

Stock Code: 1319

# **TONG YANG INDUSTRY CO., LTD.**

## **2024 Annual Shareholders' Meeting**

### **Meeting Handbook**

**June 18, 2024**

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# **TONG YANG INDUSTRY CO., LTD.**

## **2024 Annual Shareholders' Meeting Procedure**

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Announcements
- IV. Proposals
- V. Extempore Motions
- VI. Adjournment

# **TONG YANG INDUSTRY CO., LTD.**

## **2024 Annual Shareholders' Meeting Agenda**

The method for convening: a physical shareholder's meeting

Meeting Time: 9:00 a.m. on Tuesday, June 18, 2024

Place: Conference Hall, Evergreen Plaza Hotel (Tainan), 3F,  
No. 1, Lane 336, Chunghua E. Rd., Sec. 3, East Dist., Tainan  
City, Taiwan (R.O.C.)

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Announcements
  - (I) 2023 Business Report
  - (II) Audit Committee's Review Report on the 2023 Financial Statements
  - (III) Report on 2023 Distribution of the Remuneration for Employees and Directors
  - (IV) Report on Distribution of the 2023 Cash Dividends from Profits
- IV. Proposals
  - Proposal 1: Adoption of the 2023 Business Report and Financial Statements
  - Proposal 2: Adoption of the 2023 Profit Distribution Proposal
- V. Extempore Motions
- VI. Adjournment

### III. Announcements

(I) 2023 Business Report

Explanation: Please refer to page 9 to 13 of this handbook for the 2023 Business Report (Attachment 1).

(II) Audit Committee's Review Report on the 2023 Financial Statements

Explanation: Please refer to page 14 of this handbook for the Audit Committee's Review Report (Attachment 2).

(III) Report on 2023 Distribution of the Remuneration for Employees and Directors

Explanation:

1. This matter is handled in accordance with Article 26 of the Company's Articles of Incorporation.
2. As the Company's 2023 profits reached more than NT\$500 million, the Board of Directors has resolved to pay employees' remuneration in the amount of NT\$5 million and Directors' remuneration in the amount of NT\$15 million in cash.

#### (IV) Report on Distribution of the 2023 Cash Dividends from Profits

##### Explanation:

1. Pursuant to Article 26 of the Company's Articles of Incorporation, if the distribution of profits is made solely in cash, the Board of Directors is authorized to do so after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors, and in addition, a report of such distribution shall be submitted to the shareholders' meeting.
2. As approved by the Board of Directors on March 8, 2024, the proposed cash dividends, calculated at NT\$4 per share, are to be distributed, totaling NT\$2,365,908,272. The proposed cash dividends to be distributed are rounded to the nearest dollar and the aggregate amount of dividends arising from fractional shares is counted as other income in the Company's financial statements.
3. In the event of a subsequent change in the number of the Company's outstanding shares on the record date of dividend distribution due to the circumstances of conversion of the Company's outstanding convertible bonds into ordinary shares or buy-back of the Company's treasury shares, we propose to request this shareholders' meeting to authorize the Chairman to adjust the dividend payout ratio to shareholders, based on the amount of dividend distribution resolved for this proposal and the actual number of outstanding shares on the record date of dividend distribution.

## IV. Proposals

Proposal 1

Proposed by the board of directors

Subject: Adoption of the 2023 Business Report and Financial Statements.

Explanation:

1. The Company's 2023 Business Report and financial statements have been approved by the Company's Board of Directors through a resolution. The financial statements have been reviewed and endorsed by the CPAs, and, together with the Business Report, have been subsequently examined and approved by the Audit Committee.
2. Please refer to page 9 to 13 (Attachment 1) and page 15 to 32 (Attachments 3 and 4) of this handbook for the 2023 Business Report, CPA Audit Report and financial statements respectively.
3. The proposal is hereby submitted for adoption.

Resolution:

Proposal 2

Proposed by the board of directors

Subject: Adoption of the 2023 Profit Distribution Proposal

Explanation:

1. Pursuant to Article 25 and 26 of the Company's Articles of Incorporation, the 2023 Profit Distribution Table is proposed as below:

TONG YANG INDUSTRY CO., LTD.

2023 Profit Distribution Table

Currency Unit: NT\$

Item	Amount	Amount
Beginning balance of retained earnings		9,332,978,908
Remeasurement of defined benefit plan recognized in the retained earnings	(104,312,792)	(104,312,792)
Adjusted balance of retained earnings		9,228,666,116
Add: Net profit	3,019,409,508	3,019,409,508
Less: Legal reserve appropriated	(291,509,672)	(291,509,672)
Reversal of special reserve	96,705,791	96,705,791
Earnings available for distribution		12,053,271,743
Distribution items:		
Dividend to shareholders (in cash): NT\$4 per share	(2,365,908,272)	(2,365,908,272)
Ending balance of retained earnings		9,687,363,471

Chairman: Yeong-Maw Wu    President: Yung-Hsiang Wu    Chief Accounting Officer: Chin-Hsi Chen

2. The above-mentioned dividend distribution ratio is based on the number of 591,477,068 shares outstanding as of March 8, 2024.
3. The proposed cash dividends to be distributed are calculated at NT\$4 per share, and are rounded to the nearest dollar, where the aggregate amount of dividends arising from fractional shares is counted as other income in the Company's financial statements.
4. The Company's 2023 profits shall be distributed first.
5. In the event of a subsequent change in the number of the Company's outstanding shares on the record date of dividend distribution due to the circumstances of conversion of the Company's outstanding convertible bonds into ordinary shares or

buy-back of the Company's treasury shares, we propose to request this shareholders' meeting to authorize the Chairman to adjust the dividend payout ratio to shareholders, based on the amount of dividend distribution resolved for this proposal and the actual number of outstanding shares on the record date of dividend distribution.

6. The Board of Directors is authorized to handle matters related to this profit distribution if changes are required by laws and regulations or amendments approved by the competent authorities.
7. The proposal is hereby submitted for adoption.

Resolution:

## V. Extempore Motions

## VI. Adjournment

# **TONG YANG INDUSTRY CO., LTD.**

## **2023 Business Report**

### **I. 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.

### **II. Implementation Overview**

With the increasing demand for global automotive collision parts and the continuous growth of State Farm benefits, and that we continue to reorganize and optimize its product portfolio to meet market demand, the Company has achieved a consolidated revenue of NT\$23,858,806 thousand, representing a growth of 12.10% compared to that of last year. The consolidated net profit also increased by 49.62% compared to last year, reaching NT\$3,047,280 thousand. Moving forward, the Company will continue to optimize and expand production capacity, improve production lines, and produce high-quality products to meet customers' one-stop shopping demands. These efforts will enhance our overall competitiveness and strengthen our position in the automotive parts market.

### **III. 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 net 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-COVID-19 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, the Company 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 reinvested paint companies in mainland China in 2022 of NT\$574,474 thousand. Therefore, the consolidated pre-tax net profit 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 profit was NT\$3,047,280 thousand, an increase of NT\$1,010,560 thousand from NT\$2,036,720 thousand in 2022. The net profit 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\$1,000

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

#### IV. Performance of Operating Budget

Unit: NT\$1,000

Item	Actual amount of 2023	Estimated amount of 2023	Budget 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	3,423,458	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 estimated amount of 2023 has yet to be reviewed by CPAs.

#### V. Profitability Analysis

Analysis item		Year	Financial analysis		
			2023	2022	
Financial structure	Debt ratio (%)		26.06	27.65	
	Ratio of long-term capital to property, plant, and equipment (%)		159.01	146.49	
Profitability	Return on assets (ROA) (%)		9.03	6.20	
	Return on equity (ROE) (%)		12.15	8.75	
	As a percentage of paid-in capital (%)	Operation income		63.30	32.71
		Pre-tax profit		64.45	43.96
	Net Profit Margin (%)		12.77	9.57	
Earnings per share (NT\$) (Note)		5.10	3.64		

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

## VI. Research & Development Status

TONG YANG has technology research and development centers for new product research and development. Innovative technologies are focused on product design, materials, coatings and processes, optoelectronic technology, e-communication research and innovation, and automation equipment and remote information monitoring systems are actively introduced. Therefore, various problems in the production line and data analysis can be quickly dealt with to improve production efficiency. In addition, the Technology Research and Development Center has newly established a Forward-Looking Components Group and an Intelligent Electrical Assembly Group. These groups aim to revolutionize the existing plastic products by integrating automotive electrical systems, optical components, and decoration techniques, as well as creating new product portfolio. With their specialized expertise and experience, they provide customers with reliable and comfortable transportation equipment accessories.

Our plastic and metal sheet parts have obtained the most Certified Automotive Parts Association (CAPA) product certifications in the US market, and the TÜV Rheinland quality certifications in the European market. We are number one in the number of product quality certificates obtained in the world. In response to environmental protection, we introduced the water-based painting 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 rapid development. The automotive exterior has evolved with new decorative styles and applications. TONG YANG has integrated the decorative technology of exterior parts with the 'light element' and developed smart photoelectric decoration technology. This technology creates different visual effects during the day and night, while also adding information transmission capabilities, as it strengthens the connection between automobiles and people. The developed items include three-dimensional light and shadow optical front bumpers, large illuminated decorative panels, smart B-pillars, and illuminated bumpers and tailgates, among others.

In terms of interior decoration products, the ever-evolving automotive electronic systems have led to the emergence of complex operating interfaces and a significant amount of information transmission requirements. The Company has incorporated functionality into the automotive interior accessories, developed human-machine interaction and hidden information display, integrated driving information, and created various control interfaces to liberate people from complex operations. The items include totem ambient lighting, smart touch panels, electric glove boxes, and smart central armrests, etc., which are all integrated into the use of driving cabins. They adjust the cabin environment based on external conditions and driving situations, and then adapt the driving environment to reduce driving information fatigue and improve driving concentration.

Regarding issues related to environmental protection, TONG YANG has introduced the concepts of lightweight, energy consumption and carbon reduction in the product development stage. Product items include plastic tailgate panels, plastic hoods, plastic fenders, plastic front-end frames, and injection foam interior and exterior trims, etc. It is mainly based on the successful case of replacing steel with plastic and foam forming to reduce weight, and the weight can be reduced by 10-40%. Fuel efficiency and mileage can be increased, air pollution and energy saving and carbon reduction can be decreased. Meanwhile, TONG YANG has also introduced water-based coating technology and equipment to reduce the use of polluting solvents to achieve the goal of being environmentally friendly.

Our Technology R&D Center focuses on five major aspects of product development: lightweight, integrated, decoration, value, and environmental protection. We continuously develop key technology, so as to fulfill the market demand and customer requirement.

We insist that only by continuing R&D can we become the industry leader and lay a more professional, solid, and robust foundation for us to enter the international competitive market.

Chairman:  
Yeong-Maw Wu

President:  
Yung-Hsiang Wu

Chief Accounting Officer:  
Chin-Hsi Chen

## **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 the Securities and Exchange Act and the Company Act, 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

## Independent Auditors' Report Translated from Chinese

To TONG YANG INDUSTRY CO., LTD.

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

#### Loss Allowance Accounts Receivable

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

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

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

#### Valuation for slow-moving inventories

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
8 March 2024

Notice to Readers

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

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

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

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

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

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

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

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

English Translation of Financial Statements Originally Issued in Chinese  
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Attachments 3 of 3

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)

Attachments 3 of 4

ITEMS	Equity attributable to the parent company							Total	Non-controlling interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other equity				
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income			
Balance as of 1 January 2022	\$5,914,771	\$4,149,857	\$2,577,332	\$202,797	\$9,265,700	\$(610,658)	\$137,610	\$21,637,409	\$630,444	\$22,267,853
Appropriation and distribution of 2021 retained earning										
Legal Reserve	-	-	70,929	-	(70,929)	-	-	-	-	-
Special Reserve	-	-	-	270,251	(270,251)	-	-	-	-	-
Cash dividends	-	-	-	-	(502,756)	-	-	(502,756)	-	(502,756)
Other changes in additional paid-in capital	-	224	-	-	-	-	-	224	-	224
Net income (loss) for the year ended 31 December 2022	-	-	-	-	2,151,321	-	-	2,151,321	(114,601)	2,036,720
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	-	-	-	-	85,974	230,882	145,460	462,316	10,147	472,463
Total comprehensive income (loss)	-	-	-	-	2,237,295	230,882	145,460	2,613,637	(104,454)	2,509,183
(Decrease) in non-controlling interests	-	-	-	-	-	-	-	-	(9,017)	(9,017)
Balance as of 31 December 2022	\$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

Attachments 3 of 5

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

## **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.

#### Loss Allowance Accounts Receivable

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.

#### Valuation for slow-moving inventories

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 ChineseTONG 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.)

English Translation of Financial Statements Originally Issued in Chinese  
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)

ITEMS	Equity attributable to the parent company							Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other equity		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	
Balance as of 1 January 2022	\$5,914,771	\$4,149,857	\$2,577,332	\$202,797	\$9,265,700	\$(610,658)	\$137,610	\$21,637,409
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	<u>\$5,914,771</u>	<u>\$4,150,081</u>	<u>\$2,648,261</u>	<u>\$473,048</u>	<u>\$10,659,059</u>	<u>\$(379,776)</u>	<u>\$283,070</u>	<u>\$23,748,514</u>
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	<u>\$5,914,771</u>	<u>\$4,150,503</u>	<u>\$2,871,990</u>	<u>\$96,706</u>	<u>\$12,248,076</u>	<u>\$(425,323)</u>	<u>\$594,673</u>	<u>\$25,451,396</u>

(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	ITEMS	2023.1.1~ 2023.12.31	2022.1.1~ 2022.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$3,747,883	\$2,662,308	Acquisition of financial assets at amortised cost	(50,000)	-
Adjustments for:			Disposal of financial assets at amortized cost	6,600	-
Income and expense adjustments:			Disposal of equity investments under equity method	-	14,214
Depreciation (including right-of-use assets)	2,436,527	2,495,986	Proceeds from capital reduction of equity investments under equity method	-	492,605
Amortization	20,028	30,401	Acquisition of property, plant and equipment	(2,407,824)	(1,935,072)
Expected credit losses	3,307	3,600	Proceeds from disposal of property, plant and equipment	48,865	31,979
Interest expense	7,979	13,881	Acquisition of intangible assets	(13,962)	(17,184)
Interest income	(64,131)	(5,154)	Net cash used in investing activities	(2,416,321)	(1,413,458)
Dividend income	(15,838)	(16,180)			
Share of loss of subsidiaries, associates and joint ventures	232,159	18,407	Cash flows from financing activities:		
(Gain) on disposal of property, plant and equipment	116	(2,092)	(Decrease) in short-term loans	-	(4,354)
(Gain) on disposal of equity investments under equity method	-	(2,143)	Borrow in long-term loans	-	75,168
Impairment loss on non-financial assets	-	124,435	Reimburse long-term loans	(382,304)	(2,416,019)
Unrealized gross profit	9,189	10,068	Reimburse lease principal	(16,960)	(16,955)
Realized gross profit	(10,068)	(9,533)	Cash dividends	(1,478,693)	(502,756)
Changes in operating assets and liabilities:			Interest paid	(7,688)	(13,749)
Notes receivable,net	8,790	(3,387)	Net cash used in financing activities	(1,885,645)	(2,878,665)
Accounts receivable,net	(474,614)	(478,245)			
Accounts receivable,related parties,net	(13,933)	27,735	Net increase (decrease) in cash and cash equivalents	1,764,107	592,249
Other receivables	2,854	35,271	Cash and cash equivalents at beginning of period	1,332,881	740,632
Inventories	124,614	(41,429)	Cash and cash equivalents at end of period	\$3,096,988	\$1,332,881
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 liabilities	(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			

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

## Rules and Procedures of the Shareholders' Meeting of TONG YANG INDUSTRY CO., LTD.

- Article 1: Unless otherwise required by the laws and regulations, the shareholders' meeting of TONG YANG INDUSTRY CO., LTD. (the "Company") shall be conducted in accordance with the Rules and Procedures of the Shareholders' Meeting (the "Rules").
- Article 2: The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 3: The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
- Article 4: The shareholders' meeting shall be held at the place where the Company is located or at any other place convenient for the shareholders to attend and appropriate to convene such meeting, and shall commence at a time no earlier than 9:00 a.m. and no later than 3:00 p.m. When the Company proceeds a shareholders' meeting via visual communication network, it is not limited by the location of the meeting in the preceding paragraph. When the Company convenes a shareholders' meeting, vote via electronic means shall be included as one of the channels for shareholders exercising their voting rights, and the method thereof shall be specified in the notice of the shareholders' meeting. A shareholder who exercises his/her voting rights at a shareholders meeting by electronic means shall be deemed to have attended the shareholders' meeting in person, but to have

waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting.

Article 5: If a shareholders' meeting is convened by the Board of Directors, the Chairman of said meeting shall be the chair. If Chairman is absent from office or is unable to exercise his or her duties for any reason, the Vice Chairman shall act as his or her proxy. If there is no Vice Chairman or if the Vice Chairman is also absent from office or is unable to exercise his or her duties for any reason, the Chairman shall designate one of Managing Directors to act as his or her proxy. If there is no Managing Director, a Director shall be appointed to act as proxy. If the Chairman does not designate a proxy, the Managing Directors or Directors shall select from among themselves one person to preside said meeting. If the shareholders' meeting is convened by a person with the authority to convene other than the Board of Directors, such person shall act as the chair at that meeting.

Article 6: Attorneys at law, CPAs or relevant personnel commissioned by the Company may attend and observe the shareholders' meeting. Staff at the shareholders' meetings shall wear ID badges or arm badges.

Article 7: The Company shall perform audio or video recording of the entire process of a shareholders' meeting. The preceding recordings shall be retained for at least 1 year.

Article 8: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned

at the virtual meeting platform. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. All shareholders shall be notified of the tentative resolution, and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company two days prior to the date of the shareholders' meeting.

In the event that the total number of shares represented by attending shareholders reaches a majority of the total issued shares before that same shareholder meeting is adjourned, the chair may bring the tentative resolution(s) so adopted into the shareholders' meeting anew to be duly resolved in accordance with Article 174 of the Company Act.

Article 9: The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall proceed in accordance with the scheduled agenda.

The preceding paragraph shall apply *mutatis mutandis* to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting.

The chair is not entitled to declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of said shareholders' meeting.

Upon the adjournment of the meeting, the shareholders are not entitled to elect another chair to continue the meeting at the same place or another venue; however, if the prior chair violates the Rules and adjourns the meeting, another chair may be elected by a majority of the voting rights of the shareholders present to continue the meeting.

Article 10: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless permitted by the chair and such speaking shareholder; the chair shall stop any such violations.

Article 11: Unless otherwise permitted by the chair, a shareholder may only speak, up to two times, on a single proposal, each time no more than five minutes in length.

The chair may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in the two preceding paragraphs in the Article do not apply.

Article 12: In the event that a juristic (corporate) person is entrusted to participate in a shareholder meeting, that juristic (corporate) person may appoint only one representative to participate in the meeting. In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same proposal.

- Article 13: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 14: Where the chair believes that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
- Article 15: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The voting results shall be announced immediately after vote counting has been completed, and recorded in writing.
- Article 16: During the process of the meeting, the chair may announce a recess at an appropriate time.
- Article 17: Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.  
In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and elections immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.
- Article 18: When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19: The chair may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear arm badges marked

"Patrol Personnel" while assisting in maintaining the order of the meeting.

Article 20: In the event of a virtual shareholders' meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

Article 21: The Rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

# **Articles of Incorporation of TONG YANG INDUSTRY CO., LTD.**

## **Chapter 1 General Principles**

Article 1: The Company shall be incorporated, as a company limited by shares, under the Company Act, and its name shall be 東陽實業廠股份有限公司 in the Chinese language, and TONG YANG INDUSTRY CO., LTD. in the English language.

Article 2: The scope of business of the Company shall be as follows:

- I. Manufacture and sales of plastic products.
- II. Manufacture and trade of various molds.
- III. Manufacture and trade of electrical appliances, machinery, hardware, etc. (except regulatory products).
- IV. Engagement in the import and export trade of the preceding products concerned.
- V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall have its head office in Tainan City, Taiwan, Republic of China, and, pursuant to a resolution adopted at the meeting of the Board of Directors, may set up, change, or close a branch office or plant within or outside the territory of the Republic of China when deemed necessary.

Article 4: The total amount of the Company's external reinvestments is not subject to 40% of the paid-in capital.

## **Chapter 2 Shares**

Article 5: The total capital of the Company shall be in the amount of eight billion New Taiwan Dollars (NT\$8,000,000,000), divided into eight hundred million (800,000,000) shares, with a par value of ten New Taiwan Dollars (NT\$10) each to issue the shares in installments. The Board of Directors may be authorized to issue

by batches according to business needs.

Article 6: The Company's share certificates shall be affixed with the signatures or personal seals of the Director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws.

Article 7: The Company may issue shares without certificates, but shall appoint a centralized securities depository enterprise to make recordation of the issue of such shares.

Article 8: The Company's shares shall be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority.

Article 9: Where a company processes a shareholder's application to issue replacement stocks due to splits and such split stocks do not exceed 1,000 shares, the Company may charge a handling fee at its discretion.

### **Chapter 3 Shareholders' Meeting**

Article 10: There are two types of shareholders' meeting: regular meeting and special meeting. The regular meeting is held once a year within six months after the end of each fiscal year, and the Board of Directors shall notify all shareholders 30 days in advance. Special meetings shall be convened in accordance with the law when necessary, and shareholders shall be notified 15 days in advance.

When the Company's shareholders' meeting is held, it may be proceeded via visual communication network or other methods announced by the central competent authority.

Article 11: When a shareholder is unable to attend the shareholders' meeting for some reason, he/she/it may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney issued by the Company, specifying the scope of authorization. The rules of attendance by shareholder appointing

proxies shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority, unless otherwise stipulated by the Company Act.

Article 12: The shareholders' meeting shall be duly chaired by the Chairman if convened by the Board of Directors. However, in the Chairman's absence or unavailability, the Vice Chairman shall chair the meeting on his/her behalf; in the event that the Vice Chairman is absent or unavailable as well, the Chairman shall, in advance, appoint a Director to act as his/her proxy, but in the event that the Chairman fails to do so, one Director shall be elected from among themselves to chair said meeting. If a shareholders' meeting is convened by an eligible person other than the Board of Directors, said person shall preside over said meeting, and if there are two or more persons eligible to do so, one shall be elected from among themselves to preside over said meeting.

Article 13: Except in the circumstances otherwise provided for in the Act, a shareholder of the Company shall have one voting power in respect of each share in his/her/its possession.

Article 14: Unless otherwise provided in the Company Act, resolutions at shareholders' meetings shall be made with the consent of a majority of the shareholders present, representing a majority of the total number of outstanding shares. The voting power at a shareholders' meeting may be exercised through electronic means. Attendance via electronic means is deemed to be attended in person. Related matters shall be handled subject to the relevant laws and regulations.

Article 15: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the

conclusion of the meeting. The distribution of the foregoing minutes shall be governed by the provisions of the Company Act. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the company for a minimum period of at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Chapter 4 Board of Directors and Audit Committee**

Article 16: The Company shall have seven Directors elected by the shareholders' meeting from a list of Director candidates with behavioral capacity, the election of which shall adopt a candidates nomination system in accordance with the Company Act. The shareholders shall elect from the list of candidates for election as Directors, and each Director holds office for three years, and is eligible to be re-elected to serve consecutive terms. The Company may remunerate its Directors for the performance of their duties, regardless of the Company's profit or loss, in accordance with the degrees of participation and values of their contribution to the Company's operations, as determined by a meeting of the Board of Directors with reference to the usual standards in the industry. If the Company operates at a profit, the remuneration shall be distributed in accordance with Article 26 herein. The total number of registered shares held by all Directors shall be specified in accordance with the standard set by the competent authority.

Article 16-1: Three Independent Directors shall be included in the number

of Directors in the preceding paragraph. The restrictions on professional qualifications, share ownership, concurrent positions held, the manner of nomination, the election of the Independent Directors, and other related matters shall comply with applicable laws and regulations prescribed by the competent authority.

Article 16-2: The Company shall have an Audit Committee consisting of all Independent Directors. The exercise of the functional authorities and related matters of the Audit Committee and its members shall be handled in accordance with the relevant provision of the Securities and Exchange Act.

Article 17: If vacancies in the Board of Directors reaches one-third of Director seats, the Board of Directors shall convene a special meeting of shareholders within 60 days to elect new Directors for the remaining term of office to be fulfilled.

Article 18: The Directors shall constitute the Board of Directors, where there shall have a Chairman and may have a Vice Chairman thereof. The Chairman and Vice Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors, and shall execute all matters of the Company in accordance with applicable laws, regulations, the Articles of Incorporation, and resolutions adopted at shareholders' meeting and by the Board of Directors.

Article 19: All business and operating policies and significant events of the Company to be executed shall be resolved by the Board of Directors.

Article 20: The Board of Directors' meetings shall be convened by the Chairman. The notices to the Board of Directors meeting may be served in writing or by means of facsimile or e-mail. The Chairman shall preside over the Board of Directors' meetings. If the Chairman is absent from office or unable to exercise his or her duties for any reason, the Vice Chairman shall act as

his/her proxy. If the Vice Chairman is also absent from office or unable to exercise his or her duties for any reason, the Chairman shall designate a Director to act as his/her proxy, but If the Chairman fails to appoint a proxy, the Directors shall elect one of them from among themselves to act as proxy. When the Board of Directors meets by video conference, a Director who participates in a meeting by video is deemed to be present in person. Where a Director is unable to attend a Board of Directors' meeting for any reason, said Director may issue a proxy letter, stating therein the scope of authority with reference to the matters for convening the meeting, and appoint another Director to serve as his or her proxy. However, a proxy may only accept the appointment of one Director only.

Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by at least a majority of the Directors present at a meeting attended by at least a majority of the Directors.

Article 21: The proceedings and resolutions of the Board of Directors shall be recorded into meeting minutes, signed and sealed by the chair. A copy of the meeting minutes shall be distributed to all Directors within 20 days after the meeting. A record of the proceedings and the results thereof in the meeting minutes shall be kept at the Company, together with an attendance book bearing the signatures of the Directors present and the proxy letters for attendance.

Article 22: (Deleted)

Article 23: The Directors' traveling expenses shall be specified by the Board of Directors' meeting.

The Company may purchase liability insurances for the Directors of Board to protect them against potential liabilities arising from exercising their duties within their executive business scopes in accordance with the laws.

## **Chapter 5 Managerial Officers and Staff**

Article 24: The Company may have certain managerial officers, whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 25: Upon closing of each fiscal year, the Board of Directors shall prepare the following forms and documents and submit them to the shareholders' meeting for adoption in accordance with the statutory procedures.

- (1) Business report
- (2) Financial statements
- (3) Proposals for profit distribution and loss offset

Article 26: If the annual profit of the Company reaches NT\$500 million (or more), the Company shall set aside NT\$5 million for employee compensation and NT\$15 million for director remuneration. If the Company's annual profit does not reach \$500 million, the employee compensation is based on 1% of the profit and the director remuneration is not more than 3% of the profit. However, if the Company still has accumulated losses, the amount for offsetting the losses shall be retained in advance, and then the employee compensation and director remuneration shall be provided in accordance with the foregoing provisions. If the Company has any profits after its annual final accounts, besides completing tax contributions in accordance with the law and offsetting prior years' deficits, the Company shall first set aside 10% of the remaining balance as legal reserve (except when the legal reserve has reached the amount of paid-in capital), and if there are still any profits after setting aside or reversing the special reserve in accordance with the provisions of the law and regulations or the competent authority, the Company may distribute said profits together with the

accumulated undistributed profits of previous years, on which the Board of Directors shall prepare a proposal for said distribution of profits. If said distribution of profits is proposed to be performed in the form of issuing new shares, said proposal shall be first submitted to the shareholders' meeting for adoption. When the Company appropriates special surplus reserve according to the law, with respect to the cumulative amount of net increase in fair value of investment property from the preceding period and appropriation deficiency for net deduction in cumulative other equity from the preceding period, a special surplus reserve with an equivalent amount shall be appropriated from the cumulative undistributed earnings from the preceding period before earning distribution; when there is deficiency remains, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period that are included in the undistributed earnings of the period.

With consent from the majority of attending Directors which represents more than two-thirds of all Directors, the Company may appropriate in part or in whole of 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 for adoption.

The shareholders' dividends shall be appropriated from the Company's accumulated distributable profits, which shall not be less than 40% of the current year's distributable profits, wherein the cash dividends shall not be less than 10% of the total shareholders' dividends.

## **Chapter 7 Supplementary Provisions**

Article 27: The Company may act as a guarantor for parties external to the Company.

Article 28: (Deleted)

Article 29: Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and relevant laws and regulations.

Article 30: The Articles of Incorporation herein were first formulated on September 21, 1967.

The 1st amendment was made on June 1, 1976.

The 2nd amendment was made on June 20, 1976.

The 3rd amendment was made on April 10, 1980.

The 4th amendment was made on November 30, 1980.

The 5th amendment was made on December 13, 1981.

The 6th amendment was made on February 16, 1983.

The 7th amendment was made on November 27, 1983.

The 8th amendment was made on June 18, 1984.

The 9th amendment was made on August 19, 1985.

The 10th amendment was made on April 30, 1988.

The 11th amendment was made on October 20, 1989.

The 12th amendment was made on January 10, 1990.

The 13th amendment was made on November 8, 1990.

The 14th amendment was made on March 20, 1991.

The 15th amendment was made on April 7, 1991.

The 16th amendment was made on May 7, 1991.

The 17th amendment was made on July 31, 1991.

The 18th amendment was made on May 4, 1992.

The 19th amendment was made on March 14, 1993.

The 20th amendment was made on May 25, 1994.

The 21st amendment was made on May 26, 1995.

The 22nd amendment was made on June 7, 1996.

The 23rd amendment was made on June 7, 1996.

The 24th amendment was made on May 28, 1997.

The 25th amendment was made on May 26, 1998.

The 26th amendment was made on June 8, 1999.

The 27th amendment was made on May 25, 2000.

The 28th amendment was made on June 25, 2002.  
The 29th amendment was made on June 16, 2005.  
The 30th amendment was made on June 26, 2009.  
The 31st amendment was made on May 10, 2010.  
The 32nd amendment was made on June 27, 2012.  
The 33rd amendment was made on June 17, 2014.  
The 34th amendment was made on June 16, 2016.  
The 35th amendment was made on June 20, 2017.  
The 36th amendment was made on June 20, 2019.  
The 37th amendment was made on June 17, 2022.

**TONG YANG INDUSTRY CO., LTD.**  
**Shareholding Status of All Directors of the Board**

Record date: April 20, 2024

Position	Name	Date elected	Number of shares held when being elected			Current shareholding			Note
			Type	Number of shares	Shareholding ratio (%)	Type	Number of shares	Shareholding ratio (%)	
Chairman	Yeong-Maw Wu	2023.06.19	Ordinary share	38,006,787	6.43%	Ordinary share	38,006,787	6.43%	
Director	Yung-Feng Wu	2023.06.19	Ordinary share	36,677,497	6.20%	Ordinary share	36,677,497	6.20%	
Director	Yung-Hsiang Wu	2023.06.19	Ordinary share	33,903,930	5.73%	Ordinary share	33,903,930	5.73%	
Director	Chi-Pin Wang	2023.06.19	Ordinary share	137,278	0.02%	Ordinary share	137,278	0.02%	
Independent Director	Kan-Hsiung Lin	2023.06.19	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent Director	Ming-Tien Tsai	2023.06.19	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Independent Director	Yen-Ling Cheng	2023.06.19	Ordinary share	0	0.00%	Ordinary share	0	0.00%	
Total				108,725,492			108,725,492		

Total issued shares on June 19, 2023: 591,477,068 shares

Total issued shares on April 20, 2024: 591,477,068 shares

Remarks: The statutory number of shares held by all Directors of the Company is 18,927,266 shares, and as of April 20, 2024, 108,725,492 shares are held.

◎The Company has an Audit Committee and therefore the requirement of statutory for the number of shares held by supervisors is not applicable.

◎The shareholding of Independent Directors is not calculated in the shareholding of Directors.