year, as calculated above, the shortfall will be allocated before the end of March of the following year.

(2) Our company and domestic subsidiaries have established an employee retirement plan in accordance with the Labor Pension Act, which constitutes a defined contribution plan. According to the provisions of this Act, the monthly contribution rate for employee retirement benefits borne by our company and domestic subsidiaries must not be lower than six percent of the employee's monthly salary. Our company and domestic subsidiaries have already formulated employee retirement procedures in accordance with the aforementioned Act. Each month, six percent of the employee's salary is contributed to the individual retirement account at the Labor Insurance Bureau.

(3) At our subsidiaries within mainland China, in accordance with local government regulations, a certain percentage of the total employee salary is allocated as pension insurance contributions, paid to the relevant government departments, and saved in individual accounts for each employee.

(4) Our other foreign subsidiaries within the Group allocate retirement funds to the relevant retirement fund management institutions in accordance with local regulations.

4. The Status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests:

(1) Our company complies with various labor-related regulations to provide labor insurance, health insurance, and contributes to retirement funds as mandated by law, ensuring the rights and benefits of our employees.

(2) Our company has established channels for employee complaints or inquiries, actively seeking to understand and reasonably meet the needs of our employees.

(3) The company places great emphasis on the safety and health of its employees, providing annual health check-ups. Additionally, the company has nurses available to provide emergency care for employees at all times. Regular visits by physicians to the factory are arranged to provide medical and health-related consultations for employees, and periodic health seminars are organized.

(4) Our company prioritizes human rights and has obtained insurance coverage for public liability, occupational accidents, and employee group insurance.

(5) Our company values employee feedback. According to the Trade Union Act, the Tainan City Tong Yang Industrial Co., Ltd. Labor Union has been established with the main objectives of protecting members' rights, enhancing members' skills, improving members' lives, and promoting labor-management cooperation. Union representatives regularly meet with management representatives to facilitate communication and coordination between labor and management, maintaining good labor-management relations.

Methods of labor-management negotiation include signing labor-management collective agreements, participating in union board meetings, etc., as detailed below:

1. To safeguard the rights and interests of both parties and improve the working environment and labor conditions for employees, the enterprise union and the company have been signing collective agreements annually since 2015 (the latest effective period extends until September 30, 2024). The collective agreement covers 97% of the Taiwanese regular employees who participate in the union. Each member of the enterprise union is entitled to fair access to the provisions of the agreement and various welfare benefits, while also fulfilling their responsibilities and obligations as stipulated.

2. In addition to including relevant systems implemented in accordance with labor laws and regulations, the collective agreement also entails distributing a 5-day festival bonus during the Mid-Autumn Festival each year. It also includes profit-sharing provisions, where 10% of the company's annual defined net profit is allocated as performance bonuses and year-end bonuses for employees, with a guarantee of 25 days for year-end bonuses. This serves to boost employee morale and share the company's operational achievements.
3. Participation in quarterly union board meetings and an annual union member representative assembly allows for discussions on labor-management issues and corporate governance, facilitating effective communication and promoting harmony between labor and management.

(6) Our company strictly adheres to government regulations concerning labor and human rights. Whether it's recruitment, salary determination, performance evaluations, education and training, or promotion opportunities, we do not discriminate or provide unequal treatment based on race, class, language, ideology, religion, political affiliation, birthplace, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, or past union membership. Additionally, we regularly assess labor conditions, labor protection, equality and discrimination, protection of vulnerable groups, organization of unions and labor-management relations, and labor inspections to meet the basic requirements of international laws and regulations, as well as to align with customer requirements.

(7) Our company adheres to the provisions of the International Labour Organization conventions, refraining from the use of any form of forced or compulsory labor. We strictly comply with labor standards and regulations such as the Labor Standards Act and the Employment Service Act, ensuring that no individual is coerced or compelled into labor against their will, thereby guaranteeing that our employment practices are in accordance with labor laws.

(8) Our company follows the provisions of the International Labour Organization conventions and domestic trade union laws, allowing all employees the freedom to organize and participate in unions. They are also entitled to engage in collective bargaining in accordance with relevant legal provisions, without violating the freedom of association and collective bargaining.

(9) Our company has dedicated units responsible for handling occupational safety, environmental protection, and related matters to ensure the safety and health of employees and the environment. In November 2020, we were honored with the National Occupational Safety and Health Award - Special Award for Traditional Industry Investment. In 2022, we won the championship in the Safety and Health Performance Competition organized by the Occupational Safety and Health Administration, as well as the runner-up in the Safety Partner category. In 2023, we received the Special Award in the Safety and Health Performance Competition from the Tainan City Government Labor Bureau.

(10) Our company has obtained ISO 14001 Environmental Management System certification (valid until July 5, 2026) and ISO 45001:2018 Occupational Health and Safety Management System certification (valid until July 27, 2026), and we operate in accordance with the aforementioned management systems.

(II) Loss incurred (including labor inspection results, violation of the Labor Standards Act, date of penalty, disposition reference numbers, article violated, the content of violation, and content of penalties) as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses Incurred to date and indicate mitigation measures being or to be taken:

In the most recent fiscal year and up to the date of printing this annual report, our company has not experienced any labor disputes. Consequently, there have been no losses incurred due to labor disputes. Moreover, we have maintained excellent labor-management relations in Tainan City for ten consecutive years. Given this harmonious relationship between labor and management, the likelihood of encountering losses from labor disputes in the future is extremely low.

VI. Cyber Security Management

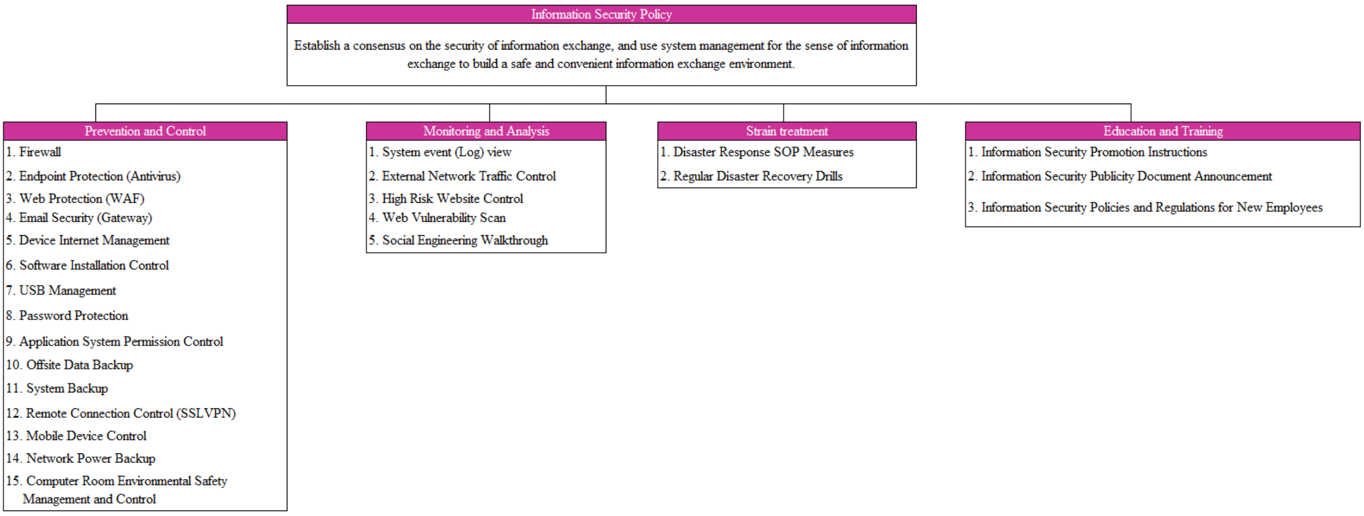
(I) Description of the cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management is as follows:

1. Cyber security risk management framework

The company has been engaged in information security management since the year 2007, with the CEO serving as the highest authority in information security. The Information Department serves as the central coordinating unit for the company's information security management. It is responsible for formulating information security-related policies and conducts regular reviews of the adequacy of information security policies each year. The Network Hardware Department, under its jurisdiction, is responsible for promoting and auditing information security operations. Senior management within the department regularly reviews relevant protection policies to ensure that management measures continue to operate steadily and effectively, reporting management effectiveness to the CEO.

2. Cyber security policies

According to the information security policy, the Company has formulated the Information Security Management Measures, the Computer Data Security Control Measures, the Cyber Security and Emergency Response Measures, the Post-disaster System Recovery Plan and the Data Backup Management Measures, specifying the Company's information security control procedures and norms.



3. Specific management plan

The company periodically conducts information security awareness campaigns and training for all employees to enhance their understanding of information security and improve their protective capabilities. It employs various systematic tools for monitoring and analysis, establishing proactive defense and alert capabilities. Data is backed up offsite and undergoes annual rehearsal and verification to ensure the system's ability to recover from major accidents. In the event of employees violating relevant information security control regulations, disciplinary actions are taken in accordance with the reward and punishment management regulations.

The relevant management plan is as follows:

(1) Access Control: Each system has password and permission controls. Access requests and modifications are processed based on individual roles and responsibilities through the submission of change requests. Upon an employee's departure or role change, their permissions are promptly revoked or adjusted to ensure information security.

(2) USB Management: USB flash drive usage is strictly controlled. If there is a business need to use USB flash drives, employees must submit a request that is approved by their supervisor before usage is permitted. This measure ensures that company data remains secure and protects the interests of the company.
(3) Internet Access Control: Personal internet access permissions and access to high-risk websites are controlled to prevent virus intrusion and data leakage. If internet access is required for business purposes, employees must submit a request that is approved by their supervisor before access is granted. The IT department monitors and analyzes internet traffic, reviewing any abnormal activity on a weekly basis.
(4) Mobile Device Management: Personal mobile devices (laptops, smartphones) cannot be freely connected to the company's internal network.
(5) Data Center Security: The data center is equipped with a power generator and an uninterruptible power supply (UPS) system to ensure it remains unaffected by external power supply disruptions. Additionally, redundant mechanisms are established for key information equipment and networks to achieve high availability of the information system.
(6) Vulnerability Analysis: External cybersecurity firms are commissioned to conduct web vulnerability scans for outward-facing web services. Additionally, the implementation of a Web Application Firewall (WAF) is introduced to enhance web security.
(7) Emergency Response and Disaster Drills: The company formulates the "Information Security and Emergency Response Measures" and conducts annual backup and restoration drills for critical systems and equipment to ensure system availability.
(8) Audit and Compliance: External auditors conduct annual reviews of the information systems to ensure the confidentiality, integrity, and availability of the information systems.
(9) Endpoint Security: In addition to installing antivirus software, we have implemented Managed Detection and Response (MDR) services for endpoint threat detection and response. Professional cybersecurity consultants assist in safeguarding endpoint security.
(10) Education and Training: We conduct annual information security awareness campaigns and periodic social engineering phishing email drills to enhance employee cybersecurity awareness. We also regularly disseminate the latest cybersecurity information and guidelines through the company announcement system.

(11) Cybersecurity Collaboration: We are a member of TWCERT, the Taiwan Computer Emergency Response Team Coordination Center, where we receive real-time threat intelligence and engage in immediate internal cybersecurity defense measures.

4. Resources invested into cyber security management

(1) The company appoints a cybersecurity manager and personnel in accordance with regulations to oversee information security planning, technology implementation, and related audit matters, aiming to maintain and continuously strengthen information security.

(2) The company continues to strengthen its information security protection mechanisms to ensure resistance against hacking, theft, viruses, and disasters. In 2023, approximately NT$ 7.92 million were allocated for expenses related to information security hardware and software.

(3) In 2023, the company conducted a scan for web vulnerabilities and found no major security flaws. It also passed various internal and external information security audits without any significant deficiencies or incidents of information leakage due to major cybersecurity events.

(4) In the year 112, the company disseminated information security policies, along with the latest cybersecurity updates and notices, through the announcement system. Security awareness campaigns were conducted across various departments, reaching a total of 2,028 employees.

(5) In 2023, a total of 2 social engineering phishing email drills were conducted.

(II) Losses incurred due to significant information security events in the latest fiscal year and up to the date of printing of the annual report, including potential impacts and response measures.

The company has established a comprehensive network and computer information security management system to maintain the security of the company's information and computer systems. In the most recent fiscal year and up to the date of this report, the company has not experienced any significant hacker attacks and has not suffered any losses due to major information security incidents. However, in order to protect the company's operational data from being compromised, efforts to continuously strengthen relevant information security measures are underway. This includes plans to introduce advanced endpoint detection and protection software to proactively detect and prevent malicious activities, ongoing phishing email drills to enhance employee awareness of email security, and plans to enhance local network controls by segregating office and factory network areas to prevent computer viruses from spreading across facilities. Only through continuous monitoring, assessing network and system architecture, and enhancing security management measures can the effectiveness of information security management measures be ensured.

VII. Major Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Material purchase contract	China Steel Corp.	Contracted renewed on a quarterly basis	Purchase of 4,075 metric tons of cold-rolled steel coils, and 2,925 metric tons of hot-dip galvanized steel coils in 2024 Q2 from China Steel Corp.	None
Technical cooperation contract	Suiryo Plastics Co., Ltd.	Signed on September 11, 2017	Providing services including technical information and assistance regarding components installed on 4X45 model.	None
Technical cooperation contract	Suiryo Plastics Co., Ltd.	Signed on March 19, 2018	Providing services including technical information and assistance regarding components installed on 4B45 model.	None
Technical cooperation contract	Hitachi Chemical Co., Ltd. (Now renamed Showa Denko Materials Co., Ltd.)	Signed on July 17, 2018	Providing services including technical information and assistance regarding car-use plastic tailgates.	None
Technical cooperation contract	Suiryo Plastics Co., Ltd.	Signed on March 15, 2019	Providing services including technical information and assistance regarding components installed on 20MY 3X45 model.	None
Technical cooperation contract	Suiryo Plastics Co., Ltd.	Signed on December 4, 2020	Providing services including technical information and assistance regarding components installed on 5A45 model.	None
Technical cooperation contract	FALTEC Co., Ltd. of Japan	Signed on November 15, 2021	Providing services including technical information and assistance regarding components installed on P33A model.	None
Long-term borrowings	Chang Hwa Bank	2023.06.09～2025.05.31	Credit line of NT$ 300,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	Chang Hwa Bank	2019.07.05～2029.07.15	Credit line of NT$ 417,666,000, without revolving limit. Repayable in 84 terms starting August 2022. Repayment of NT$ 4,972,214 from 1st to 83rd term, and NT$ 4,972,238 on 84th term.	None
Long-term borrowings	KGI Bank	2023.02.01～2026.02.01	Credit line of NT$ 500,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	First Bank	2022.11.24～2024.11.24	Credit line of NT$ 300,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	Yuanta Bank	2023.01.12～2025.01.11	Credit line of NT$ 600,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	E. Sun Bank	2023.06.20～2026.06.20	Credit line of NT$ 300,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	E. Sun Bank	2019.07.04～2029.07.15	Credit line of NT$ 487,277,000, without revolving limit. Repayable in 84 terms starting August 2022. Repayment of NT$ 5,800,916 from 1st to 83rd term, and NT$ 5,800,972 on 84th term.	None
Long-term borrowings	Cathay United Bank	2023.04.30～2025.04.30	Credit line of NT$ 300,000,000, with revolving limit until expiration date of the credit.	None

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Long-term borrowings	CTBC Bank	2023.10.31～2025.10.31	Credit line of NT$ 300,000,000, with revolving limit until expiration date of the credit.	None
Long-term borrowings	CTBC Bank	2019.07.05～2029.07.15	Credit line of NT$ 417,666,000, without revolving limit. Repayable in 84 terms starting August 2022. Repayment of NT$ 4,972,212 from 1st to 83rd term, and NT$ 4,972,404 on 84th term.	None
Long-term borrowings	O-Bank	2019.07.04～2029.07.15	Credit line of NT$ 339,681,000, without revolving limit. Repayable in 85 terms starting July 2022. Repayment of NT$ 3,996,272 from 1st to 84th term, and NT$ 3,994,152 on 85th term.	None
Long-term borrowings	Mizuho Bank Taiwan	2023.07.30～2025.07.30	Credit line of USD$ 20,000,000, with revolving limit until expiration date of the credit.	

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income for the Past Five Years

(I) Consolidated Financial Report:

Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Item \ Year		Financial data for the past five years (Note 1)					Financial information as of the end of the fiscal year and up to March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current Assets		8,834,332	8,152,972	8,643,178	9,986,988	12,106,479	13,363,682
Property, Plant and Equipment (Note 2)		20,386,583	19,457,694	18,883,827	18,192,011	17,604,877	17,414,420
Intangible Assets		1,613,782	1,435,800	1,260,953	874,249	590,182	552,864
Other Assets (Note 2)		6,270,653	6,506,733	5,665,500	4,486,924	4,744,644	4,860,262
Total Assets		37,105,350	35,553,199	34,453,458	33,540,172	35,046,182	36,191,228
Current Liabilities	Before Distribution	7,617,634	6,381,552	6,907,667	6,889,873	7,052,376	6,924,066
	After Distribution	8,682,293	6,854,734	7,410,423	8,368,566	9,418,284	Note 4
None-current Liabilitie		6,748,879	6,812,285	5,277,938	2,384,812	2,081,709	1,994,677
Total Liabilities	Before Distribution	14,366,513	13,193,807	12,185,605	9,274,685	9,134,085	8,918,743
	After Distribution	15,431,172	13,666,989	12,688,361	10,753,378	11,499,993	Note 4
Equity attributable to owners of the parent company		21,971,010	21,671,245	21,637,409	23,748,514	25,451,396	26,751,891
Share Capital		5,914,771	5,914,771	5,914,771	5,914,771	5,914,771	5,914,771
Capital Surplus		4,149,463	4,149,554	4,149,857	4,150,081	4,150,503	4,151,122
Retained Earnings	Before Distribution	12,048,352	11,809,717	12,045,829	13,780,368	15,216,772	16,388,882
	After Distribution	10,983,693	11,336,535	11,543,073	12,301,675	12,850,864	Note 4
Other Equity		-141,576	-202,797	-473,048	-96,706	169,350	297,116
Treasury Stock		0	0	0	0	0	0
Non-controlling Interests		767,827	688,147	630,444	516,973	460,701	520,594
Equity Total Amount	Before Distribution	22,738,837	22,359,392	22,267,853	24,265,487	25,912,097	27,272,485
	After Distribution	21,674,178	21,886,210	21,765,097	22,786,794	23,546,189	Note 4

Note 1: The financial data has been audited and certified by a CPA.

Note 2: There was no asset revaluation conducted during the fiscal year.

Note 3: The financial data for the first quarter of 2024 has been reviewed by a CPA.

Note 4: The data is less than one year old, and no board meeting nor a shareholders' meeting was held to resolve the distribution of earnings.

Note 5: The Company did not receive a notification from the competent authority to correct or restate the financial information.

Condensed Statements of Comprehensive Income – IFRSs

Unit: NT$ thousand

Item \ Year	Financial data for the past five years (Note 1)					Financial information as of the end of the fiscal year and up to March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating Revenue	21,613,680	17,322,986	18,380,295	21,282,606	23,858,806	6,174,172
Gross Profit	5,402,778	3,442,648	3,487,145	5,028,074	7,133,562	2,088,000
Operating Income or Loss	2,164,435	539,628	543,135	1,934,519	3,744,280	1,210,970
Non-operating Income and Expenses	193,108	345,129	223,939	665,793	67,828	286,969
Net Income Before Tax	2,357,543	884,757	767,074	2,600,312	3,812,108	1,497,939
Net Profit on Continuing Operations	1,855,321	742,587	637,164	2,036,720	3,047,280	1,195,674
Loss on Discontinued Operations	0	0	0	0	0	0
Current Net Income (Loss)	1,855,321	742,587	637,164	2,036,720	3,047,280	1,195,674
Other Comprehensive Income for this Period (Net of Tax)	24,621	-51,154	-249,513	472,463	153,632	164,095
Total Comprehensive Income for this Period	1,879,942	691,433	387,651	2,509,183	3,200,912	1,359,769
Net Income Attributable to Owners of the Parent Company	1,984,424	819,609	687,538	2,151,321	3,019,410	1,172,110
Net Income Attributable to Non-controlling Interests	-129,103	-77,022	-50,374	-114,601	27,870	23,564
Comprehensive Income Attributable to Owners of the Parent Company	2,029,132	764,802	439,043	2,613,637	3,181,153	1,299,876
Comprehensive Income Attributable to Non-controlling Interests	-149,190	-73,369	-51,392	-104,454	19,759	59,893
Earnings per Share	3.36	1.39	1.16	3.64	5.10	1.98

Note 1: The financial data has been audited and certified by a CPA.

Note 2: The financial data for the first quarter of 2024 has been reviewed by a CPA.

Note 3: The loss on the discontinued operations is presented as the net amount after income tax.

Note 4: The Company did not receive a notification from the competent authority to correct or restate the financial information.

(II) Parent Company Only Financial Report:

Condensed Balance Sheet - International Financial Reporting Standards (IFRSs)

Unit: NT$ Thousands

Item \ Year		Financial data for the past five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		6,022,957	5,339,905	5,609,403	6,714,394	8,919,339
Property, Plant and Equipment (Note 2)		16,606,965	15,983,801	15,580,876	15,136,330	15,018,631
Intangible Assets		439,393	399,878	374,829	361,612	355,546
Other Assets (Note 2)		9,069,967	8,804,156	8,068,135	7,600,244	7,627,510
Total Assets		32,139,282	30,527,740	29,633,243	29,812,580	31,921,026
Current Liabilities	Before Distribution	3,753,519	2,828,740	3,036,356	3,727,300	4,449,454
	After Distribution	4,818,178	3,301,922	3,539,112	5,205,993	6,815,362
Non-current Liabilities		6,414,753	6,027,755	4,959,478	2,336,766	2,020,176
Total Liabilities	Before Distribution	10,168,272	8,856,495	7,995,834	6,064,066	6,469,630
	After Distribution	11,232,931	9,329,677	8,498,590	7,542,759	8,835,538
Equity Attributable to Owners of the Parent Company		21,971,010	21,671,245	21,637,409	23,748,514	25,451,396
Share Capital		5,914,771	5,914,771	5,914,771	5,914,771	5,914,771
Capital Surplus		4,149,463	4,149,554	4,149,857	4,150,081	4,150,503
Retained Earnings	Before Distribution	12,048,352	11,809,717	12,045,829	13,780,368	15,216,772
	After Distribution	10,983,693	11,336,535	11,543,073	12,301,675	12,850,864
Other Equity		-141,576	-202,797	-473,048	-96,706	169,350
Treasury Stock		0	0	0	0	0
Non-controlling Interests		0	0	0	0	0
Equity Total Amount	Before Distribution	21,971,010	21,671,245	21,637,409	23,748,514	25,451,396
	After Distribution	20,906,351	21,198,063	21,134,653	22,269,821	23,085,488

Note 1: The financial data has been audited and certified by a CPA.

Note 2: There was no asset revaluation conducted during the fiscal year.

Note 3: The Company did not receive a notification from the competent authority to correct or restate the financial information.

Condensed Statements of Comprehensive Income - IFRSs

Unit: NT$ Thousands

Item \ Year	Financial data for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	16,919,352	13,264,281	13,732,527	15,707,401	18,205,469
Gross Profit	5,008,789	3,173,118	3,208,382	4,619,541	6,398,300
Operating Income or Loss	2,473,640	957,078	972,520	2,274,384	3,745,316
Non-operating Income and Expenses	6,463	-9,610	-161,553	387,924	2,567
Net Income Before Tax	2,480,103	947,468	810,967	2,662,308	3,747,883
Net Profit on Continuing Operations	1,984,424	819,609	687,538	2,151,321	3,019,410
Loss on Discontinued Operations	0	0	0	0	0
Current Net Income (Loss)	1,984,424	819,609	687,538	2,151,321	3,019,410
Other Comprehensive Income for this Period (Net of Tax)	44,708	-54,807	-248,495	462,316	161,743
Total Comprehensive Income for this Period	2,029,132	764,802	439,043	2,613,637	3,181,153
Net Income Attributable to Owners of the Parent Company	1,984,424	819,609	687,538	2,151,321	3,019,410
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Comprehensive Income Attributable to Owners of the Parent Company	2,029,132	764,802	439,043	2,613,637	3,181,153
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings per Share	3.36	1.39	1.16	3.64	5.10

Note 1: The financial data has been audited and certified by a CPA.

Note 2: The loss on the discontinued operations is presented as the net amount after income tax.

Note 3: The Company did not receive a notification from the competent authority to correct or restate the financial information.

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

Year	CPA	Audit Opinion	Reasons for Changing CPA
2019	Shih-Chieh Huang Tzu-Ren Hu	No unqualified opinion	No CPA was changed.
2020	Shih-Chieh Huang Mars Hong	No unqualified opinion	Name of Accounting firm Internal organizational restructuring
2021	Shih-Chieh Huang Mars Hong	No unqualified opinion	No CPA was changed.
2022	Kuo-Sen Hung Mars Hong	No unqualified opinion	Name of Accounting firm Internal organizational restructuring
2023	Tzu-Ren Hu Kuo-Sen Hung	No unqualified opinion	Name of Accounting firm Internal organizational restructuring

II. Analysis of financial data for the past five years:

(I) Consolidated Financial Report

Financial Analysis - IFRSs

Item (Note 3)	Year (Note 1)	Analysis of financial data for the past five years					Current year up to March 31, 2024 (Note2)
		2019	2020	2021	2022	2023	
Financial structure(%)	Debt ratio	38.72	37.11	35.37	27.65	26.06	24.64
	Ratio of long-term capital to property, plant, and equipment	144.64	149.92	145.87	146.49	159.01	168.06
Solvency (%)	Current ratio	115.97	127.76	125.12	144.95	171.67	193.00
	Quick ratio	77.31	80.70	76.14	96.48	129.91	147.42
	Interest earned ratio	14.24	6.83	7.56	29.21	64.74	164.23
Operating performance	Accounts receivable turnover (times)	4.89	4.35	5.14	5.54	5.53	5.38
	Average collection period (days)	75	84	71	66	66	68
	Inventory turnover (times)	6.01	5.29	5.22	5.33	5.82	5.86
	Accounts payable turnover (times)	6.47	5.55	5.88	6.40	6.10	5.72
	Average days in sales	61	69	70	68	63	62
	Property, plant and equipmentturnover (times)	1.06	0.87	0.96	1.15	1.33	1.41
	Total assets turnover (times)	0.58	0.48	0.53	0.63	0.70	0.69
Profitability	Return on assets (%)	5.37	2.39	2.10	6.20	9.03	3.38
	Return on equity (%)	8.32	3.29	2.86	8.75	12.15	4.50
	Ratio of net income before tax to paid-in capital (%) (Note 7)	39.86	14.96	12.97	43.96	64.45	25.33
	Profit margin (%)	8.58	4.29	3.47	9.57	12.77	19.37
	Earnings per share (NTD)	3.36	1.39	1.16	3.64	5.10	1.98
Cash flows	Cash flow ratio (%)	68.62	77.43	56.26	81.16	100.49	29.12
	Cash flow adequacy ratio (%)	106.95	110.43	112.73	131.99	148.67	161.60
	Cash re-investment ratio (%)	9.71	8.85	7.97	12.15	13.09	4.64
Leverage	Operating leverage	3.55	10.53	10.27	3.70	2.43	2.14
	Financial leverage	1.09	1.39	1.27	1.05	1.02	1.01

The reasons for the financial ratios exceeding 20% between the past two years are as follows:

Item		Difference (%)	Reason for change
Solvency	Quick ratio	34.65%	The main reason for the increase in cash and cash equivalents by NT$1,472,708 thousand in the current period is due to the higher profits in 2023 and the increased net cash inflow from operating activities.
	Interest earned ratio	121.64%	The significant increase in profits this period is primarily attributed to the repayment of loans, leading to a decrease in interest.
Profitability	Return on assets (%)	45.65%	Due to post-pandemic demand and effect of State Farm, increased market demand, and the Company's continuous restructuring and optimization of product mix to meet market demand, the Company's net income significantly increased in 2023 by NT$1,010,560 thousand to NT$3,047,280 thousand from NT$2,036,720 thousand in 2022.
	Return on equity (%)	38.86%	
	Ratio of net income before tax to paid-in capital (%)	46.61%	
	Profit margin (%)	33.44%	
	Earnings per share (NTD)	40.11%	
Cash flows	Cash flow ratio (%)	23.82%	Due to the increase in the 2023 profit, the net cash inflow from operating activities increased.
Leverage	Operating leverage	-34.32%	The main reason is that the operating revenue and operating income for this period increased by NT$2,576,200 thousand and NT$1,809,761 thousand, respectively, compared to last year. As a result, there was a decrease in the amortized fixed costs, leading to a decrease in operating leverage.

Note 1: The data has been audited and certified by a CPA.

Note 2: The financial data for the first quarter of 2024 has been reviewed by a CPA.

Note 3: The following calculation formula should be displayed at the end of the annual report:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity+ Non-current liabilities) / Net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities

(3) Times interest earned ratio = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).

(2) Average collection period (days) = 365/Accounts receivable turnover.

(3) Inventory turnover = Cost of sales/Average inventory.

(4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).

(5) Average days in sales = 365/Inventory turnover.

(6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.

(7) Total asset turnover = Net sales/Average total assets.

4. Profitability

(1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.

(2) Return on equity = Profit or loss after tax/Average total equity.

(3) Profit margin = Profit or loss after tax/Net sales.

(4) Earnings per share = (Income or loss attributable to owners of the parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 4)

5. Cash flows

(1) Cash flow ratio = Net cash flows from operating activities/Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6).

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: The following matters shall be noted for the calculation formula for earnings per share:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 5: The following matters shall be noted for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, it will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total average property, plant and equipment before accumulated depreciation is deducted.

Note 6: The issuer shall divide various operating costs and operating expenses into fixed and variable depending on their characteristics. If there are estimates or subjective judgments involved, it shall pay attention to the reasonableness and maintain consistency.

Note 7: If the Company's stock is no-par-value stock or the par value per share is not NT$10, the equity attributable to the owners of the parent company in the balance sheet shall be adopted to calculate the ratio related to the paid-in capital above.

(II) Parent Company Only Financial Report:

Financial Analysis -IFRSs

Item (Note3)	Year (Note 1)	Analysis of financial data for the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	31.64	29.01	26.98	20.34	20.27
	Ratio of long-term capital to property, plant, and equipment	170.93	173.29	170.70	172.34	182.92
Solvency (%)	Current ratio	160.46	188.77	184.74	180.14	200.46
	Quick ratio	102.32	107.11	97.44	107.81	142.23
	Interest earned ratio	44.23	25.24	37.76	192.80	470.72
Operating performance	Accounts receivable turnover (times)	5.82	5.20	6.54	6.73	6.50
	Average collection period (days)	63	70	56	54	56
	Inventory turnover (times)	5.79	4.84	4.54	4.45	4.82
	Accounts payable turnover (times)	8.77	7.62	8.69	9.16	8.91
	Average days in sales	63	75	80	82	76
	Property, plant and equipment turnover(times)	1.02	0.81	0.87	1.02	1.21
	Total assets turnover (times)	0.52	0.42	0.46	0.53	0.59
Profitability	Return on assets (%)	6.29	2.72	2.35	7.28	9.80
	Return on equity (%)	9.25	3.76	3.18	9.48	12.27
	Ratio of net income before tax to paid-in capital (%) (Note 6)	41.93	16.02	13.71	45.01	63.36
	Profit margin (%)	11.73	6.18	5.01	13.70	16.59
	Earnings per share (NTD)	3.36	1.39	1.16	3.64	5.10
Cash flows	Cash flow ratio (%)	127.23	148.97	102.45	131.04	136.33
	Cash flow adequacy ratio (%)	97.94	101.26	104.54	123.23	139.76
	Cash re-investment ratio (%)	9.71	8.18	6.97	11.71	11.72
Leverage	Operating leverage	2.74	5.31	5.18	2.85	2.18
	Financial leverage	1.02	1.04	1.02	1.01	1.00

The reasons for the financial ratios exceeding 20% between the past two years are as follows:

Item		Difference (%)	Reason for change
Solvency	Quick ratio	31.93%	The main reason for the increase in cash and cash equivalents by NT$1,764,107 thousand in the current period is due to the higher profits in 2023 and the increased net cash inflow from operating activities.
	Interest earned ratio	144.15%	The significant increase in profits this period is primarily attributed to the repayment of loans, leading to a decrease in interest.
Profitability	Return on assets (%)	34.62%	Due to post-pandemic demand and effect of State Farm, increased market demand, and the Company's continuous restructuring and optimization of product mix to meet market demand, the Company's net income significantly increased in 2023 by NT$868,089 thousand to NT$3,019,410 thousand from NT$2,151,321 thousand in 2022.
	Return on equity (%)	29.43%	
	Ratio of net income before tax to paid-in capital (%)	40.77%	
	Profit margin (%)	21.09%	
	Earnings per share (NTD)	40.11%	
Leverage	Operating leverage	-23.51%	The main reason is that the operating revenue and operating income for this period increased by NT$2,498,068 thousand and NT$1,470,932 thousand, respectively, compared to last year. As a result, there was a decrease in the amortized fixed costs, leading to a decrease in operating leverage.

Note 1: The data has been audited and certified by a CPA.

Note 2: The following calculation formula should be displayed at the end of the annual report:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity+ Non-current liabilities) / Net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
   (3) Times interest earned ratio = Earnings before interest and taxes / Interest

expenses

3. Operating performance

   (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).

   (2) Average collection period (days) = 365/Accounts receivable turnover.

   (3) Inventory turnover = Cost of sales/Average inventory.

   (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).

   (5) Average days in sales = 365/Inventory turnover.

   (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.

   (7) Total asset turnover = Net sales/Average total assets.

4. Profitability

   (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.

   (2) Return on equity = Profit or loss after tax/Average total equity.

   (3) Profit margin = Profit or loss after tax/Net sales.

   (4) Earnings per share = (Income or loss attributable to owners of the parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 4)

5. Cash flows

   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities

   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.

   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6).

   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3: The following matters shall be noted for the calculation formula for earnings per share:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. When there is a surplus to increase capital or a capital surplus to increase capital, the calculation of earnings per share for previous years and semi-annual periods should be based on the increased capital. Regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4: The following matters shall be noted for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, it will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant and equipment refers to the total average property, plant and equipment before accumulated depreciation is deducted.

Note 5: The issuer shall divide various operating costs and operating expenses into fixed and variable depending on their characteristics. If there are estimates or subjective judgments involved, it shall pay attention to the reasonableness and maintain consistency.

Note 6: If the Company’s stock is no-par-value stock or the par value per share is not NT$10, the equity attributable to the owners of the parent company in the balance sheet shall be adopted to calculate the ratio related to the paid-in capital above.

Audit Committee's Review Report on the Financial Report for the Most Recent Year

AUDIT COMMITTEE REVIEW REPORT

The Board of Directors has prepared the Company’s 2023 Financial Statements. The CPA firm of Ernst & Young, by CPA Tzu-Ren Hu and Kuo-Sen Hung was retained to audit the Company’s Financial Statements and has issued an audited report relating to the Financial Statements. The Financial Statements, Business Report, and the Proposal for Distribution of 2023 Profits have been reviewed and determined to be correct and accurate by Supervisor. According to Article 219 of the Company Law, we hereby submit this report. Please kindly approve.

To TONG YANG INDUSTRY CO., LTD. 2024 Annual General Shareholders’ Meeting

TONG YANG INDUSTRY CO., LTD.
Chairman of the Audit Committee: Kan-Hsiung Lin
March 8, 2024

III. Financial Report for the Most Recent Year (refer to pages129 to219)

IV. The Company's Parent Company Only Financial Report for the Most Recent Year audited and certified by CPAs (refer to pages 220 to 304).

V. Influence of any difficulty with financial solvency of the Company or its affiliate on the Company’s financial position in the most recent year and up to the publication date of this annual report: None.

Chapter 7. Review Analysis of Financial Status and Performance and Risks

I. Financial Status

Comparative Financial Analysis

Unit: NT$ Thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	12,106,479	9,986,988	2,119,491	21.22
Investment Using the Equity Method	2,471,049	2,653,900	(182,851)	(6.89)
Property, Plant and Equipment	17,604,877	18,192,011	(587,134)	(3.23)
Intangible Assets	590,182	874,249	(284,067)	(32.49)
Other Assets	2,273,595	1,833,024	440,571	24.04
Total Assets	35,046,182	33,540,172	1,506,010	4.49
Current Liabilities	7,052,376	6,889,873	162,503	2.36
None-current Liabilities	2,081,709	2,384,812	(303,103)	(12.71)
Total Liabilities	9,134,085	9,274,685	(140,600)	(1.52)
Equity Attributable to Owners of the Parent	25,451,396	23,748,514	1,702,882	7.17
Share Capital	5,914,771	5,914,771	0	0
Capital Surplus	4,150,503	4,150,081	422	0.01
Retained Earnings	15,216,772	13,780,368	1,436,404	10.42
Other Equity	169,350	(96,706)	266,056	(275.12)
Non-controlling Interests	460,701	516,973	(56,272)	(10.88)
Total Equity	25,912,097	24,265,487	1,646,610	6.79

1. Main reasons for major changes (changes between two periods exceeding 20 percent, and the amount of change reaching NT$10 million)
   (1) The current assets increased by NT$2,119,491 thousand in 2023 compared to 2022, primarily due to the higher profits and an increase in net cash inflow from operating activities, which led to an increase in cash and equivalent cash in the current period by NT$1,472,708 thousand.
   (2) Intangible assets decreased by NT$284,067 thousand in 2023 compared to 2022. This decrease was primarily caused by the disposal of intangible assets amounting to NT$387,248 thousand, the amortization of intangible assets amounting to NT$186,014 thousand, and the acquisition of intangible assets amounting to NT$293,640 thousand.
   (3) Other assets increased by NT$440,571 thousand in 2023 compared to 2022. This increase was mainly due to the recognition of NT$311,603 thousand for a valuation gain on financial assets measured at fair value through other comprehensive income this year.
   (4) Other Equity
   In 2023, there was an increase of NT$266,056 thousand compared to 2022. The increase was due to the recognition of valuation gain on financial assets measured at fair value through other comprehensive income of NT$311,603 thousand and losses on exchange differences arising from the translation of the financial statements of foreign operations of NT$45,547 thousand.
2. Impact: There is no significant impact.
3. Future Plans: None.

II. Financial Performance

Comparative Financial Performance Analysis

Unit: NT$ Thousands

Item \ Year	2023	2022	Change by amount	Change Percentage %
Operating Revenue	23,858,806	21,282,606	2,576,200	12.10
Gross Profit	7,133,562	5,028,074	2,105,488	41.87
Operating Income	3,744,280	1,934,519	1,809,761	93.55
Non-operating Income and Expenses	67,828	665,793	(597,965)	(89.81)
Net Income Before Tax	3,812,108	2,600,312	1,211,796	46.60
Current Net Income	3,047,280	2,036,720	1,010,560	49.62

1. Main reasons for major changes (changes between two periods exceeding 20 percent, and the amount of change reaching NT$10 million)

   The gross profit, operating income, pre-tax net income, and current net income have all significantly increased compared to the previous year. This is mainly due to the post-pandemic increased market demand and the effect of State Farm.

   The Company continued to restructure the organization and use high-quality products to meet market demand, allowing the revenue and profits to increase rapidly. In terms of non-operating income and expenses, there was a decrease of NT$597,965 thousand in 2023 compared to 2022. This decrease can be attributed to the recognition of a disposal of equity interests in five paint investees in mainland China, totaling NT$574,474 thousand.

2. Expected Sales Quantity and Its Basis:

   See Chapter 1. Summary of the 2023 Business Plan under Shareholders' Report in this annual report for details.

3. Possible impact on the Company's future financial business: None.
4. Response plan: None.

III. Cash Flow - Cash Flow Analysis Statement

Unit: NT$ Thousands

Opening Cash Balance	Net Cash Flow from Operating Activities for the Entire Year	Total Annual Investment and Fundraising Activities Net Cash Flow	Exchange Rate Fluctuations Effect	Cash Surplus (Insufficiency) Amount	Remedial Measures for Insufficient Funds	
					Investment Plan	Financial Management Plan
2,344,300	7,086,797	(5,629,014)	14,925	3,817,008	None.	None.

1. Analysis of Cash Flow Changes for this Year:
   Net cash inflow from operating activities amounted to NT$7,086,797 thousand, primarily driven by the pre-tax net income of NT$3,812,108 thousand for this period, as well as depreciation and amortization expenses of NT$2,948,355 thousand.
   Net cash outflow from investment activities amounted to NT$2,973,580 thousand, primarily driven by the acquisition of property, plant, and equipment totaling NT$2,823,993 thousand. Additionally, there was a net cash outflow of NT$2,655,434 thousand from financing activities, mainly attributed to the repayment of short-term and long-term bank loans amounting to NT$1,091,254 thousand, as well as the payout of cash dividends totaling NT$1,478,693 thousand.
2. Improvement Plan for Insufficient Liquidity: The Company has not experienced any instances of insufficient liquidity.
3. Cash Flow Liquidity Analysis for the Next Year:
   The estimated cash inflow from operating activities for the next fiscal year is approximately NT$7.6 billion. It is anticipated that there will be a net cash outflow of around NT$4.5 billion for investing activities, including the acquisition of property, plant, and equipment, as well as payout of cash dividends of NT$2.4 billion. Additionally, the opening cash balance is NT$3.8 billion, resulting in the balance of cash of approximately NT$4.5 billion. This amount will be used to repay loans and for working capital.

IV. Impact of Major Capital Expenditure on Financial Operations in the Most Recent Year

1. Use and Source of Major Capital Expenditure

Unit: NT$ Thousands

Plan	Actual or expected source of funds	Actual or expected completion date	Funding needed Total amount	Actual or planned use of funds		
				2022	2023	2024
Land	Borrowings and equity fund	December 2023	599,645		599,645	
Machine and equipment	Borrowings and equity fund	December 2023	183,424	159,136	24,288	
Molding equipment	Borrowings and equity fund	December 2023	1,392,428	541,951	850,477	
Land	Borrowings and equity fund	December 2024	972,142			972,142
Buildings	Borrowings and equity fund	December 2024	286,082	110,607	122,960	52,515
Machine and equipment	Borrowings and equity fund	December 2024	247,002		193,298	53,704
Molding equipment	Borrowings and equity fund	December 2024	2,100,000		576,174	1,523,826

2. Impact on Financial Operations:

(1) The projected increase in production, sales, value, and gross profit due to capital expenditure for 2023 Unit: NT$ Thousands

Year	Item	Production Quantity (PCS)	Sales Volume (PCS)	Sales Value	Gross Profit	Gross Margin
2024	Automobile Parts	249,066	249,066	246,720	103,193	41.83%
2025	Automobile Parts	515,968	515,968	510,151	219,326	42.99%
2026	Automobile Parts	720,575	720,575	714,838	310,154	43.39%
2027	Automobile Parts	912,128	912,128	898,660	393,829	43.82%
2028	Automobile Parts	1,078,944	1,078,944	1,069,224	470,855	44.04%

(2) Explanation of other benefits: Acquiring molding equipment can expand the range of products and fulfill customers' one-stop shopping requirements. Generating synergies helps to expand the scale of operations and increase market share.

V. The most recent year's investment policy, the main reasons for profit or loss, the improvement plan, and the following year's investment plan:

1. The Company's investment policy: The Company has developed an investment strategy that aligns with operational needs and aims to enhance corporate competitiveness.

2. Major reasons for 2023 profit or loss and improvement plan

Unit: NT$ Thousands

<table>
<tr><th>Investee name</th><th>Main business activities</th><th>Investment loss and income recognized for 2023</th><th>Main reasons</th><th>Improvement plan</th></tr>
<tr><td>CHANGCHUN FAWAY TONGYANG</td><td rowspan="5">Automobile parts production and sales</td><td rowspan="6">NTD (434)</td><td rowspan="6">Impact by the economic situation in mainland China</td><td rowspan="6">None.</td></tr>
<tr><td>Changsha GAC Dongyang Automobile Parts Co., Ltd.</td></tr>
<tr><td>Daikyo Nishikawa Kaiyang Auto Parts （Nanjing） Co., Ltd.</td></tr>
<tr><td>Wuhan Xiang Xing Automotive Components Co., Ltd.</td></tr>
<tr><td>Wushi Plastic Manufacturing Co., Ltd.</td></tr>
<tr><td>Tung Yang Chemical Ind. Co., Ltd.</td><td>Processing and sales of paints, Varnish, paint materials, and other fine chemical raw materials.</td></tr>
<tr><td>C&D Capital II Corporation</td><td>General investment industry</td><td>NTD (5,769)</td><td>Valuation loss on investees measured at fair value in accordance with regulations</td><td>None.</td></tr>
</table>

The total investment loss recognized using the equity method in the Company's consolidated financial statements for 2023 amounted to NT$6,203 thousand. Going forward, the Company will continue to carefully evaluate the investment plan.

3. Investment plan for the coming year

According to the Company's global strategy, we will timely adjust the scale of investees in various regions around the world based on operational needs and business development and appropriately adjust the investment portfolio based on supply chain synergies and investment returns.

VI. Risk Factors

1. Impact of interest rate, exchange rate fluctuations, and inflation on the Company's profit and loss, and future countermeasures:

Unit: NT$ Thousands

Item/Year	2023
Net Operating Revenue	23,858,806
Pre-tax Profit	3,812,108
Net Foreign Exchange Loss/Gain	881
Financial Cost	59,809
Exchange (Loss) Gain as a Percentage of Operating Revenue	0.004%
Exchange (Loss) Gain as a Percentage of Pre-tax Net Income	0.02%
Financial Cost as a Percentage of Operating Revenue	0.25%
Financial Cost as a Percentage of Pre-tax Net Income	1.57%
Inflation Rate	2.49%

(1) Impact of interest rate, exchange rate fluctuations, and inflation on the Company's profit and loss

The impact of interest rate, exchange rate fluctuations, and inflation on the Company's profit and loss is as shown in the table above. The financial cost amounted to NT$59,809 thousand, accounting for 0.25% of the annual revenue. This proportion is not significant; therefore, interest rate fluctuations did not have a major impact on the Company. As for exchange rate fluctuations, as the Company primarily engages in exports, exchange rate fluctuations do have a certain degree of influence. It is necessary to strengthen the management of exchange rate volatility, including considering exchange rate fluctuations in quotations to customers and timely foreign currency conversion, to minimize exchange rate risks. The foreign exchange gain for 2023 amounted to NT$881 thousand. The inflation rate for 2023 was 2.49%. As the Company's quotations to customers and suppliers are mostly adjusted based on market trends, there is no significant impact.

(2) The Company's countermeasures against interest rate or exchange rate fluctuations and inflation:

(A) Regularly evaluate bank loan interest rates and maintain close communication with banks in order to secure more favorable loan interest rates.

(B) Regularly analyze exchange rate trends and maintain communication with banks to stay updated on the latest exchange rate information.

(C) Analyze exchange rate risks in real time and accurately incorporate them into export quotations.

(D) Mitigate the exchange rate risk associated with export income by pricing raw materials or equipment imported in foreign currencies.

(E) Promptly adjust foreign currency deposits in accordance with the funding situation and fluctuations in exchange rates.

(F) The Company will continue to implement various internal structural improvement projects and actively organize and streamline the factories. This is a steadfast policy that will not be influenced by external factors, such as inflation or deflation.

2. Policy on engaging in high-risk, highly leveraged investments, loans to others, endorsements/ guarantees for others, and derivatives trading, main reasons for profits, or losses, and future countermeasures:

(1) In the most recent year and up to the publication date of the annual report, the Company did not engage in investments that were considered high-risk or highly leveraged.

(2) Loans required by the Group's subsidiaries are provided in accordance with the Operating Procedures for Loaning of Funds to Others

(3) Endorsements/guarantees required by the Group's subsidiaries for working capital are handled in accordance with the Operating Procedures for the Provision of Endorsements and Guarantees.

(4) In the most recent year and up to the publication date of the annual report, the Company did not engage in derivatives trading.

3. Future R&D Plans and Estimated R&D Expenses:

In order to become a Tier 1 supplier, the Company has established a R&D center to R&D and integrate resources for product design, material development, and production technologies. Our future focus will be on the development of dashboards, electroplated products, and molds. It is estimated that our 2024 R&D expense is NT$598,887 thousand, and the R&D projects include the development of side light fiber photoelectric trims for the high-deflection distributed ambient lighting system, It is estimated that the 2024 R&D expense will be NT$598,887,000. The research projects include the following in the first phase: Innovative R&D of an AI-integrated transparent LCD sun visor system for assisted driving, lightweight tailgate adaptive optical decoration module development for advanced vehicle safety integrated systems, R&D of high-precision press systems for automotive accessories, integration of low-distortion 3D texture touch-sensitive film with infrared recognition and OLED screen for smart instrument panel applications, and innovative technology R&D of wide applications of Ultrasonic Welding in automotive products.

4. The impact of important domestic and overseas policy and legal changes on the Company's financial business and the countermeasures:

The Company has been paying close attention to any policies and laws that may affect the Company's financial business. In the most recent year and up to the publication date of the annual report, changes in applicable laws and regulations have had no significant impact on the Company's operations.

5. The impact of technological changes (including cyber security risks) and industrial changes on the Company's financial business and countermeasures:

(1) The impact of technological changes (including cyber security risks) on the Company's financial business and countermeasures:

The Company closely monitors the development of new technologies and assesses their impact on our industry. The following are the countermeasures we have already implemented.

Countermeasures:

1. Enterprise resource planning (ERP): We have implemented the world-class Oracle ERP system to integrate various departments' data and processes to improve business process efficiency and transparency and enable better financial management and control.

2. Product lifecycle management (PLM) system: We have implemented a PLM system for the development, design, manufacturing, and maintenance processes. This helps optimize the product development process, improve team collaboration and communication efficiency, accelerate product launch, and enhance the Company's competitiveness.
3. Supplier management system (SCM): We have developed our own SCM system for managing supplier delivery, quality, and risks. This helps to improve supply chain transparency and delivery efficiency, reduce costs, and mitigate risks.
4. Internet of Things (IoT) of equipment and machinery: We employ IoT technology on the manufacturing side to collect data, allowing on-site supervisors to understand the state of production machinery and products. This helps achieve AI production and production digitization, which will ultimately enhance production efficiency, quality, and reliability.
5. Warehousing and shipping improvement: We have adopted PDA and 2D barcode technology to improve real-time warehousing management and minimize customer complaints. Additionally, we have digitized container loading information to enable our sales team to provide real-time updates to customers, thereby enhancing customer satisfaction and the reputation and image of the Company.
6. Implementation of a robust network and computer information security management system to protect the security of the Company's information and computer systems. Although we have not recently experienced any major cyber attacks, we are continuously enhancing our information security measures, including implementing a managed detection and response (MDR) system, conducting social engineering phishing email drills, and strengthening the local network control, to prevent the spread of computer viruses on-site. We will continuously monitor and evaluate the network and system architecture and improve safety management measures, to ensure the effectiveness of information security management.

(2) The impact of industrial changes on the Company's financial business and countermeasures:

The Company has been actively involved in ongoing R&D of new products and enhancing customer satisfaction to maintain a competitive edge in the market, while keeping up with the latest industry trends and information on the market players and assessing their impact on the Company's operations and make necessary adjustments to stay competitive in the market.

6. The impact of corporate image change on corporate crisis management and countermeasures: The Company has been committed to the principle of people-oriented management and continues to restructure the organization and make improvements based on the principles of enthusiasm, honesty, and creativity. Our goal is to establish a sustainably growing business while promoting the sustainable development of both the Company and society. We aim to create win-win situations for all stakeholders and contribute to increasing the economic value of society as a driving force for social advancement. During the most recent fiscal year and up to the publication date of the annual report, the Company did not face any significant risks

that could impact normal operations nor corporate image.

7. Expected benefits and potential risks of mergers and acquisitions and countermeasures: None.
8. Expected benefits and potential risks of factory expansion and countermeasures: Expanding factories and adding new product lines and product items will produce synergy, which will help expand the scale of business operations and increase the market share.
9. Risks of supplier or customer concentration and countermeasures: The Company's sources of purchases and sales channels are stable, and there is no risk of supplier or customer concentration.
10. The impact and risks of massive transfer or replacement of shares by directors, supervisors, or major shareholders, each holding more than 10% of all shares on the Company and countermeasures:
None.
11. The impact and risks of the change of management rights on the Company and countermeasures: None.
12. In the case of a court case or a non-contentious case, please specify the names of the directors, supervisors, the President, the ultimate person-in-charge, shareholders, each holding more than 10% of company shares, or subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock prices, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this annual report:
None.
13. Other important risks and counter measures: None.

VII. Other Important Matters: None.

Chapter 8. Special Matters

I. Information on affiliates:

1. Consolidated Business Report: (refer to pages 305-318)
2. Consolidated Financial Statements of Affiliates:

   The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.
3. Affiliation Report:

   The subsidiaries prepare their affiliation reports, and the Company is not obligated to prepare one as per regulations.

II. Private placement of securities in the most recent year and up to the publication date of this annual report: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

IV. Other supplementary information: None.

V. Any event with a material impact on shareholders' equity or securities prices during the most recent year and up to the publication date of this annual report: None.

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 Engagments 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.

<u>Loss Allowance Accounts Receivable</u>

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

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)

	Equity attributable to the parent company									
			Retained Earnings			Other equity				
ITEMS	Common Stock	Capital Surplus	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	Total	Non-controlling interests	Total Equity
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	$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
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	$5,914,771	$4,150,503	$2,871,990	$96,706	$12,248,076	$(425,323)	$594,673	$25,451,396	$460,701	$25,912,097

(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
Cash flows from operating activities:		
Net income before tax	$3,812,108	$2,600,312
Adjustments for:		
Income and expense adjustments:		
Depreciation (including right-of-use assets)	2,762,341	2,859,341
Amortization	186,014	323,234
Expected credit (gains) losses	32,009	3,268
Interest expense	59,809	92,184
Interest income	(88,389)	(19,737)
Dividends Income	(17,352)	(17,897)
Share of profit or loss of associates for using the equity method	6,203	31,363
(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
Changes in operating assets and liabilities:		
Notes receivable,net	(62,865)	(330,635)
Accounts receivable,net	(563,932)	(108,651)
Accounts receivable,related parties,net	(17,597)	21,650
Other receivable	(262,541)	4,666
Inventories	370,233	(51,522)
Other current assets	48,225	31,309
Other non-current assets	(23,053)	11,993
Other operating assets	387,248	160,394
Notes payable	196,890	85,556
Accounts payable	215,576	(32,408)
Accounts payable,related parties	(13,562)	(22,140)
Other payables	381,744	69,214
Other current liabilities	(87,999)	99,170
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

ITEMS	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31
Cash flows from investing activities:		
Acquistion of financial assets at amortized cost	(732,714)	(282,176)
Proceeds from financial assets at amortized cost	570,074	195,774
Disposal of equity investments under equity method	-	1,448,313
Proceeds from disposal of investments in subsidiaries	-	2,126
Proceeds from capital reduction of equity investments under equity method	-	3,109
Acquisition of property, plant and equipment	(2,823,993)	(2,215,510)
Proceeds from disposal of property, plant and equipment	187,403	68,673
Acquistion of intangible assets	(174,350)	(208,635)
Disposal of intangible assets	-	195,302
Net cash used in investing activities	(2,973,580)	(793,024)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(708,950)	(696,402)
Borrow in long-term loans	-	75,168
Reimburse long-term loans	(382,304)	(2,706,106)
Reimburse lease principal	(20,303)	(16,955)
Cash dividends	(1,478,693)	(502,756)
Interest paid	(60,676)	(95,896)
Change in non-controlling interests	(4,508)	(9,017)
Net cash used in financing activities	(2,655,434)	(3,951,964)
Effect of exchange rate changes on cash and cash equivalents	14,925	44,005
Net increase (decrease) in cash and cash equivalents	1,472,708	890,790
Cash and cash equivalents at beginning of period	2,344,300	1,453,510
Cash and cash equivalents at end of period	$3,817,008	$2,344,300

(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:

			Percentage of Ownership (%)	
Invest Company	Investee Company	Major business	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	Percentage of Ownership (%) 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.

<u>Financial asset measured at fair value through profit or loss</u>

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.

<u>Financial liabilities</u>

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.

<u>Financial liabilities at fair value through profit or loss</u>

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 affects 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.

<u>Computer software</u>

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 counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, 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	$3,817,008	$2,344,300

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	$671,057	$359,454

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	$298,554	$135,914
Current	$287,056	$117,816
Non-current	11,498	18,098
Total	$298,554	$135,914

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	$439,738	$376,873

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	4,075,372	3,552,270
Accounts receivables-related parties	98,755	81,158
Less: allowance for doubtful accounts	-	-
Subtotal	98,755	81,158
Total	$4,174,127	$3,633,428

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	$2,687,171	$3,057,404

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:

	31 Dec. 2023		31 Dec. 2022	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Unlisted company				
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	$2,471,049		$2,653,900	

(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	$(138,900)	$62,911

(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	$17,604,877	$18,192,011

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
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	$4,702,614	$8,001,535	$6,251,015	$11,910,272	$114,611	$377,763	$491,736	$379,928	$-	$233,567	$32,463,041
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	$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
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	$-	$3,078,056	$4,506,811	$6,449,133	$63,699	$218,743	$289,677	$252,045	$-	$-	$14,858,164

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
1 Jan. 2022	$-	$2,953,182	$4,676,345	$6,674,682	$78,297	$239,982	$261,958	$372,693	$75	$-	$15,257,214
Depreciation	-	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

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
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	$197,311	$2,823,731	$319,650	$3,340,692
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	$223,058	$2,982,194	$319,650	$3,524,902
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	$153,988	$2,596,522	$-	$2,750,510
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	$174,337	$2,476,316	$-	$2,650,653
Net book value:				
31 Dec. 2023	$43,323	$227,209	$319,650	$590,182
31 Dec. 2022	$48,721	$505,878	$319,650	$874,249

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 were11.73% 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.

<u>Sensitivity of changes in assumptions</u>

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

	Interest rate range	31 Dec. 2023	Interest rate range	31 Dec. 2022
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		$528,878		$1,237,828

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.

Creditors	Period	31 Dec. 2023 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.

Creditors	Period	31 Dec. 2023 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		$1,452,035		

Creditors	Period	31 Dec. 2022 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		$1,839,387		

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 15th 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	$2,026	$3,189

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	$247,909	$156,923	$323,481

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	$910,686	$(662,777)	$247,909

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	$4,150,503	$4,150,081

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	$2,560,712	$1,326,080		

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	$460,701	$516,973

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	$23,858,806	$21,282,606

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	$6,643,228	$17,215,578	$23,858,806
Timing of revenue recognition:			
At a point in time	$6,643,228	$17,215,578	$23,858,806

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	$6,391,529	$14,891,077	$21,282,606

Timing of revenue recognition:			
At a point in time	$6,391,529	$14,891,077	$21,282,606

(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	$76,132	$192,722	$74,605

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	$205,217	$296,474	$242,073

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	$32,009	$3,268

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					
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	Total
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	$4,248,734	$343,931	$15,957	$4,335	$908	$-	$4,613,865

As at 31 December 2022

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

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	$-	$651	$61,300

	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	$-	$651	$30,193

17. <u>Leases</u>

(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	$233,447	$265,237

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	$303,158	$229,611

(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	$(169,318)	$559,729

(3) Finance costs

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

20. Components of other comprehensive income

Year ended Dec. 31, 2023	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
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	$116,084	$-	$116,084	$37,548	$153,632

Year ended Dec. 31, 2022	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
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	$550,449	$-	$550,449	$(77,986)	$472,463

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	$764,828	$563,592

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	$37,548	$(77,986)

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	$3,812,108	$2,600,312
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	$764,828	$563,592

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

<u>For the year ended 31 December 2023</u>

	As of 1 Jan. 2023	Recognized in income	Recognized in other comprehensive income	Recognized in equity	Exchange differences	As of 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)		54,965	37,548	-	(187)	
Deferred tax assets and liability net	$(220,228)					$(127,902)
As presented on the financial statement:						
Deferred tax assets	$146,272					$231,847
Deferred tax liabilities	$(366,500)					$(359,749)

For the year ended 31 December 2022

	As of 1 Jan. 2022	Recognized in income	Recognized in other comprehensive income	Recognized in equity	Exchange differences	As of 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)		(49,513)	(77,986)	-	(2,325)	
Deferred tax assets and liability net	$(90,404)					$(220,228)
As presented on the financial statement:						
Deferred tax assets	$230,431					$146,272
Deferred tax liabilities	$(320,835)					$(366,500)

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	2023	2022
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

Name of the related parties	Nature of relationship of the related parties
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	$331,475	$326,132

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

(2) Purchases

	2023	2022
Associates industries	$149,160	$202,508

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	$98,755	$81,158

(4) Accounts Payables - Related parties

	31 Dec. 2023	31 Dec. 2022
Associates industries	$30,436	$43,998

(5) Key management personnel compensation

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

(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 31 Dec. 2023	Amount 31 Dec. 2022	Purpose of pledge
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	$1,490,540	$1,670,327	

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	$9,812,879	$6,994,695

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	$7,322,190	$7,745,537

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 activates. 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.

<u>Foreign currency risk</u>

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	$528,878	$1,839,387	$22,124	$2,390,389

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	$1,237,828	$2,221,691	$35,232	$3,494,751

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

<u>Transfers between Level 1 and Level 2 during the period</u>

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
Financial Assets			
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
Financial Liabilities			
Monetary items:			
USD	$1,891	30.735	$58,120
CNY	542,779	4.322	2,345,891

	31 Dec. 2022		
	Foreign Currency	Exchange	NTD
Financial Assets			
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
Financial Liabilities			
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	$6,643,228	$17,215,578	$-		$23,858,806
Segment profit	$(447,855)	$4,232,092	$27,871	Note(1)	$3,812,108

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	$6,391,529	$14,891,077	$-		$21,282,606
Segment profit	$(212,391)	$2,927,304	$(114,601)	Note(1)	$2,600,312

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	847,140	860,732
Total	$23,858,806	$21,282,606

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	$ 23,868,806	$21,282,606

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	$19,554,252	$20,375,460

4. Important client information:

	2023	2022
Client A	$4,417,615	$3,874,931

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. (Note1)	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	Releationship (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 transations 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 INDUSTRAL,CO.,LTD	"	"	6,020	558,077	14.14%	92.71	
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	stock-PRO FORTUNE INDUSTRAL,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 transations 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 transations 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 Mitsuboshi Belting Co., Ltd.		USD-	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		USD-	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 35,000	Note 1	USD 25,808	-	-	USD 25,808	USD (3,197)	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.

Independent Auditors' Report Translated from Chinese

To TONG YANG INDUSTRY CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TONG YANG INDUSTRY CO., LTD. (the "Company") as of 31 December 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only 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 parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its 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.

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 in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China on Taiwan (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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Loss Allowance Accounts Receivable</u>

As of 31 December 2023, the balance of accounts receivable and allowance for doubtful accounts amounted to NT$3,038,200 thousand and NT$18,817 thousand, respectively. Net accounts receivable constituted 9% of total assets, which was considered material in the parent company only 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 was 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 parent company only financial statements.

<u>Valuation for slow-moving inventories</u>

As of 31 December 2023, the Company's net inventories amounted to NT$2,386,652 thousand, and constitutes 8% of total 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 parent company only financial statements.

Other Matter – Making Reference to the Audits of a Other Auditors

We did not audit the financial statements of certain subsidiaries, 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 reports of the other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$933,313 thousand and NT$808,768 thousand, representing 2.92% and 2.71% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$125,329 thousand and NT$128,565 thousand, representing 3.34% and 4.83% of the income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(627) thousand and NT$81,843 thousand, representing (0.39)% and 17.70% of the comprehensive income (loss) for the years ended 31 December 2023 and 2022, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only 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.

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 accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, 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.

PARENT COMPANY ONLY 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	$3,096,988	$1,332,881
Financial assets at amortized cost-current	Ⅳ/Ⅵ.3	50,000	-
Notes receivables,net	Ⅳ/Ⅵ.4.15	17,728	26,518
Accounts receivables,net	Ⅳ/Ⅵ.5.15	2,968,973	2,497,666
Accounts receivables-related parties,net	Ⅳ/Ⅵ.5.15/Ⅶ	50,410	36,477
Other receivables	Ⅳ/Ⅶ	139,880	121,531
Inventories-net	Ⅳ/Ⅵ.6	2,386,652	2,511,266
Other current assets	Ⅳ	208,708	188,055
Total current assets		8,919,339	6,714,394
Non-current assets			
Financial assets at fair value through other comprehensive income-noncurrent	Ⅳ/Ⅵ.2	568,077	305,015
Financial assets at amortized cost-noncurrent	Ⅳ/Ⅵ. 3/Ⅷ	11,498	18,098
Investments accounted for under the equity method	Ⅳ/Ⅵ.7	6,090,359	6,456,196
Property, plant and equipment	Ⅳ/Ⅵ.8	15,018,631	15,136,330
Right-of-use assets	Ⅳ/Ⅵ.16	28,146	46,662
Intangible assets	Ⅳ/Ⅵ.9.10	355,546	361,612
Deferred tax assets	Ⅳ/Ⅵ.20	219,154	133,291
Prepayment for equipments		697,862	628,559
Other noncurrent assets-others		12,414	12,423
Total non-current assets		23,001,687	23,098,186
Total assets		$31,921,026	$29,812,580

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD

PARENT COMPANY ONLY 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			
Notes payables		$4,090	$496
Accounts payables		1,396,471	1,185,332
Accounts payables-related parties	Ⅶ	29,078	34,091
Other payables		1,206,687	951,102
Balance payables-machinery and equipment		338,857	331,068
Current tax liabilities	Ⅳ/Ⅵ.20	795,174	517,466
Lease liabilities-current	Ⅳ/Ⅵ.16	11,688	15,843
Current portion of long-term liabilities	Ⅳ/Ⅵ.11	387,352	382,304
Other current liabilities-others	Ⅳ/Ⅵ.14	280,057	309,598
Total current liabilities		4,449,454	3,727,300
Non-current liabilities			
Long-term loans	Ⅳ/Ⅵ.11	1,452,035	1,839,387
Deferred tax liabilities	Ⅳ/Ⅵ.20	297,112	317,311
Lease liabilities-noncurrent	Ⅳ/Ⅵ.16	1,978	11,577
Accrued pension liabilities	Ⅳ/Ⅵ.12	254,383	163,191
Other noncurrent liabilities-others		14,668	5,300
Total non-current liabilities		2,020,176	2,336,766
Total liabilities		6,469,630	6,064,066
Equity attributable to the parent company			
Capital	Ⅳ/Ⅵ.13		
Common stock		5,914,771	5,914,771
Capital surplus	Ⅳ/Ⅵ.13	4,150,503	4,150,081
Retained earnings	Ⅳ/Ⅵ.13		
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.13	169,350	(96,706)
Total equity		25,451,396	23,748,514
Total liabilities and equity		$31,921,026	$29,812,580

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD.

PARENT COMPANY ONLY 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.14/Ⅶ	$18,205,469	$15,707,401
Operating costs	Ⅳ/Ⅵ.6.17/Ⅶ	(11,808,048)	(11,087,325)
Gross profit		6,397,421	4,620,076
Unrealized gross profit on sales		(9,189)	(10,068)
Realized gross profit on sales		10,068	9,533
Gross profit-net		6,398,300	4,619,541
Operating expenses	Ⅳ/Ⅵ.15.16.17/Ⅶ		
Sales and marketing expenses		(1,436,059)	(1,258,042)
General and administrative expenses		(669,929)	(614,768)
Research and development expenses		(543,689)	(468,747)
Expected credit gains (losses)		(3,307)	(3,600)
Subtotal		(2,652,984)	(2,345,157)
Operating income		3,745,316	2,274,384
Non-operating income and expenses			
Other revenue	Ⅳ/Ⅵ.18/Ⅶ	239,992	147,536
Other gains and losses	Ⅳ/Ⅵ.18	2,713	272,676
Financial costs	Ⅳ/Ⅵ.18	(7,979)	(13,881)
Share of profit or loss of associates and joint ventures	Ⅳ/Ⅵ.7	(232,159)	(18,407)
Subtotal		2,567	387,924
Income from continuing operations before income tax		3,747,883	2,662,308
Income tax expense	Ⅳ/Ⅵ.20	(728,473)	(510,987)
Net income		$3,019,410	$2,151,321
Other comprehensive income	Ⅳ/Ⅵ.19		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(130,498)	103,714
Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income		263,062	122,800
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures which may not be reclassified subsequently to profit or loss		48,628	25,663
Income tax related to items that may not be reclassified subsequently		26,099	(20,743)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operations		109,225	171,900
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		161,743	462,316
Total comprehensive income		$3,181,153	$2,613,637
Earnings per share (NTD)			
Earnings per share-basic	Ⅳ/Ⅵ.21	$5.10	$3.64
Earnings per share-diluted	Ⅳ/Ⅵ.21	$5.10	$3.64

(The accompanying notes are an integral part of the parent company only financial statements.)

<u>English Translation of Financial Statements Originally Issued in Chinese</u>

TONG YANG INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company							
			Retained Earnings			Other equity		
ITEMS	Common Stock	Capital Surplus	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	Total Equity
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
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)
Other changes in additional paid-in capital	-	224	-	-	-	-	-	224
Net income (loss) for the year ended 31 December 2022	-	-	-	-	2,151,321	-	-	2,151,321
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	-	-	-	-	85,974	230,882	145,460	462,316
Total comprehensive income (loss)	-	-	-	-	2,237,295	230,882	145,460	2,613,637
Balance as of 31 December 2022	$5,914,771	$4,150,081	$2,648,261	$473,048	$10,659,059	$(379,776)	$283,070	$23,748,514
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
Appropriation and distribution of 2022 retained earning								
Legal Reserve	-	-	223,729	-	(223,729)	-	-	-
Cash dividends	-	-	-	-	(1,478,693)	-	-	(1,478,693)
Special Reserve	-	-	-	(376,342)	376,342	-	-	-
Other changes in additional paid-in capital	-	422	-	-	-	-	-	422
Net income (loss) for the year ended 31 December 2023	-	-	-	-	3,019,410	-	-	3,019,410
Other comprehensive income (loss), net of tax for the year ended 31 December 2023	-	-	-	-	(104,313)	(45,547)	311,603	161,743
Total comprehensive income (loss)	-	-	-	-	2,915,097	(45,547)	311,603	3,181,153
Balance as of 31 December 2023	$5,914,771	$4,150,503	$2,871,990	$96,706	$12,248,076	$(425,323)	$594,673	$25,451,396

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD.

PARENT COMPANY ONLY 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
Cash flows from operating activities:		
Net income before tax	$3,747,883	$2,662,308
Adjustments for:		
Income and expense adjustments:		
Depreciation (including right-of-use assets)	2,436,527	2,495,986
Amortization	20,028	30,401
Expected credit losses	3,307	3,600
Interest expense	7,979	13,881
Interest income	(64,131)	(5,154)
Dividend income	(15,838)	(16,180)
Share of loss of subsidiaries, associates and joint ventures	232,159	18,407
(Gain) on disposal of property, plant and equipment	116	(2,092)
(Gain) on disposal of equity investments under equity method	-	(2,143)
Impairment loss on non-financial assets	-	124,435
Unrealized gross profit	9,189	10,068
Realized gross profit	(10,068)	(9,533)
Changes in operating assets and liabilities:		
Notes receivable,net	8,790	(3,387)
Accounts receivable,net	(474,614)	(478,245)
Accounts receivable,related parties,net	(13,933)	27,735
Other receivables	2,854	35,271
Inventories	124,614	(41,429)
Other current assets	(20,653)	(3,980)
Other non-current assets	9	-
Notes payables	3,594	(16)
Accounts payables	211,139	23,751
Accounts payables-related parties	(5,013)	(3,408)
Other payables	255,939	102,782
Other current liabilites	(29,541)	73,555
Accrued pension liabilities	(39,306)	(59,358)
Other noncurrent liabilities	9,368	-
Cash generated from operations	6,400,398	4,997,255
Interest received	58,766	5,154
Dividend received	126,250	25,803
Income tax paid	(519,341)	(143,840)
Net cash provided by operating activities	6,066,073	4,884,372

ITEMS	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(50,000)	-
Disposal of financial assets at amortized cost	6,600	-
Disposal of equity investments under equity method	-	14,214
Proceeds from capital reduction of equity investments under equity method	-	492,605
Acquisition of property, plant and equipment	(2,407,824)	(1,935,072)
Proceeds from disposal of property, plant and equipment	48,865	31,979
Acquistion of intangible assets	(13,962)	(17,184)
Net cash used in investing activities	(2,416,321)	(1,413,458)
Cash flows from financing activities:		
(Decrease) in short-term loans	-	(4,354)
Borrow in long-term loans	-	75,168
Reimburse long-term loans	(382,304)	(2,416,019)
Reimburse lease principal	(16,960)	(16,955)
Cash dividends	(1,478,693)	(502,756)
Interest paid	(7,688)	(13,749)
Net cash used in financing activities	(1,885,645)	(2,878,665)
Net increase (decrease) in cash and cash equivalents	1,764,107	592,249
Cash and cash equivalents at beginning of period	1,332,881	740,632
Cash and cash equivalents at end of period	$3,096,988	$1,332,881

(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.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

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 parent company only financial statements of the Company 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 Company 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 Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
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 Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
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 Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a Company 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 Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company determined that the newly published standards and interpretations have no material impact on the Company.

IV. SUMMARY OF MATERIAL ACCOUNTING POLICIES

1. Statement of Compliance

The Company's parent company only financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

2. Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company's 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.

4. Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operations are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

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.

5. Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or 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.

6. 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.

7. Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

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

A. the Company’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

A. purchased or originated credit-impaired financial assets. For those financial assets, the 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.

<u>Financial asset measured at fair value through profit or loss</u>

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

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

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company 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).

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.

8. Fair value measurement

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

(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 Company.

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

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

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

9. 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.

10. Investments accounted for under the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. 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 Company'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 Company 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 Company and the associate or joint venture are eliminated to the extent of the Company'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 affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company 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 Company disposes the associate or joint venture.

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

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

(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 Company 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.

11. Property, plant and equipment

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

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

Buildings	3～56 years
Machinery and equipment	4～ 9 years
Molding equipment	3～ 7 years
Office equipment	4～ 6 years
Transportation equipment	6～10 years
Electrical installations	5～ 9 years
Miscellaneous equipment	2～ 5 years
Right-of-use assets	2～15 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 of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

12. Leases

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

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

Company as a lessee

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

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

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

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

(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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

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

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

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

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

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

Company as a lessor

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

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

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

13. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as 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 Company’s intangible assets accounting policies information are as follows:

	Software	Goodwill	Other intangible assets
Useful life	Limited	Uncertain	Limited
Amortization methods	Use straight method amortized under estimated useful life	Unamortized	Use straight method amortized under estimated useful life
Internally generated or outside acquisition	Outside Acquisition	Outside Acquisition	Outside Acquisition

14. Impairment of non-financial assets

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

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

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.

15. Revenue recognition

The Company'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 Company 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 Company 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 Company 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 Company 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 Company's sale of goods is from 15 to 120 days. For most of the contracts, when the Company 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 Company 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 Company 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 Company 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 arises.

16. 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.

17. Post-employment benefits

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

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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.

18. 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.

<u>Current income tax</u>

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 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

19. Earnings per Share

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

Estimation and assumptions

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

(1) Fair Value of Financial Instruments

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

(2) Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company 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 under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(4) Revenue Recognition-Sales Returns and Discounts

The Company 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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective 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 Company 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	$2,975	$3,062
Savings accounts	1,351,296	1,329,819
Time deposits	1,742,717	-
Total	$3,096,988	$1,332,881

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	$568,077	$305,015

The Company 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 Company recognized dividends in the amount of NT$15,838 thousand and NT$16,180 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	$61,498	$18,098
Current	$50,000	$-
Non-current	11,498	18,098
Total	$61,498	$18,098

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

Please refer to Note 6.(15) 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 receivable－from operating	$18,379	$27,169
Less: allowance for doubtful accounts	(651)	(651)
Total	$17,728	$26,518

No notes receivables were pledged.

The Company adopted IFRS 9 for impairment assessment . Please refer to Note 6.(15) 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	$2,987,790	$2,513,176
Less: allowance for doubtful accounts	(18,817)	(15,510)
Subtotal	2,968,973	2,497,666
Accounts receivables-related parties	50,410	36,477
Less: allowance for bad debt	-	-
Subtotal	50,410	36,477
Total	$3,019,383	$2,534,143

No accounts receivables were pledged.

Trade receivables are generally on 7-120 day terms. Accounts receivables amounted to NT$ 3,038,200 thousand and NT$2,549,653 thousand as at 31 December 2023 and 2022.

Please refer to Note 6.(15) 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	$498,436	$610,361
Supplies and parts	184,711	188,561
Work in process	333,536	388,661
Finished goods	1,249,081	1,221,063
Merchandise	120,888	102,620
Net	$2,386,652	$2,511,266

The cost of inventories recognized in expenses amounted to NT$11,808,048 thousand and NT$11,087,325 thousand for the year ended 31 December 2023 and 2022, respectively, including the write-down of inventories gain from price recovery of NT $0 and NT $5,300 thousand for the year ended 31 December 2023 and 2022, respectively.

No Inventories were pledged.

7. Investments Accounted For Under The Equity Method

	31 Dec. 2023		31 Dec. 2022	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in subsidiaries				
TONG YANG HOLDING CORPORATION.	$4,236,685	100.00	$4,729,759	100.00
HOW BOND INVESTMENT CO., LTD.	1,290,927	100.00	1,203,765	100.00
RU YANG INDUSTRIAL CO., LTD.	235,136	58.95	238,642	58.95
DING CHUNG INDUSTRY CO., LTD.	125,894	100.00	77,186	100.00
Subtotal	5,888,642		6,249,352	
Investments in associates				
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
WU'S PLASTICS CO., LTD. (literal translation)	15,160	50.00	15,133	50.00
Subtotal	201,717		206,844	
Total	$6,090,359		$6,456,196	

(1) Investments in subsidiaries

The subsidiary TONG YANG HOLDING CORPORATION reduced its capital and returned share payment of NT$489,496 thousand upon resolution at the board meeting held in June 2022.

The Company sold 100% of the controlling interest and equity in TYG EUROPE S. R. L. to non-related parties in December 2022. The total transaction price was NT$48,169 thousand. The equity settlement was completed in December 2022.

Investment in subsidiaries was expressed as "investment accounted under the equity method " in the individual financial report, and necessary adjustments were made for evaluation.

(2) Investments in associates

In November 2022, C&D CAPITAL CORPORATION, an associate of the Company, implemented the liquidation procedure. The Company received proceeds on liquidation of NT$2,172 thousands and recognized gain on disposal of equity investments under equity method in the amount of NT$2,143 thousand, which was recorded in other gains and losses. C&D CAPITAL Ⅱ CORPORATION, an associate of the Company, implemented capital reduction procedure as resolved at the board meetings held in June 2022. The Company received proceeds on capital reduction of NT$3,109 thousand.

(3) The associates had no contingent liabilities or capital commitments and investment in the associates were not pledged as of 31 December 2023 and 2022.

(4) The Company's investments in the associates are not individually material. The related share of investment from the associates amounted to NT$201,717 thousand and NT$206,844 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	$5,233	$(1,579)
Other comprehensive income (post-tax)	334	11,752
Total comprehensive income	$5,567	$10,173

8. <u>Property, plant and equipment</u>

	31 Dec. 2023	31 Dec. 2022
Owner occupied property, plant and equipment	$15,018,631	$15,136,330

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
Cost:											
1 Jan. 2023	$3,847,505	$5,908,483	$3,904,413	$11,559,266	$72,046	$378,293	$435,146	$305,182	$135	$73,636	$26,484,105
Addition	599,645	18,776	93,513	1,336,397	20,677	48,521	43,773	41,724	-	143,284	2,346,310
Disposal	-	(147,748)	(593,429)	(1,211,390)	(7,683)	(71,979)	(37,403)	(72,825)	(135)	-	(2,142,592)
Transfer	-	65,932	-	-	-	-	-	-	-	(65,932)	-
31 Dec. 2023	$4,447,150	$5,845,443	$3,404,497	$11,684,273	$85,040	$354,835	$441,516	$274,081	$-	$150,988	$26,687,823
1 Jan. 2022	$3,737,416	$5,668,878	$4,157,748	$11,790,756	$78,079	$382,416	$444,155	$391,363	$135	$155,750	$26,806,696
Addition	110,089	14,870	80,683	1,566,484	15,284	28,098	16,968	31,787	-	253,022	2,117,285
Disposal	-	(110,401)	(334,018)	(1,797,974)	(21,317)	(32,221)	(25,977)	(117,968)	-	-	(2,439,876)
Transfer	-	335,136	-	-	-	-	-	-	-	(335,136)	-
31 Dec. 2022	$3,847,505	$5,908,483	$3,904,413	$11,559,266	$72,046	$378,293	$435,146	$305,182	$135	$73,636	$26,484,105
Depreciation and impairment:											
1 Jan. 2023	$-	$2,102,577	$2,651,547	$5,891,616	$32,207	$228,936	$251,038	$189,734	$120	$-	$11,347,775
Depreciation	-	251,252	379,856	1,622,018	13,656	42,958	47,591	57,682	15	-	2,415,028
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	(142,820)	(592,975)	(1,169,251)	(7,682)	(70,868)	(37,055)	(72,825)	(135)	-	(2,093,611)
31 Dec. 2023	$-	$2,211,009	$2,438,428	$6,344,383	$38,181	$201,026	$261,574	$174,591	$-	$-	$11,669,192

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
1 Jan. 2022	$-	$1,977,209	$2,499,726	$6,029,183	$41,174	$214,686	$227,638	$236,129	$75	$-	$11,225,820
Depreciation	-	235,769	441,095	1,618,083	12,350	46,471	49,307	71,285	45	-	2,474,405
Impairment loss	-	-	40,180	17,001	-	-	70	288	-	-	57,539
Disposal	-	(110,401)	(329,454)	(1,772,651)	(21,317)	(32,221)	(25,977)	(117,968)	-	-	(2,409,989)
31 Dec. 2022	$-	$2,102,577	$2,651,547	$5,891,616	$32,207	$228,936	$251,038	$189,734	$120	$-	$11,347,775

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
Net book value:											
31 Dec. 2023	$4,447,150	$3,634,434	$966,069	$5,339,890	$46,859	$153,809	$179,942	$99,490	$-	$150,988	$15,018,631
31 Dec. 2022	$3,847,505	$3,805,906	$1,252,866	$5,667,650	$39,839	$149,357	$184,108	$115,448	$15	$73,636	$15,136,330

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%

No property, plant and equipment were pledged.

9. Intangible assets

	Software	Other intangible assets	Goodwill	Total
Cost:				
1 Jan. 2023	$111,794	$13,296	$319,650	$444,740
Addition - acquired separately	12,148	1,814	-	13,962
Decrease	(39,286)	(5,525)	-	(44,811)
31 Dec. 2023	$84,656	$ 9,585	$319,650	$413,891
1 Jan. 2022	$148,655	$17,053	$319,650	$485,358
Addition - acquired separately	16,159	1,025	-	17,184
Decrease	(53,020)	(4,782)	-	(57,802)
31 Dec. 2022	$111,794	$13,296	$319,650	$444,740
Amortization and impairment:				
1 Jan. 2023	$74,207	$8,921	$-	$83,128
Amortization	17,680	2,348	-	20,028
Decrease	(39,286)	(5,525)	-	(44,811)
31 Dec. 2023	$52,601	$ 5,744	$-	$58,345
1 Jan. 2022	$99,833	$10,696	$-	$110,529
Amortization	27,394	3,007	-	30,401
Decrease	(53,020)	(4,782)	-	(57,802)
31 Dec. 2022	$74,207	$8,921	$-	$83,128
Net book value:				
31 Dec. 2023	$32,055	$3,841	$319,650	$355,546
31 Dec. 2022	$37,587	$4,375	$319,650	$361,612

Intangible assets amortization

	2023	2022
Included in cost of goods sold:		
Amortization	$2,944	$3,553
Included in sales and marketing expenses:		
Amortization	$193	$267
Included in general and administrative expenses:		
Amortization	$13,539	$23,687
Included in research and development expenses:		
Amortization	$3,352	$2,894

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

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

The book value of goodwill allocated to CGU.

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

After Market-Department A CGU

The recoverable amount of Aftermarket-department A CGU is determined by value-in-use, and the value-in-use is calculated based on the five year cash flow forecast which is authorized by management. Cash flow forecast has been updated to reflect the fluctuation of related product demands. The discount rate used by cash flow forecast were 11.73% 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. 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 dollars, with the last payment being NT$4,972,238 dollars, 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.

		31 Dec. 2023		
Creditors	Period	Amount	Interest rate	Redemption
Chang Hwa Bank	17 Dec.2020~ 15 Dec.2030	35,334	(Note)	Principal is repaid by 84 monthly payments of NT$420,643 dollars, with the last payment being NT$420,631 dollars, starting from Jan. 2024.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	388,661	(Note)	Principal is repaid by 84 monthly payments of NT$5,800,916 dollars, with the last payment being NT$5,800,972 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	110,760	(Note)	Principal is repaid by 48 monthly payments of NT$3,572,919 dollars, with the last payment being NT$3,572,807 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	41,223	(Note)	Principal is repaid by 84 monthly payments of NT$490,750 dollars, 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 dollars, with the last payment being NT$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	17 Dec. 2021~ 15 Dec. 2031	35,334	(Note)	Principal is repaid by 84 monthly payments of NT$420,643 dollars, with the last payment being NT$420,631 dollars, 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 dollars, starting from Aug. 2022.

		31 Dec. 2023		
Creditors	Period	Amount	Interest rate	Redemption
O-bank	4 Jul. 2019~ 15 Jul. 2029	267,748	(Note)	Principal is repaid by 85 monthly payment of NT$3,996,272 dollars, with the last payment being NT$3,994,152 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	74,956	(Note)	Principal is repaid by 49 monthly payment of NT$2,419,142 dollars, with the last payment being NT$2,381,184 dollars, starting from Jul. 2022.
O-bank	17 May. 2022~ 15 May. 2032	29,219	(Note)	Principal is repaid by 85 monthly payment of NT$343,753 dollars, with the last payment being NT$343,748 dollars, starting from May 2025.
Subtotal		1,839,387		
Less: current portion		(387,352)		
Total		$ 1,452,035		

		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 dollars, with the last payment being NT$4,972,238 dollars, 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.

Creditors	Period	31 Dec. 2022 Amount	Interest rate	Redemption
Chang Hwa Bank	17 Dec.2020~ 15 Dec.2030	35,334	(Note)	Principal is repaid by 84 monthly payment of NT$420,643 dollars, with the last payment being NT$420,631 dollars, 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 dollars, with the last payment being NT$5,800,972 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	153,635	(Note)	Principal is repaid by 48 monthly payment of NT$3,572,919 dollars, with the last payment being NT$3,572,807 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	41,223	(Note)	Principal is repaid by 84 monthly payment of NT$490,750 dollars, starting from May. 2025.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	392,805	(Note)	Principal is repaid by 84 monthly payment of NT$4,972,212 dollars, with the last payment being NT$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	17 Dec. 2021~ 15 Dec. 2031	35,334	(Note)	Principal is repaid by 84 monthly payment of NT$420,643 dollars, with the last payment being NT$420,631 dollars, starting from Jan. 2025.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	131,688	(Note)	Principal is repaid by 48 monthly payment of NT$3,062,500 dollars, starting from Aug. 2022.

		31 Dec. 2022		
Creditors	Period	Amount	Interest rate	Redemption
O-bank	4 Jul. 2019~ 15 Jul. 2029	315,703	(Note)	Principal is repaid by 85 monthly payment of NT$3,996,272 dollars, with the last payment being NT$3,994,152 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	103,985	(Note)	Principal is repaid by 49 monthly payment of NT$2,419,142 dollars, with the last payment being NT$2,381,184 dollars, starting from Jul. 2022.
O-bank	17 May. 2022~ 15 May. 2032	29,219	(Note)	Principal is repaid by 85 monthly payment of NT$343,753 dollars, with the last payment being NT$343,748 dollars, starting from May 2025.
Subtotal		2,221,691		
Less: current portion		(382,304)		
Total		$1,839,387		

Note: In 2019, the Company 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.

12. Post-Employment Benefits

Defined contribution plan

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

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT$84,217 thousand and NT$81,977 thousand, respectively.

Defined benefits plan

The Company 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 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2.73% 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 Company 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$41,410 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The defined benefit obligations were expected to mature in 2033 and 2031 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	2,105	2,284
Total	$2,105	$3,209

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	$892,737	$831,855	$992,099
Plan assets at fair value	(638,354)	(668,665)	(665,836)
Net defined benefit liabilities	$254,383	$163,190	$326,263

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	$992,099	$(665,836)	$326,263
Current service cost	925	-	925
Interest expense (income)	6,945	(4,661)	2,284
Subtotal	999,969	(670,497)	329,472
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	(49,501)	-	(49,501)
Experience adjustments	(4,134)	-	(4,134)
Remeasurements of the defined benefit assets	-	(50,080)	(50,080)
Subtotal	(53,635)	(50,080)	(103,715)
Payment of benefit obligation	(114,479)	114,479	-
Contribution by employer	-	(62,566)	(62,566)
As of 31 December 2022	$831,855	$(668,664)	$163,191
Current service cost	-	-	-
Interest expenses (income)	10,731	(8,626)	2,105
Subtotal	842,586	(677,290)	165,296
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	127,124	-	127,124
Experience adjustments	6,750	-	6,750
Remeasurements of the defined benefit assets	-	(3,376)	(3,376)
Subtotal	133,874	(3,376)	130,498
Payment of benefit obligation	(83,723)	83,723	-
Contribution by employer	-	(41,411)	(41,411)
As of 31 December 2023	$892,737	$(638,354)	$254,383

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

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

	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%	$-	$(44,123)	$-	$(30,875)
Discount Rate decrease by 0.5%	47,444	-	41,676	-
Rate of future salary increase by 0.5%	46,135	-	41,167	-
Rate of future salary decrease by 0.5%	-	(43,391)	-	(30,859)

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.

13. 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	$4,150,503	$4,150,081

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

(3) Retained earnings and dividend policies

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

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

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

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

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$4.0/ per share	NT$2.50/ per share
Total	$2,560,712	$1,326,080		

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

14. Sales Revenue

	2023	2022
Sales - Finished goods	$15,109,727	$12,927,584
Sales - Merchandise	2,595,635	2,346,617
Sales - Others	500,107	433,200
Total	$18,205,469	$15,707,401

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	$1,483,624	$13,626,103	$15,109,727
Sales - Merchandise	-	2,595,635	2,595,635
Sales - Others	348,917	151,190	500,107
Total	$1,832,541	$16,372,928	$18,205,469
Timing of revenue recognition:			
At a point in time	$1,832,541	$16,372,928	$18,205,469

For the year ended 31 December 2022

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	$1,500,658	$11,426,926	$12,927,584
Sales - Merchandise	-	2,346,617	2,346,617
Sales - Others	318,150	115,050	433,200
Total	$1,818,808	$13,888,593	$15,707,401
Timing of revenue recognition:			
At a point in time	$1,818,808	$13,888,593	$15,707,401

(2) Contract balances

Contract liabilities - current

	31 Dec. 2023	31 Dec. 2022	1 Jan 2022
Sales of goods	$116,051	$153,886	$109,555

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

	2023	2022
The opening balance transferred to revenue	$(92,680)	$(46,587)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	54,845	90,918

15. Expected credit losses / (gains)

	2023	2022
Operating Expense- Expected credit losses		
Accounts Receivables	$3,307	$3,600

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 Company transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

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

The Company 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					
	Not yet due (Note)	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	Total
Gross carrying amount	$2,701,608	$341,349	$11,423	$2,048	$151	$-	$3,056,579
Loss ratio	0.5%	0.5~1%	1~16%	16~50%	50~100%	100%	
Lifetime expected credit losses	14,868	2,206	1,041	1,202	151	-	19,468
Carrying amount	$2,686,740	$339,143	$10,382	$846	$-	$-	$3,037,111

As at 31 December 2022

	Not yet due (Note)	Overdue <=30 days	31-90 days	91-180days	181-360 days	>=360 days	Total
Gross carrying amount	$2,278,254	$291,674	$6,319	$-	$447	$128	$2,576,822
Loss ratio	0.5%	0.5~1%	2~10%	10~50%	50~90%	100%	
Lifetime expected credit losses	13,606	1,778	263	-	386	128	16,161
Carrying amount	$2,264,648	$289,896	$6,056	$-	$61	$-	$2,560,661

Note：No notes receivables of the Company were overdue.

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

	Notes receivables	Trade receivables
1 Jan. 2023	$651	$15,510
Addition/(reversal) for the current period	-	3,307
Write off	-	-
31 Dec. 2023	$651	$18,817

	Notes receivables	Trade receivables
1 Jan. 2022	$651	$11,910
Addition/(reversal) for the current period	-	3,600
Write off	-	-
31 Dec. 2022	$651	$15,510

16. Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land and other equipment. The lease terms range from 2 to 15 years.

The Company’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	$26,212	$40,861
Other equipment	1,934	5,801
Total	$28,146	$46,662

For the years ended 31 December 2023and 2022 the Company's additions to right-of-use assets amounting to NT$2,983 thousand and NT$2,233 thousand.

(b) Lease liabilities

	As at	
	31 Dec. 2023	31 Dec. 2022
Lease liabilities	$13,666	$27,420
Current	11,688	15,843
Non-current	1,978	11,577
Total	$13,666	$27,420

Please refer to Note 6.(18) for the interest on lease liabilities recognized for the years 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	$17,633	$17,713
Other equipment	3,866	3,868
Total	$21,499	$21,581

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 Company recognized in other income for the year ended 31 December 2023 and December 2022 were NT$0 and NT$2,256 thousand respectively, to reflect changes in lease payments that arise from such rent concessions to which the Company has applied the practical expedient.

D. Cash outflow relating to leasing activities

For the years ended 31 December 2023and 2022 the Company's total cash outflows for leases amounting to NT$28,548 thousand and NT$28,586 thousand.

17. For the years ended 31 December 2023 and 2022 the Company'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	$1,403,535	$1,034,895	$2,438,430	$1,221,830	$884,515	$2,106,345
Insurance	147,224	95,291	242,515	133,113	88,079	221,192
Pension	43,555	42,767	86,322	43,153	42,033	85,186
Remuneration to directors	-	56,500	56,500	-	53,111	53,111
Other personnel expenses	80,308	44,535	124,843	60,919	34,373	95,292
Depreciation	2,240,621	195,906	2,436,527	2,298,854	197,132	2,495,986
Amortization	2,944	17,084	20,028	3,553	26,848	30,401

NOTE:

A. The number of the Company’s employees were 3,524 and 3,371, including 5 non-employee directors as of 31 December 2023 and 2022 respectively.

B. Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

(1) Average employee benefits of 2023 and 2022 are NT$822 thousand and NT$745 thousand respectively.

(2) Average salaries of 2023 and 2022 are NT$693 thousand and NT$626 thousand respectively.

(3) The Company's average salary expense adjustment for the year ended December 31, 2023 increased by 10.70 %.

(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor’s remuneration has not been recognized.

(5) The salary and remuneration policy of the Company:

a. The Company's Remuneration Committee has formulated and regularly reviewed the performance evaluation and remuneration policy, system, standard, and structure of the Board of Directors and managers, as well as periodically evaluating and determining the remuneration of directors and managers, and submit them to the board meeting for resolution.

b. In accordance with Article 16 of the Company's Articles of Incorporation, regardless whether the Company makes a profit or suffers a loss, the Company may pay the Directors the remunerations for performing their duties. The Board of Directors is authorized to determine such remunerations based on the extent of their involvements in the Company's operation and the value of their contribution and the remuneration level adopted by other companies in the same industry.

c. In accordance with Article 23 of the Company's Articles of Incorporation, the honorarium for all Directors shall be discussed and approved the Board meeting.

d. In accordance with Article 24 of the Company's Articles of Incorporation, the Company may have managers, and the appointment, dismissal, and remuneration thereof shall be handled in accordance with Article 29 of the Company Act.

e. The matters related to the duties of the Company's Independent Directors are set forth in the "Regulations Governing the Scope of Responsibilities of Independent Directors." The remunerations are a fixed amount paid out on a monthly basis based on related law and regulations, and the independent directors shall not receive the distribution of earnings.

f. The remuneration of managers and employee mainly consists of three parts -- salary, bonus, and benefits. Salary is determined based on personal ability and position. Bonus is determined based on the employee's and department's goal achievement rate, and the Company's operating performance. Benefits are designed based on the laws and regulations and needs of the employees.

g. In order to enhance the Company’s operating performance and encourage its managers and employees to share the Company’s operating results, the Company has formulated the “Regulation Governing Year-end Bonus” and “Regulation Governing Performance Bonus,” whereby a fixed percentage of net profit before tax is appropriated.

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.

18. Non-operating income and expenses

(1) Other income

	2023	2022
Rent income	$1,000	$1,000
Interest income	64,130	5,154
Dividend income	15,838	16,180
Other income-other	159,024	125,202
Total	$239,992	$147,536

(2) Other gains and losses

	2023	2022
Gain on disposal of property, plant and equipment	$(116)	$2,092
Gain on disposal of equity investments under equity method	-	2,143
Foreign exchange gains (loss), net	3,896	394,254
Impairment loss	-	(124,435)
Other losses	(1,067)	(1,378)
Total	$2,713	$272,676

(3) Finance costs

	2023	2022
Interest expenses:		
Interest on borrowings from bank	$(7,756)	$(13,480)
Interest on lease liabilities	(223)	(401)
Subtotal	(7,979)	(13,881)
Total	$(7,979)	$(13,881)

19. Components of other comprehensive income

Year ended 31 Dec. 2023	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	$(130,498)	$-	$(130,498)	$26,099	$(104,399)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	263,062	-	263,062	-	263,062
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	48,628	-	48,628	-	48,628
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	109,225	-	109,225	(21,845)	87,380
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(166,160)	-	(166,160)	33,232	(132,928)
Total other comprehensive income	$124,257	$-	$124,257	$37,486	$ 161,743

Year ended 31 Dec. 2022	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	$103,714	$-	$103,714	$(20,743)	$82,971
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	122,800	-	122,800	-	122,800
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	25,663	-	25,663	-	25,663
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	171,900	-	171,900	(33,565)	138,335
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	115,684	-	115,684	(23,137)	92,547
Total other comprehensive income	$539,761	$-	$539,761	$(77,445)	$ 462,316

20. 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:		
Current income tax charge	$800,686	$511,738
Adjustments in respect of current income tax of prior Periods	(3,637)	(3,050)
Deferred income tax expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(68,576)	2,299
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	-	-
Total Income tax expense	$728,473	$510,987

Income tax relating to components of other comprehensive income

	2023	2022
Deferred income tax expense (benefit):		
Exchange differences on translation of foreign operations	$21,845	$33,565
Remeasurements of the defined benefit plan	(26,099)	20,743
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(33,232)	23,137
Income tax relating to components of other comprehensive income	$(37,486)	$77,445

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	$3,747,882	$2,662,308
Tax at the domestic rates applicable to profits in the country concerned	$749,576	$532,462
Tax effect of revenues exempt from taxation	(22,117)	(21,087)
Tax effect of expenses not deductible for tax purposes	102	234
Tax effect of deferred tax assets/liabilities	4,549	2,427
Adjustments in respect of current income tax of prior periods	(3,637)	(3,049)
Others	-	-
Total income tax expenses recorded in profit or loss	$728,473	$510,987

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

For the year ended 31 December 2023

	As of 1 Jan. 2023	Recognized in income	Recognized in other comprehensive income	Recognized in equity	As of 31 Dec. 2023
Temporary differences					
Allowance for inventory valuation losses	$ 6,542	$-	$-	$-	$ 6,542
Impairment on property, plant and equipment	11,508	(9,633)	-	-	1,875
Unrealized exchange (gain)	15,017	17,399	-	-	32,416
Unrealized sales returns and discounts	8,329	1,731	-	-	10,060
Unrealized gross profits	2,013	(175)	-	-	1,838
Valuation foreign investment under equity method (gain)	(249,653)	32,764	-	-	(216,889)
Valuation foreign investment under equity method loss	14,490	38,335	-	-	52,825
Unrealized pension expenses - the subsidiaries	20,772	-	-	-	20,772
Loss from defined benefit plan	7,113	-	26,099	-	33,212
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	15,060	720	-	-	15,780
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	28,293
Unrealized pension expenses - the company	(16,273)	(7,861)	-	-	(24,134)
Deferred income tax (expenses)		$68,576	$37,486	$-	
Deferred tax assets and liability net	$(184,020)				$(77,958)
As presented on the financial statement:					
Deferred tax assets	$133,291				$219,154
Deferred tax liabilities	$(317,311)				$(297,112)

For the year ended 31 December 2022

Temporary differences	As of 1 Jan. 2022	Recognized in income	Recognized in other comprehensive income	Recognized in equity	As of 31 Dec. 2022
Allowance for inventory valuation losses	$7,602	$(1,060)	$-	$-	$ 6,542
Impairment on property, plant and equipment	-	11,508	-	-	11,508
Unrealized exchange (gain)	2,766	12,251	-	-	15,017
Unrealized sales returns and discounts	8,106	223	-	-	8,329
Unrealized gross profits	1,906	107	-	-	2,013
Valuation foreign investment under equity method (gain)	(252,665)	3,012	-	-	(249,653)
Valuation foreign investment under equity method loss	26,434	(11,944)	-	-	14,490
Unrealized pension expenses - the subsidiaries	20,772	-	-	-	20,772
Loss from defined benefit plan	27,856	-	(20,743)	-	7,113
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	14,880	180	-	-	15,060
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	28,293
Unrealized pension expenses - the company	(4,401)	(11,872)	-	-	(16,273)
Deferred income tax (expenses)		$(2,299)	$(77,445)	$-	
Deferred tax assets and liability net	$(104,276)				$(184,020)
As presented on the financial statement:					
Deferred tax assets	$199,471				$133,291
Deferred tax liabilities	$(303,747)				$(317,311)

The assessment of income tax returns

As of 31 December 2023, the Company’s income tax filings are as follows:

	The assessment of income tax returns
The Company	2021

21. 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	2023	2022
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 Company during the financial reporting period is as follow:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Subsidiary
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Subsidiary
TYG EUROPE S.R.L.	Subsidiary(Note1)
FUZHOU TONG YANG PLASTICS CO., LTD.	Subsidiary
NANJING TONG YANG AUTO PARTS CO., LTD.	Subsidiary
TYG PRODUCTS L.P.	Subsidiary
TUNG YANG CHEMICAL CO., LTD.	Associate
TAI Plus LLC	Other related party

Note1: The Company sold 100% equity of TYG EUROPE S. R. L. in December 2022, therefore, it has ceased to be a subsidiary of the Company since that month.

Significant related party transactions

(1) Sales

	2023	2022
Subsidiaries	$150,716	$145,292

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

(2) Purchases

	2023	2022
Subsidiaries	$18,125	$18,011
Associates	109,287	136,421
Total	$127,412	$154,432

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

(3) Accounts Receivables - Related parties

	31 Dec. 2023	31 Dec. 2022
Subsidiaries	$50,410	$36,477

(4) Accounts Payables - Related parties

	31 Dec. 2023	31 Dec. 2022
Subsidiaries	$3,373	$2,552
Associates	25,705	31,539
Total	$29,078	$34,091

(5) Other

The Company charge subsidiaries and associates for management fee income for the year ended 31 December 2023 and 2022 were NT$52,503 thousand and NT$59,267 thousand, respectively. Recorded in other receivables were NT$33,764 thousand and NT$32,641 thousand as of 31 December 2023 and 2022, respectively.

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

(6) Key management personnel compensation

	2023	2022
Short-term employee benefits	$77,133	$71,508
Post-employment benefits	108	108
Total	$77,241	$71,616

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 costs	$11,498	$18,098	Guarantee

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

1. As of 31 December 2023, the Company 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, XIANGYANG TONG YANG, TONG YANG HOLDING CORPORATION and GUANGZHOU TONG YANG TATEMATSU 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 Company 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	$568,077	$305,015
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	3,094,013	1,329,819
Financial assets measured at amortized cost	61,498	18,098
Notes receivables	17,728	26,518
Accounts receivables (related parties included)	3,019,383	2,534,143
Other receivables	139,880	121,531
Total	$6,900,579	$4,335,124

Financial Liabilities

	31 Dec. 2023	31 Dec. 2022
Financial liabilities at amortized cost:		
Payables	$2,975,183	$2,502,089
Lease liabilities	13,666	27,420
Long-term loans (current portion included)	1,839,387	2,221,691
Total	$4,828,236	$4,751,200

2. Financial risk management objectives and policies

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

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

3. Market risk

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

<u>Foreign currency risk</u>

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly 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$37,156 thousand and NT$30,034 thousand, respectively.

<u>Interest rate risk</u>

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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

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.

At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the year ended 31 December 2023 and 2022 to increase/decrease by NT$1,316 thousand and NT$874 thousand, respectively.

Equity price risk

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company'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 Company 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 Company's senior management on a regular basis. The Company'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 Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of 31 December 2023 and 2022, accounts receivables from top ten customers represented 50% and 52% of the total accounts receivables of the Company, 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 Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
31 Dec. 2023					
Loans	$397,218	$406,591	$346,971	$ 717,394	$ 1,868,174
Payables	2,975,183	-	-	-	2,975,183
Lease liabilities	15,705	11,745	124	124	27,698
31 Dec. 2022					
Loans	$391,939	$395,163	$405,025	$1,061,988	$2,254,115
Payables	2,502,089	-	-	-	2,502,089
Lease liabilities	15,869	11,469	124	-	27,462

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023

	Short-term loans	Long-term loans (current portion included)	Lease liabilities	Total liabilities from financing activities
1 Jan. 2023	$-	$2,221,691	$27,420	$2,249,111
Cash flows	-	(382,304)	(16,960)	(399,264)
Non-cash change	-	-	3,206	3,206
31 Dec. 2023	$-	$ 1,839,387	$ 13,666	$1,853,053

Reconciliation of liabilities for the year ended 31 December 2022

	Short-term loans	Long-term loans (current portion included)	Lease liabilities	Total liabilities from financing activities
1 Jan. 2022	$4,354	$4,562,542	$41,741	$4,608,637
Cash flows	(4,354)	(2,340,851)	(16,955)	(2,362,160)
Non-cash change	-	-	2,634	2,634
31 Dec. 2021	$-	$2,221,691	$27,420	$2,249,111

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 Company 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 Ccompany approximate to 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 Company.

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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company’s assets and liabilities

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

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	$-	$-	$568,077	$568,077

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	$-	$-	$305,015	$305,015

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	$305,015	$182,215
Total gains and losses recognized:		
Amount recognized in OCI	263,062	122,800
Ending balances	$568,077	$305,015

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 Company's profit or loss by NT$ 55,808 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 Company's profit or loss by NT$ 29,502 thousand

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

The Company'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 Company'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
Financial Assets			
Monetary items:			
USD	$121,510	30.735	$3,734,610
EUR	810	33.984	27,527
JPY	108,872	0.2173	23,658
CNY	4,619	4.322	19,963
Non-monetary items:			
USD	140,082	30.735	4,305,432
Financial Liabilities			
Monetary items:			
USD	$619	30.735	$19,025
CNY	215	4.322	929

	31 Dec. 2022		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$98,117	30.708	$3,012,977
EUR	376	32.818	12,340
JPY	85,752	0.2328	19,963
CNY	4,003	4.432	17,741
Non-monetary items:			
USD	156,446	30.708	4,804,146
Financial Liabilities			
Monetary items:			
USD	$309	30.708	$9,489
CNY	404	4.432	1,791

The Company has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the year ended 31 December 2023 and 2022, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$3,896 thousand and NT$394,254 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 Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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.

12. Others

Some accounts reported in the previous financial statements have been reclassified to facilitate comparison of the financial statements.

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 1.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 2.

(c) Securities held as of 31 December 2023 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.

(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 4.

(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 6.

(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.

(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 5.

(3) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(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 1 , Attachment 2 and Attachment 7.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 8.

XIV. OPERATING SEGMENT INFORMATION

Please refer to the consolidated financial statements of TONG YANG INDUSTRY CO., LTD. and subsidiaries for operating segment information.

Attachment 1: 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 2: Endorsement/Guarantee provided to others

No. (Note1)	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	Releationship (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 transations 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 3: 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 INDUSTRAL,CO.,LTD	"	"	6,020	558,077	14.14%	92.71	
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	stock-PRO FORTUNE INDUSTRAL,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 4: 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 5: 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 5: 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 4、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 5: 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 transations 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 6: 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 transations were all made between consolidated entities in the Group and have been reversed.

Attachment 7: 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 Mitsuboshi Belting Co., Ltd.		USD-	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		USD-	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 35,000	Note 1	USD 25,808	-	-	USD 25,808	USD (3,197)	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 8:Information on major shareholders

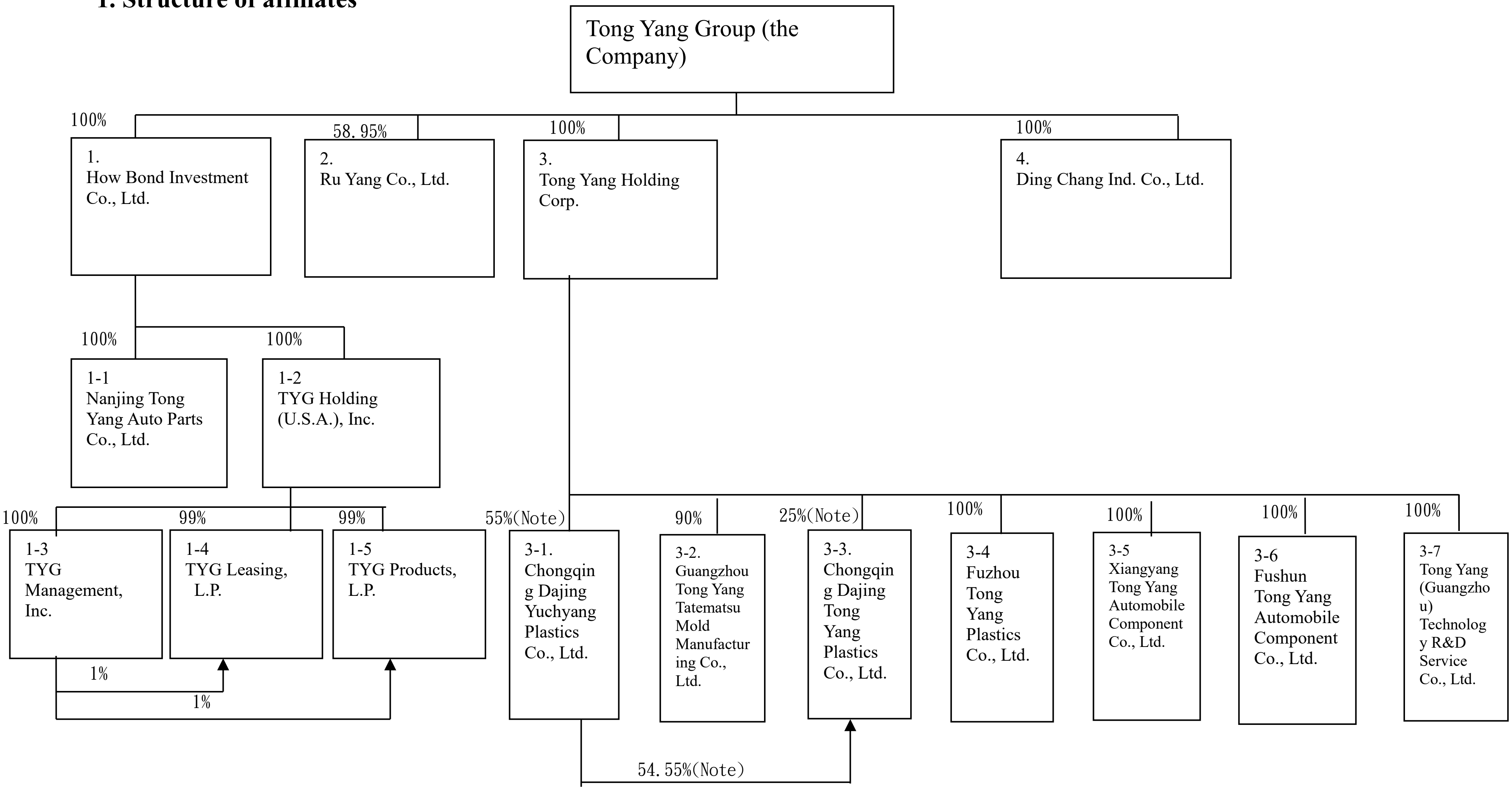
Name of ordinary shares / Name of major shareholders	Number of shares held	Percentage of ownership
YEONG-MAW WU	38,006,787	6.42%
YUNG-FENG WU	36,677,497	6.20%
YUNG-HSIANG WU	33,903,930	5.73%

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.

TONG YANG INDUSTRY CO., LTD.

1. Structure of affiliates



Note: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.

2. Explanation of structure of affiliates

Names of affiliates	Description	Applicable laws and regulations
1. How Bond Investment Co., Ltd.	A subsidiary 100% held by the Company.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the subordinate company.
1-1 Nanjing Tong Yang Auto Parts Co., Ltd. (Nanjing Tong Yang)	100% ownership held by How Bond Investment Co., Ltd.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
1-2 TYG Holding (U.S.A.), Inc.	100% ownership held by How Bond Investment Co., Ltd.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
1-3 TYG Management, Inc.	100% ownership held by TYG Holding (U.S.A.), Inc.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the indirect subordinate company.

1-4 TYG Leasing, L.P.	99% ownership held by TYG Holding (U.S.A.), Inc.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
1-5 TYG Products, L.P.	99% ownership held by TYG Holding (U.S.A.), Inc.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
2. Ru Yang Co., Ltd.	58.95% ownership held by the Company.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the subordinate company.

2. Explanation of structure of affiliates (Continued I)

Names of affiliates	Description	Applicable laws and regulations
3. Tong Yang Holding Corp.	A subsidiary 100% held by the Company.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the subordinate company.
3-1 Chongqing Dajing Yuchyang Plastics Co., Ltd. (Daijang Yuchyang)	55% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
3-2 Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd. (Guangzhou Tong Yang Tatematsu)	90% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
3-3 Chongqing Dajing Tong Yang Plastics Co., Ltd. (Chongqing Dajing Tong Yang)	50% ownership held by Tong Yang Holding Corp. and its subsidiary, Chongqing Dajing Yuchyang.(Note)	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
3-4 Fuzhou Tong Yang Plastics Co., Ltd. (Fuzhou Tong Yang)	100% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.

Names of affiliates	Description	Applicable laws and regulations
3-5 Xiangyang Tong Yang Automobile Component Co., Ltd. (Xiangyang Tong Yang)	100% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
3-6 Fushun Tong Yang Automobile Component Co., Ltd. (Fushun Tong Yang)	100% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.
3-7 Tong Yang (Guangzhou) Technology R&D Service Co., Ltd. (Guangzhou Technology R&D)	100% ownership held by Tong Yang Holding Corp.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company indirectly holding the majority of the total number of the capital contribution of another company is considered the controlling company, while the other company is considered the indirect subordinate company.

2. Explanation of structure of affiliates (Continued II)

Names of affiliates	Description	Applicable laws and regulations
4. Ding Chang Ind. Co., Ltd. (Ding Chang)	A subsidiary 100% held by the Company.	Pursuant to Article 369-2 and 369-3 of the Company Act, it is presumed that a company holding the majority of the total number of the outstanding voting shares of another company is considered the controlling company, while the other company is considered the subordinate company.

Note: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.

(II) Basic information of the company's affiliates

2023

Unit: NT$ thousands

Names of affiliates	Date of incorporation	Address	Paid-in capital		Major lines of business or products	Remarks
The Company (Tong Yang Group)	1967.10.30	No. 98, Sec. 2, Anhe Rd., Annan Dist., Tainan City 709401, Taiwan (R.O.C.)	NT$	5,914,771	Manufacture and sale of automobile parts and tooling mold	
How Bond Investment Co., Ltd.	1998.03.19	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, Virgin Islands (British) VG111	NT$	535,872	General investment	
Nanjing Tong Yang Auto Parts Co., Ltd.	2008.07.05	No. 31, Huashang Rd., Lukouzhen, Jiangning Economic and Technology Development Zone, Nanjing City, China	RMB	191,736	Production and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322
TYG Holding (U.S.A.), Inc.	1995.12.15	1800 N. McDonald St., McKinney, TX, 75071 U.S.A.	US$	1	Investment holding company	US$/NT$ ★ = 30.735
TYG Management, Inc.	1995.12.15	1800 N. McDonald St., McKinney, TX, 75071 U.S.A.	US$	1	Management consultation	US$/NT$ ★ = 30.735
TYG Leasing, L.P.	1995.12.29	1800 N. McDonald St., McKinney, TX, 75071 U.S.A.		-	Leasing	US$/NT$ ★ = 30.735
TYG Products, L.P.	1997.08.28	1800 N. McDonald St., McKinney, TX, 75071 U.S.A.		-	Production and purchase and sales of automobile components	US$/NT$ ★ = 30.735
Ru Yang Co., Ltd.	1990.10.20	No. 37, Kai'an 1st St., Annan Dist., Tainan City 709005, Taiwan (R.O.C.)	NT$	219,632	Production and purchase and sales of automobile components	
Tong Yang Holding Corp.	2003.08.12	P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY-1205 Cayman Islands	US$	59,000	Investment holding company	US$/NT$ ★ = 30.735

(II) Basic information of the company's affiliates (Continued I)

2023

Unit: NT$ thousands

Names of affiliates	Date of incorporation	Address	Paid-in capital	Major lines of business or products	Remarks
Chongqing Dajing Yuchyang Plastics Co., Ltd.	1994.04.04	Yudongdajiang Industrial Park, Banan District, Chongqing City, China	RMB 109,798	Production, R&D, and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322 (Note4)
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.	1998.04.24	No. 3, Yinyi St., Xiuli Community, Economy and Technology R&D Zone, Guangzhou City, China	RMB 100,000	Design, manufacture, maintenance, and trade of various molds.	RMB/NT$ ★ = 4.322
Chongqing Dajing Tong Yang Plastics Co., Ltd.	2004.05.14	No. 2005, Jinkai Ave., Yubei Economy and Technology R&D Zone, Chongqing City, China	RMB 104,521	Production, R&D, and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322 (Note4)
Fuzhou Tong Yang Plastics Co., Ltd.	1995.12.19	Investment Zone, Qingkouzhen, Minhouxian, Fuzhou City, Fujian Province, China	RMB 257,120	Production, R&D, and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322

Names of affiliates	Date of incorporation	Address	Paid-in capital	Major lines of business or products	Remarks
Xiangyang Tong Yang Automobile Component Co., Ltd.	2011.12.28	No. 14, Leiyan Ave S. Rd., Leihe Development Zone, Yichengshi, Xiangyang City, Hubei Province, China	RMB 308,940	Production, R&D, and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322
Fushun Tong Yang Automobile Component Co., Ltd.	2013.04.02	No. 6, Hongye Ave., Leping Industrial Park, Sanshuiqu, Foshan City, Guangdong Province, China	RMB 114,652	Production, R&D, and purchase and sales of various plastic components for automobiles.	RMB/NT$ ★ = 4.322
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.	2017.12.11	No. 2, Lijiang St., Economy and Technology R&D Zone, Guangzhou City, China	RMB 12,000	Design of automobile spare parts	RMB/NT$ ★ = 4.322

(II) Basic information of the company's affiliates (Continued II)

2023

Unit: NT$ thousands

Names of affiliates	Date of incorporation	Address	Paid-in capital	Major lines of business or products	Remarks
Ding Chang Ind. Co., Ltd.	1997.07.11	1F., No. 317, Sec. 1, Anhe Rd., Annan Dist., Tainan City 709032, Taiwan (R.O.C.)	NT$ 20,000	Import and export of automobile parts and tooling mold	

★: Exchange rate on 2023.12.31

Note 1: All of the affiliates should be disclosed, irrelevant of scale and size.

Note 2: Where each affiliate has established its own plant, and the sales of the products manufactured by the plant exceed 10% of the Company's operating revenue, the name, date of incorporation, address and principle business of the plant shall be included herein.

Note 3: Where the affiliate refers to a foreign company, the name and address may be stated in English, and the date of incorporation may be expressed in the form of YYYY.MM.DD. The paid-in capital may be expressed in foreign currency (but the exchange rate on the reporting date shall be specified).

Note 4: 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.

(III) The information of the same shareholders where there is controlled and subordinate relation: None.

(IV) Description of business relationship

1. Industries covered by the business operation of the affiliates

Names of affiliates	Industry
The Company (Tong Yang Group)	Manufacture and sale of automobile parts and tooling mold
How Bond Investment Co., Ltd.	General investment
Nanjing Tong Yang Auto Parts Co., Ltd.	Manufacturing and sales
TYG Holding (U.S.A.), Inc.	General investment
TYG Management, Inc.	Management consultation
TYG Leasing, L.P.	Leasing
TYG Products, L.P.	Manufacturing and sales
Ru Yang Co., Ltd.	Manufacturing and sales
Tong Yang Holding Corp.	General investment
Chongqing Dajing Yuchyang Plastics Co., Ltd.	Manufacturing and sales
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.	Manufacturing and sales
Chongqing Dajing Tong Yang Plastics Co., Ltd.	Manufacturing and sales
Fuzhou Tong Yang Plastics Co., Ltd.	Manufacturing and sales
Xiangyang Tong Yang Automobile Component Co., Ltd.	Manufacturing and sales
Fushun Tong Yang Automobile Component Co., Ltd.	Manufacturing and sales
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.	Technology service
Ding Chang Ind. Co., Ltd.	Trading

2. The segregation of interrelated business amongst the affiliates:

Names of affiliates	Segregation of businesses
The Company (Tong Yang Group)	-
How Bond Investment Co., Ltd.	None
Nanjing Tong Yang Auto Parts Co., Ltd.	Trading of certain self-manufactured components with the Company and manufacturing, sales and purchase.
TYG Holding (U.S.A.), Inc.	None
TYG Management, Inc.	None
TYG Leasing, L.P.	Leasing of land, factories and offices to TYG Products, L.P.
TYG Products, L.P.	Trading of certain components manufactured by the Company and manufacturing, sales and purchase.
Ru Yang Co., Ltd.	Trading of certain self-manufactured components with the Company and manufacturing, sales and purchase.
Tong Yang Holding Corp.	None
Chongqing Dajing Yuchyang Plastics Co., Ltd.(Note)	None
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.	Mainly engaging in the design, manufacturing and maintenance of tooling molds, and selling certain products to the Group.
Chongqing Dajing Tong Yang Plastics Co., Ltd.(Note)	None
Fuzhou Tong Yang Plastics Co., Ltd.	None
Xiangyang Tong Yang Automobile Component Co., Ltd.	None
Fushun Tong Yang Automobile Component Co., Ltd.	None
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.	Design of automobile spare parts for the Group
Ding Chang Ind. Co., Ltd.	Trading of certain components manufactured by the Company

Note: 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.

(V) Directors, supervisors and general manager of affiliates

Unit: NT$; shares

Names of affiliates	Title	Name or representative	Shareholding / capital contribution	
			Number of Shares / capital contribution	Percentage of shareholding / capital contribution
The Company (Tong Yang Group)	Chairman Vice Chairman Chairman and President Chairman and Vice President Independent Director Independent Director Independent Director	Yeong-Maw Wu Yung-Feng Wu Yung-Hsiang Wu Chi-Pin Wang Kan-Hsiung Lin Ming-Tien Tsai Yen-Ling Cheng	38,006,787 36,677,497 33,903,930 137,278 0 0 0	6.42% 6.20% 5.73% 0.02%
How Bond Investment Co., Ltd.	Director	Legal representative of Tong Yang Group Yeong-Maw Wu	USD 16,000,000	100%
Nanjing Tong Yang Auto Parts Co., Ltd.	Chairman Director Director Supervisor General manager	Legal representative of How Bond Investment Co., Ltd. Yung-Hsiang Wu Yeong-Maw Wu Tsu-Hsiung Chen Chieh-Wen Wu Chi-Ping Peng	USD 28,000,000	100%
TYG Holding (U.S.A.), Inc.	Director	Legal representative of How Bond Investment Co., Ltd. Shih-Ming Huang Chi-Pin Wang	US$ 1,000	100%
TYG Management, Inc.	Director General manager	TYG Holding ,(U.S.A) Inc. Legal representative Shih-Ming Huang Chi-Pin Wang Fu-Yi Chen	US$ 1,000	100%
TYG Leasing, L.P.	Limited liability partner General manager	Legal representative of TYG Management, Inc. Shih-Ming Huang Chi-Pin Wang Fu-Yi Chen	US$ 10	1%
TYG Products, L.P.	Limited liability partner General manager	Legal representative of TYG Management, Inc. Shih-Ming Huang Chi-Pin Wang Fu-Yi Chen	US$ 10	1%

(V) Directors, supervisors and general manager of affiliates (Continued)

Unit: NT$; shares

<table>
<tr><th rowspan="2">Names of affiliates</th><th rowspan="2">Title</th><th rowspan="2">Name or representative</th><th colspan="2">Shareholding / capital contribution</th></tr>
<tr><th>Number of Shares / capital contribution</th><th>Percentage of shareholding / capital contribution</th></tr>
<tr><td>Ru Yang Co., Ltd.</td><td>Director

Chairman

Director

Supervisor</td><td>Legal representative of Tong Yang Group
Yung-Feng Wu
Yeong-Maw Wu
Ming-Tsung Wu
(Japan) Daikyo Nishikawa Co., Ltd.
Koji Tominaga
Katsushi Kato
Legal representative of Tong Yang Group
Meng-Juan Wu</td><td>12,946,752

9,016,488

12,946,752</td><td>58.95%

41.05%

58.95%</td></tr>
<tr><td>Tong Yang Holding Corp.</td><td>Director</td><td>Legal representative of Tong Yang Group
Yeong-Maw Wu
Yung-Hsiang Wu</td><td>59,000,000</td><td>100.00%</td></tr>
<tr><td>Chongqing Dajing Yuchyang Plastics Co., Ltd.</td><td>Director

Chairman
General manager

Supervisor
Director

Vice Chairman

Supervisor</td><td>Tong Yang Holding Corp.
Legal representative
Cheng-Sheng Cheng
Chien-Yao Chen

Ming-Tsung Wu
Chieh-Wen Wu
Hung-Chien Lin
Legal representative of Chongqing Dajiang Industry Co.,Ltd.
Chun-An Pai
Jian-Zhong Tong
Chien-Fei Chu
Hao Chiang</td><td>US$ 7,150,000

US$ 5,850,000</td><td>55%

45%</td></tr>
<tr><td>Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.</td><td>Director

Chairman
General manager

Supervisor
Director</td><td>Legal representative of Tong Yang Holding Corp.

Ming-Tsung Wu
Shih-Chieh Chuang

Chieh-Wen Wu
Ming-Lung Wu
Hung-Chien Lin
Legal representative of Tatematsu Kougyo Co., Ltd.
Hiroki Tatematsu</td><td>RMB 90,000,000

RMB 10,000,000</td><td>90%

10%</td></tr>
</table>

(V) Directors, supervisors and general manager of affiliates (Continued)

Names of affiliates	Title	Name or representative	Shareholding / capital contribution	
			Number of Shares / capital contribution	Percentage of shareholding / capital contribution
Chongqing Dajing Tong Yang Plastics Co., Ltd.	Director	Tong Yang Holding Corp. Legal representative	US$ 3,250,000	25%
	Chairman	Cheng-Sheng Cheng		
	General manager	Chien-Yao Chen		
		Ming-Tsung Wu		
		Chieh-Wen Wu		
	Supervisor	Hung-Chien Lin		
	Director	Legal representative of Chongqing Dajiang Industry Co.,Ltd.	US$ 2,658,500	20.45%
	Vice Chairman	Chun-An Pai		
		Kuang-Sheng He		
		Chien-Fei Chu		
	Supervisor	Hao Chiang		

(V) Directors, supervisors and general manager of affiliates (Continued)

Unit: NT$; shares

Names of affiliates	Title	Name or representative	Shareholding / capital contribution	
			Number of Shares / capital contribution	Percentage of shareholding / capital contribution
Fuzhou Tong Yang Plastics Co., Ltd.	Director Chairman General manager Supervisor	Tong Yang Holding Corp. Legal representative Yung-Feng Wu Yeong-Maw Wu Ming-Tsung Wu Chieh-Wen Wu Ming-Lung Wu San-Fu Hung Hung-Chien Lin	US$ 35,000,000	100%
Xiangyang Tong Yang Automobile Component Co., Ltd.	Director Chairman Supervisor General manager	Tong Yang Holding Corp. Legal representative Ming-Tsung Wu Ming-Lung Wu Chieh-Wen Wu Ching-San Huang Hung-Chien Lin	US$ 46,500,000	100%
Fushun Tong Yang Automobile Component Co., Ltd.	Director Chairman Supervisor	Tong Yang Holding Corp. Legal representative Yung-Hsiang Wu Ming-Tsung Wu Ming-Lung Wu Hung-Chien Lin	US$ 18,500,000	100%
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.	Director Chairman Director General manager Supervisor	Tong Yang Holding Corp. Legal representative Chieh-Wen Wu Kuan-Hung Chen Chih-Fu Chien Hung-Chien Lin	RMB 12,000,000	100%
Ding Chang Ind. Co., Ltd.	Director Chairman Supervisor	Legal representative of Tong Yang Group Yeong-Maw Wu Yung-Feng Wu Yung-Hsiang Wu Chih-Hsiu Tsai	2,000,000	100%

Note 1: If the affiliated enterprise is a foreign company, list the personnel holding key positions.
Note 2: If the invested company is not a limited company, please fill in the capital contribution and the proportion of capital contribution.
Note 3: When Directors and Supervisors are judicial persons, relevant information of the representatives shall be disclosed.

TONG YANG INDUSTRY CO., LTD.

IV. Operating Status of Affiliates

Unit: NT$ thousands

Names of affiliates	★ Paid-in capital	★ Total assets	★ Total liabilities	★ Net worth	△ Operating revenue	△ Operating profit (loss)	△ Profit (loss) (after tax)	Earnings per share (NT$) (after Tax)
The Company (Tong Yang Group)	$5,914,771	$31,921,026	$6,469,630	$25,451,396	$18,205,469	$3,745,316	$3,019,410	$5.10
How Bond Investment Co., Ltd.	535,872	1,299,849	120	1,299,729	93,934	93,690	93,690	-
Nanjing Tong Yang Auto Parts Co., Ltd.	828,683 (RMB191,736)	290,386 (RMB67,188)	43,051 (RMB9,961)	247,335 (RMB57,227)	3,763 (RMB853)	(50,647) (RMB(11,482))	(41,772) (RMB(9,470))	-
TYG Holding (U.S.A.), Inc. (Note 3)	31 (USD1)	1,054,825 (USD34,320)	190,280 (USD6,191)	864,545 (USD28,129)	913,927 (USD29,382)	160,937 (USD5,174)	131,108 (USD4,215)	-
Ru Yang Co., Ltd.	219,632	447,804	48,919	398,885	179,761	4,655	5,280	-
Tong Yang Holding Corp.	1,813,365 (USD 59,000)	4,244,595 (USD138,103)	7,499 (USD244)	4,237,096 (USD137,859)	(300,630) (USD(9,665))	(336,369) (USD(10,814))	(336,369) (USD(10,814))	-
Chongqing Dajing Yuchyang Plastics Co., Ltd. (Note4)	474,547 (RMB109,798)	-	-	-	3,441 (RMB780)	(1,226) (RMB(278))	(357) (RMB(81))	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.	432,200 (RMB100,000)	312,273 (RMB72,252)	163,242 (RMB37,770)	149,031 (RMB34,482)	279,172 (RMB63,290)	3,251 (RMB737)	1,407 (RMB319)	-

IV. Operating Status of Affiliates (Continued)

Unit: NT$ thousands

Names of affiliates	★ Paid-in capital	★ Total assets	★ Total liabilities	★ Net worth	△ Operating revenue	△ Operating profit (loss)	△ Profit (loss) (after tax)	Earnings per share (NT$) (after Tax)
Chongqing Dajing Tong Yang Plastics Co., Ltd. (Note4)	451,740 (RMB104,521)	2,198,385 (RMB508,650)	1,509,325 (RMB349,219)	689,060 (RMB 159,431)	3,496,048 (RMB792,575)	63,849 (RMB14,475)	57,233 (RMB12,975)	-
Fuzhou Tong Yang Plastics Co., Ltd.	1,111,273 (RMB257,120)	576,512 (RMB133,390)	412,531 (RMB95,449)	163,981 (RMB 37,941)	235,155 (RMB53,311)	(48,142) (RMB(10,914))	(99,459) (RMB(22,548))	-
Xiangyang Tong Yang Automobile Component Co., Ltd.	1,335,239 (RMB308,940)	467,000 (RMB108,052)	320,411 (RMB74,135)	146,589 (RMB 33,917)	147,738 (RMB33,493)	(98,365) (RMB(22,300))	(166,193) (RMB(37,677))	-
Fushun Tong Yang Automobile Component Co., Ltd.	495,526 (RMB114,652)	693,314 (RMB160,415)	242,637 (RMB56,140)	450,677 (RMB 104,275)	510,745 (RMB115,789)	(50,382) (RMB(11,422))	(57,775) (RMB(13,098))	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.	51,864 (RMB12,000)	73,396 (RMB16,982)	15,689 (RMB3,630)	57,707 (RMB 13,352)	15,827 (RMB3,588)	(1,711) (RMB(388))	(1,711) (RMB(388))	-
Ding Chang Ind. Co., Ltd.	20,000	133,739	7,845	125,894	78,731	847	2,166	-

★ exchange rate on 2023.12.31: USD/NTD= 30.735
RMB/NTD=4.322
EUR/NTD=33.984

△2023 annual exchange rate: USD/NTD=31.105
RMB/NTD=4.411
EUR/NTD=33.501

Note 1: All of the affiliates should be disclosed, irrelevant of scale and size.
Note 2: Where the affiliate refers to a foreign company, the relevant figures shall be stated in NTD at the foreign exchange rate of reporting date.
Note 3: Tong Yang Holding (U.S.A), Inc. is a foreign holding company, and in accordance with local laws and regulations, it has the consolidated financial statements as its main financial statements, which disclose only information relevant to the holding company.
Note 4: 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.

東陽實業廠股份有限公司
Tong Yang Industry Co., Ltd.

Chairman: Yeong-Maw Wu