

Stock Code: 1568

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TSANG YOW INDUSTRIAL CO.,LTD.

2023 Annual Report



Printed on April 9, 2024

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Title: Manager of Operation and Management Department

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II. Address and Telephone Number of the Head Office, Branch and Factory

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of the most recent year

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Website:http : //www.deloitte.com.tw

V. Names of overseas exchanges where the Company's securities are traded, and methods
for inquiring overseas securities information: None.

VI. Company website:http : //www.tsangyow.com.tw

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Chapter One. Letter to Shareholders

To all Shareholders:

Thank you very much for attending the 2024 annual general meeting of the Company. The 2024 overall business performance and the 2023 business outlook are reported as follows:

I. The Company's business results for 2023:

(I) Implement results for business plans:

In 2023, due to factors such as constant geopolitical conflicts, rising interest rates, and soaring inflation, the global economic situation continued to be sluggish, the demand in the end market was sluggish, and the customers tended to be conservative in adjusting inventory, withdrawing goods, and thus overall revenue performance was not as good as expected. This situation have mdae the Group's consolidated revenue in 2023 was NT\$1,193,076 thousand, a decrease of 11.5%, compared to NT\$1,347,635 thousand in 2022.

Benefiting from the appreciation of the US dollar against the New Taiwan dollar (NT\$), the optimization of product selling prices and structure, and the continuous cost improvement efforts of the Company in recent years, the Group's gross profit margin has been increasing year by year. The consolidated gross profit margin of the Group was (34%) in 2023, representing a significant growth of 6% from (28%) in 2022. The operating income increased by 22% from NT\$192,147 thousand in 2022 to NT\$233,500 thousand in 2023. Additionally, due to the recognition of the business results of discontinued units and gains on disposal totaling NT\$77,142 thousand this year, the consolidated net profit after tax of the Group was NT\$273,734 thousand. The after-tax earnings per share stood at NT\$2.67, an increase of NT\$1.05 from the earnings per share of NT\$1.62 in 2022.

(II) Implementation status of the budget:

The estimated consolidated operating revenue for 2023 was NT\$1,378,126 thousand, and the actual consolidated operating revenue was NT\$1,193,076 thousand , achieving a rate of 87%.

(III) Financial performance and profitability analysis:

Item		The year		
		2022	2023	Increase (Decrease)(%)
Financial Performance	Revenue (NT\$ thousand) (Note)	1,347,635	1,193,076	(11.47)
	Gross Profit (NT\$ thousand) (Note)	372,489	401,445	7.77
	Net Income (NT\$ thousand)	165,390	273,734	65.51
Profitability Analysis	Return on Total Assets (%)	5.72	10.16	77.62
	Return on Equity (%)	10.57	15.78	49.29
	Pre-tax Income to Paid-in Capital Ratio (%)	24.22	24.22	25.23
	Net Margin (%)	12.27	22.94	148.54
	Earnings per Share (NT\$)	1.62	2.67	64.81

Note: In order to match the expression of the discontinued unit in the 2023 statement of comprehensive income, the consolidated company reclassifies the income items of the discontinued unit for 2022, so that the information in the two years' statements of comprehensive income is more relevant.

(IV) Research and development:

The following are the achievements made by the R&D department in 2023:

- . Successfully developed 6L80/6L90 Pump Cover
- . Successfully developed BOTTOM BELL-BODY

- . Successfully developed upper platen components
- . Successfully developed E-bike Reducer Full Gear 2
- . Successfully developed automotive components_Shaft Output
- . Successfully developed the aerospace component _FS756 RH LOWER LATCH AND SENSOR
- . Successfully developed TOP BELL-TUBE
- . Successfully developed RACE, INNER STATOR
- . Successfully developed PULL-BACK PLATE
- . Successfully developed 5R55E GEAR, REAR PLANET PINION
- . Successfully developed E4OD SHAFT, OD, WITH PILOT, BEARING TYPE

II. Summary of 2024 business plan

(I) Business policy

- Main strategies of the Company: Reduce costs and increase profits, strive for performance, diversify services and expand markets, create efficiency through intelligent transformation, and promote development through sustainability.
- Specific actions:
 1. Continue to optimize the product portfolio and profitability management, focus on niche products and customers, pragmatically strive for high added value business and long-term orders, and pursue maximization of profits.
 2. Improve the innovation and integration capabilities of core technologies, expand product and market areas, and achieve the goal of market diversification.
 3. Rigorous production management, total quality improvement, elimination of waste, lower failure costs and possible quality risks, to deepen customer trust.
 4. Optimize production and sales scheduling and load management, improve the accuracy of demand/planning/output, shorten the production lead time, and meet customer needs.
 5. Supply chain upgrade. Improve supplier management, discover and support potential suppliers, establish long-term strategic partnerships, and improve supply chain resilience.
 6. Accelerate the introduction of production automation and intelligent production lines, reduce labor dependence, and improve production efficiency.
 7. The continued implementation of digitization of processes and intelligent management and expanded application of digitization tools will improve management efficiency, abnormality warning, and organizational decision-making power.
 8. Establish a forward-looking product planning capability and R&D system, combine industry, government, academic resources, upgrade special manufacturing processes and special material processing technology, and reserve R&D energy and market development strength.
 9. Improve sustainability management capabilities, enhance environmental protection, social responsibility, corporate governance, and promote sustainable transformation of the enterprise and supply chain to achieve sustainability goals.
 10. Improve and implement talent management and training, streamline the organization's manpower, build responsible and efficient teams, and enhance organizational effectiveness.

(II) Estimated sales volume and the basis and important production and sales policies

1. The Company's estimated sales for 2024 is as follows: Unit: thousand pcs

Item	Estimated sales volume for 2024
Automatic Transmission Parts for Automobiles	2,350
Clutch parts for heavy-duty trucks	606
Drivetrain parts for industrial machinery	219
Parts and components for new energy vehicle	282
Processing and others	56
Total	3,513

2. Basis: The Company's estimated sales volume is determined based on the sales strategy and the 2024 Business Plan.

III. Future operation direction

In response to the future development trend of the auto industry and the changes and challenges in the global auto market, the Company will continue to integrate the Group's advantages, carry out relevant strategic layouts, implement lean operations, create higher value and profits for shareholders, and pursue sustainable operations of the enterprise:

(I) Marketing strategy

1. In addition to cultivating existing customers and markets, in response to the increasing market share of energy-saving vehicles and the industrial trend of environmental protection and energy-saving, the Company will make good use of its excellent technology advantages (precision machining, stamping, welding, gear processing, etc.), Rich experience in reverse engineering and design and a comprehensive quality management system (ISO9001, IATF16949, AS9100) to promote product transformation, enter new areas of the industry (new energy vehicles) and diversified product markets, increase revenue and make the Company's products in Enter a new era of continuous innovation and technological refinement.
2. Specialize in the research and development of industrial precision processed products with market competitiveness, develop toward refined manufacturing processes and value-added application technologies, and strengthen the advantages of high-value industries.
3. In response to the increasing demand in the semiconductor industry in the future, the Company will actively diversify its industrial layout in terms of market operation and establish a sustainable development business strategy.

(II) Business management strategy

1. Accelerating digital transformation, adopting production automation, and digitizing management. Optimizing the decision-making model and the production and sales process to satisfy client needs. To maximize the "value" and "quality" and drive the new value of the enterprise.
2. Integrating internal and external resources, streamlining production and management, optimizing the production and sales processes, and establishing a supply system for strategic collaboration to improve supply resilience.
3. Implementing ESG measures and enhancing corporate governance, environmental symbiosis, and shared prosperity, to become a reliable enterprise and pursue sustainable business growth.

In 2023, the global auto market began to recover from a low base and the chip shortage eased. However, the current global economy is still full of challenges, such as the rising costs caused by the expansion of geopolitics conflicts, the economic downturn, and the crisis of logistics disruption. The interest rate environment has reduced the negative impact of consumer spending on automotive

industry. The multiple headwinds and challenging environment have tested corporate resilience and adaptability. Looking to the future, the Company will turn the pressure into a driving force, focus more on the improvement of internal capabilities, actively upgrade and transform its technology and production capabilities, establish competitive cost management, production and sales strategies to grasp market niches, and actively explore new markets and business opportunities in the industry to ensure sustainable competitiveness, stable operations and continue to create outstanding achievements. We hope that all shareholders will continue to support and encourage the Company when moving forward.

Best wishes to our shareholders

Good health and all the best

Chairman: SU,CHI-TSE

General Manager: SU,CHI-HU

Chief Accounting Officer: CHEN, HUI-JUNG

Chapter Two. Company Profile

I. Establishment date: January 16, 1985

II. Company History:

Year	Important History
1985	The Company was set up with a registered capital of NT\$5 million.
1989	Officially tapped into making, finishing and selling of torque converter parts.
1990	Product lines expansion including making, finishing and selling of automatic transmission and clutches for heavy-duty trucks.
1991	Product lines upgraded from simple parts finishing to oil hydraulic pump making.
1993	Acquired CNC lathes, surface grinders and external grinders to effectively enhance finishing precision and quality control.
1995	Successfully developed and mass manufactured large casing for Cover, a clutch in heavy-duty trucks, and created a dedicated milling machine production line.
1996	Acquired CNC machine center for precise milling finishing. Capital increase of NT\$5 million, with a total registered capital of NT\$10 million.
1997	Successfully developed first major kit sets for automatic transmission, Planet, for GM -TH700-R4 Planet. Total registered capital reached NT\$20 million, after an increase in cash capital of NT\$10 million.
1998	Successfully developed Planet Sets for automatic transmission used in Ford AXOD.
1999	Successfully developed Overdrive Planet sets for automatic transmission used in Ford A4LD with breakthrough in broken-toothed deep-drawing molding. Successfully developed Planetary set used in automatic transmission, Chrysler A604. Phased in plasma and laser welding through the cooperation with Metal Industries Research and Development Centre. Completed the development of Lid, torque converter for Ford E4OD, with the introduction of resistance spot welding. Acquired CO2 laser welding machine to enter the assembling business for automatic transmission component sets. Received ISO 9002 certification for international quality management system. Total registered capital reached NT\$59.66 million, after an increase in cash capital of NT\$5 million and earning conversion of NT\$34.66 million.
2000	Received QS 9000 certification for international quality management system in automobile industry. Total registered capital reached NT\$59.66 million, after an increase in cash capital of NT\$40.15 million and earning conversion of NT\$15.947 million.
2001	Completed phasing-in ERP (enterprise resource planning) system. Completed phasing-in PDM (product data management) system. Qualified as a national defense supplier through the associated evaluation. Phased in thin-film toothed molding technology and acquired deep-drawing hydraulic pressing machine and stamping pressing machine. Phased in CNC lathe robotic arms to speed up production automation and product precision. Total registered capital of NT\$183.39 million, after a capital increase from earning conversion of NT\$23.92 million.
2002	Received approval and grant for “Key Making Technology for Auto Air- Conditioner Compressor” from Department of Industrial Technology of the Ministry of Economic Affairs through co-working with Metal Industries Research and Development Centre. Set up a stamping plant to specialize in molding procedure for automatic transmission system. The “Thin Shell Tooth Forming Technology and Application Products” won the 9th

Year	Important History
	<p>Innovation Research Award of the Small and Medium Enterprise Development Fund of the Ministry of Economic Affairs.</p> <p>Total registered capital reached NT\$258.40 million, after a capital increase from earning conversion of NT\$55.01 million and cash capital injection of NT\$20 million.</p> <p>Invested NT\$2 million in Yin Tai Industrial Co., Ltd.</p>
2003	<p>Production expansion in Zhongshan Plant.</p> <p>Total registered capital reached NT\$385.5 million, after an increase in cash capital of NT\$50 million and earning conversion of NT\$77.10 million.</p> <p>Received approval for public listing on July 16.</p> <p>Received ISO 14001 certification.</p> <p>Phased in facilities for high-frequency hardening.</p> <p>Phased in facilities for CNC internal grinding.</p> <p>Received lab certification, ISO 17025/CNLA.</p> <p>Total registered capital reached NT\$40.05 million, after an increase of capital of NT\$15 million from merger transaction.</p> <p>Merged with Tsang Yow Gear Co., Ltd., a subsidiary.</p>
2004	<p>Completion of the construction of Zhongshan Plant, followed by production migration.</p> <p>Invested US\$3.5 million in Wuxi Tsang Yow Auto Parts Co., Ltd.</p> <p>Invested US\$0.5 million in Wuxi AUF-Der Bin International Corp.</p> <p>Approved listed as an emerging stock on June 11.</p> <p>Total registered capital reached NT\$480.60 million, after the capital increase from conversions from earnings and capital surplus for of NT\$56.07 million and NT\$24.03 million, respectively.</p> <p>Received ISO/TS 16949 certification, 2002 version.</p>
2005	<p>Received a syndication loan of NT\$750 million from Chang Hwa Bank.</p> <p>Received ISO 14001 certification, 2004 version.</p> <p>Total registered capital reached NT\$528.66 million, after the capital increase from conversions from earnings and capital surplus for of NT\$24.03 million, respectively.</p> <p>Invested US\$0.146 million in Chung Yu Casting Tangshan Ltd.</p>
2006	<p>Total registered capital reached NT\$628.66 million, after an increase in cash capital of NT\$100 million.</p> <p>Invested NT\$34.35 million in Chia Yi Steel Co., Ltd.</p> <p>Qualified as a BorgWarner and GM-Taiwan supplier after receiving its supplier certification</p>
2007	<p>First issuance of employee stock warrant.</p> <p>Qualified as a General Motor supplier after receiving its supplier certification.</p> <p>ZF supplier certification.</p> <p>BRP supplier certification.</p> <p>Establishment of Zhongshan Plant 3.</p> <p>Received a syndication loan of NT\$1,000 million from Chang Hwa Bank.</p>
2008	<p>Magna ZF supplier certification.</p> <p>Completion of the construction of Zhongshan Plant 2, followed by production migration</p> <p>Qualified as an IVECO supplier (a member of FIAT Group) after receiving its supplier certification.</p> <p>Best supplier award from BorgWarner.</p> <p>Total registered capital reached NT\$741.24 million, after an increase in cash capital of NT\$200 million.</p> <p>First shipment from the mass production of GM line.</p> <p>Total registered capital reached NT\$816.32 million, after a capital increase from earning conversion of NT\$749.74 million.</p>
2009	<p>Audit work from FIAT, China for potential supplier.</p> <p>Audit work from Eaton, China for potential supplier.</p>

Year	Important History
	<p>Audit work from CKD, Japan for potential supplier. Completion of phasing-in of flexible manufacturing system for Mazak, Japan. Received CVT evaluation from Chery for its total bearing planet gear set. Received CVT evaluation from Zoder Corp. Ltd. PPAP audit from BRP. Received development project for parts used in transmission systems for Honda. Received development project for parts used in transmission systems for GM electric vehicle. Received development project for parts used in Punch Powertrain CVT Housing. Total registered capital reached NT\$916.32 million, after an increase in cash capital of NT\$100 million.</p>
2010	<p>Received development project for parts used in 6-speed transmission system from DSI. Received development project for gear boxes from Ligier, France. Received development project for DCT stamping pressing parts from BorgWarner. Received development project for machine parts from Eaton-Japan. Received development project for DCT stamping pressing parts from BorgWarner. Received a syndication loan of NT\$1,000 million from Chang Hwa Bank.</p>
2011	<p>Advocated TOSHMS ISO 9001:2008 renewal ISO/TS 16949:2008 renewal ISO 14001:2004 renewal</p>
2012	<p>A NT\$1,000 million syndication loan was commissioned to Land Bank of Taiwan through the approval from the Board Meeting The prototype for PUNCH planet gear sets was developed successfully</p>
2013	<p>PUNCH planet gear sets entered trial and mass production Successfully developed clutch casing and planet rack for Chery 4AT Successfully developed GM Carrier Asm-input</p>
2014	<p>Received orders from Magna 6T45/6T50 COVER-A/TRNS FLUID PUMP Received development project for DISC DRUM CPL.FXD from BorgWarner Received development project for PISTON for ZF Total registered capital reached NT\$1,031 million in May, after an increase in cash capital of NT\$114.550 million Shares of the Company started to trade on Taiwan Stock Exchange on May 14</p>
2015	<p>Received a syndication loan of NT\$1,000 million and US\$10 million from Chang Hwa Bank and Land Bank of Taiwan Expansion plan started for Zhongshan Plant 3 Phased in 2,000-ton automatic transfer stamp pressing equipment</p>
2016	<p>Construction completed for Zhongshan Plant 3 The 2,000-ton automatic transfer stamp pressing equipment was put in use officially Established Chiayi County Tsang Yow Social Welfare Charity Foundation</p>
2017	<p>Setup completed for stamp pressing business department and dedicated automatic CVT production line in Zhongshan business department Setup completed for dedicated production lines for Valeo and BorgWarner in Wuxi Tsang Yow Wuxi Tsang Yow received high-tech enterprise recognition</p>
2018	<p>Phased in complex-type lathes Phased in digital-controlled gear grinding equipment Phased in gear milling equipment from Power Skiving Phased in heavy vertical spinning machines Phased in twin axis blade tower lathes Passed ISO 9001 certification, 2015 transfer version</p>

Year	Important History
	Passed IATF 16949 certification, 2016 transfer version Passed with ISO 14001:2015 version transition certification Early repayment of a syndication loan of NT\$1,000 million and US\$10 million from Chang Hwa Bank and Land Bank of Taiwan
2019	Phased in 4000W automatic laser welding equipment Phased in 5-axis machining center from DMG Phased in audio-frequency testing equipment used in gearbox Phased in auto grinder and polisher to replace manual processing Started building networking linking among production machines Phased in smart logistic system
2020	Phased in AS9100, a standardized quality management system for the aerospace industry Phased in ISO 45001, a standard for management systems of occupational health and safety
2021	Passed AS9100:D certification Passed ISO 45001 certification, 2018 version Awarded “Dynamic Prize for 2021 Prominent Healthy Workplace” from Health Promotion Administration, Ministry of Health and Welfare
2022	Received supplier qualification from aerospace customers Awarded “Health Management Prize for 2022 Prominent Healthy Workplace” from Health Promotion Administration, Ministry of Health and Welfare
2023	Passed qualified supplier certification of major international semiconductor equipment manufacturers Disposal of subsidiary in Mainland China – Wuxi Tsang Yow Auto Parts Co., Ltd. Reinvested in Malaysia and established YOURU TECH SDN.BHD. Awarded “Dynamic Prize for 2023 Prominent Healthy Workplace” from Health Promotion Administration, Ministry of Health and Welfare

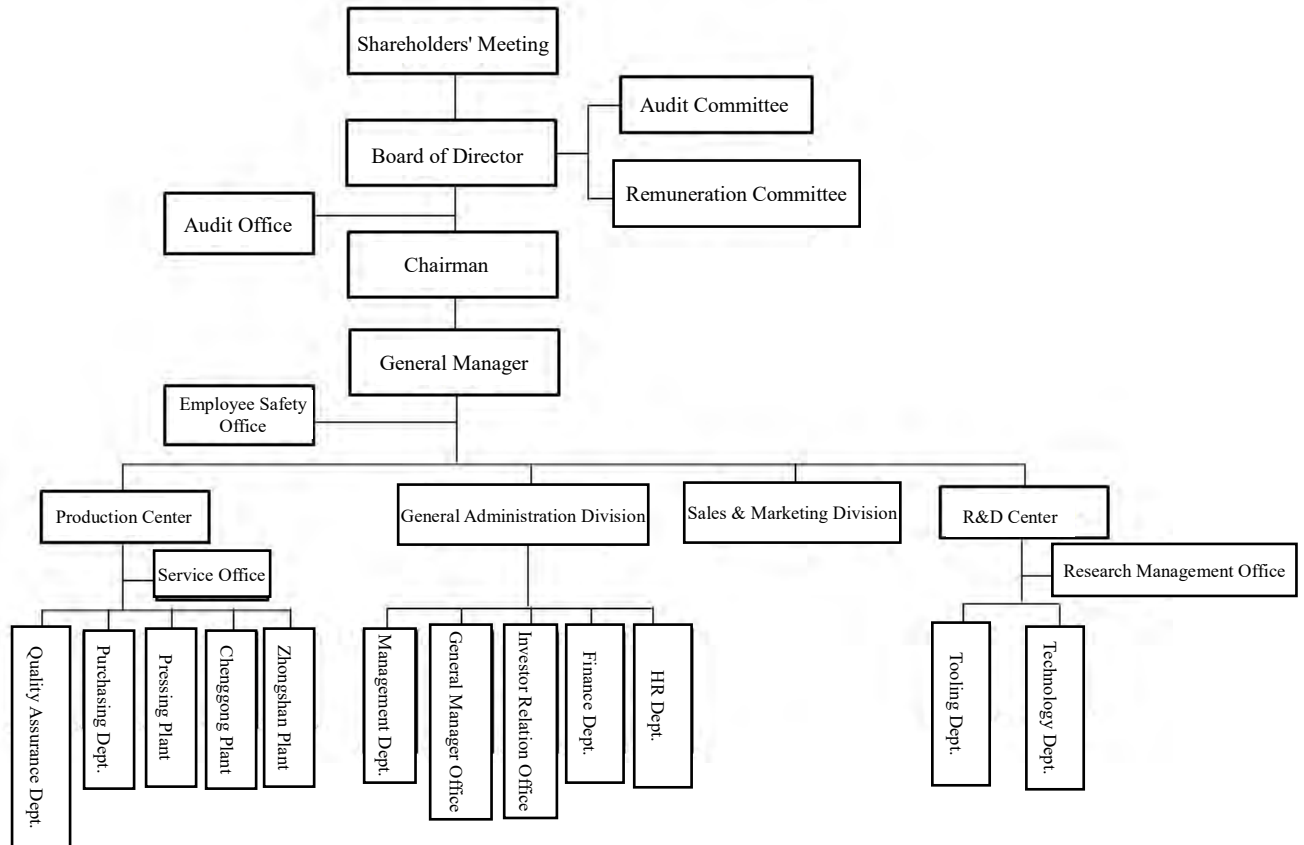
Chapter Three. Corporate Governance Report

I. Organizational Structure



倉佑實業股份有限公司
TSANG YOW INDUSTRIAL CO., LTD.

Organizationak Structure of the Comapy



(I) Tsang Yow Organization Chart

(II) Departmental Functions and Duties:

Major Departments	Job Scope and Responsibilities
Chairman	Business strategy decision-making.
Audit Office	Audit work planning and execution among the Company and the affiliate entities.
Worker Security Office	Occupational safety and health management, occupational health promotion and management.
Research and Development Center	New product development, including pricing, developing, proofing; Design, development and management of samples, fixtures and molding tools; New technology phase-in and production improvement, and issuance and control of technical documents and various rules and regulations.
Marketing Division	New product development project management, product development and diversification planning. New technology and resource analysis and evaluation for new market and product. Product selling, business expansion, market research and analysis. Making and execution of

	marketing strategies and customer relation maintenance and management.
Production Center	Production management, including making, quality assurance, purchasing, production management, warehousing, and shipping packaging to guarantee quality, cost, delivery to satisfy requirement from the client and meet operational profit target.
General Administration Division	Consolidating management functions across all service departments to enhance corporate efficiency.
Operation Management Department	Formulate the overall human resources strategy, plan the Company's HR system, and develop the quality of HR to ensure organizational performance and competitiveness in accordance with the Company's business goals. Spearheads workflow streamlining for each department and carries out administrative assignment in other departments.
General Manager Office	Operation planning, group operation management and assistance, monitoring improvement campaign and project, promoting management and quality systems, and issuance control for technology documentation and assorted and regulation chapters.
Investor Relation Office	Significant information release and explanation. Improving information transparency, corporate governance. Planning and executing investor event. Compilation of implementation information regarding corporate social responsibilities.
Financial Department	Implementation and management of group-based accounting and finance policies, annual budget, planning and control, financial statement and operation document preparation, operation capital funding and management. Board of Directors owner: Assisting in the implementation of corporate governance, law compliance, and the preparation of shareholders' meeting, as well as stock affairs and communication to foreign investors.
Management Department	Environmental protection and management, information and information security management, general affairs management.

II. Information on Directors, Supervisors, Presidents, Vice Presidents, Managers and Branch Heads

(I) Directors and Supervisors:

March 26, 2024

Title (Note 1)	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date of Election (Inauguration)	Term of office	Date Initially Elected (Note 3)	Shareholdings when Elected		Current Shareholdings		Current Shareholdings by Spouse or Minor Children		Percentage of Shares Held in the Name of Others		Major Experience (academic) Backgrounds(Note 4)	Positions in the Company and Other Companies	Other Managers, Directors or Supervisors with a Spouse or Second-Degree Relative Relationship			Remark (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relationship	
Chairman	Taiwan	SU,CHI-TSE	Male 41-50	July 15, 2021	3 years	June 13, 2018	1,431,867	1.39%	1,781,867	1.73%	0	0%	0	0%	Bachelor's degree in Business Administration and EMBA, Tunghai University Production Manager and HR Manager, Linesoon Industrial Co., Ltd.; President and Chairman, Tsang Yow Industrial Co., Ltd.	Chairman of the Company, Director of Golden Top Investment Co., Ltd., Chairman of Rich Pool Investment Co., Ltd., Supervisor of Linesoon Industrial Co., Ltd., Director of Linesoon Industrial Co., Ltd.	Director/President	SU,CHI-HU	Brothers	
Director	Taiwan	Rich Pool Investment Co., Ltd.		September 10, 2021	3 years	June 29, 2012	7,961,779	7.72%	7,961,779	7.72%	0	0%	0	0%	-	-	-	-	-	
		Representative: SU,CHI-HU	Male 41-50				0	0%	677,000	0.66%	1,495,491	1.45%	0	0%	Bachelor's degree in Business Administration, University of Denver, U.S.A. and EMBA, National Cheng Kung University HR Manager, Linesoon Industrial Co., Ltd. Executive Vice President and Vice President of Tsang Yow Industrial Co., Ltd.	Director, Rich Pool Investment Co., Ltd.; President, Cang-Yu Industrial Co., Ltd.	Chairman	SU,CHI-TSE	Brothers	
Director	Taiwan	Rich Pool Investment Co., Ltd.		July 15, 2021	3 years	June 29, 2012	7,961,779	7.72%	7,961,779	7.72%	0	0%	0	0%	-	-	-	-	-	
		Representative: HSIEH, HSIN-SHU	Male 61-70				0	0%	0	0%	0	0%	0	0%	Bachelor's degree in Accounting, Chengchi University; EMBA, National Chung Cheng University; System Designer, China Steel Computing Center; CPA Examination, 1983; Senior Auditor, Deloitte Taiwan; Person in charge, HSIEH, HSIN-SHU CPA Firm	Person in charge of HSIEH, HSIN-SHU CPA Firm; Independent Director, China Steel Chemical	None	None	None	
Director	Taiwan	Golden Top Investment Co., Ltd.		July 15, 2021	3 years	June 29, 2012	7,427,058	7.2%	7,427,058	7.2%	0	0%	0	0%	-	-	-	-	-	
		Representative: YANG, YEN-CHING	Female 61-70				0	0%	13,000	0.01%	0	0%	0	0%	Business majored, Nanying Vocational High School Finance Manager, Linesoon Industrial Co., Ltd.	Finance Manager, Linesoon Industrial Co., Ltd.	None	None	None	
Director	Taiwan	SU,HSIN-CHENG	Male 61-70	July 15, 2021	3 years	June 03, 2003	1,717,762	1.67%	1,717,762	1.67%	0	0%	0	0%	Psychology, Chengchi University President, Linesoon Industrial Co., Ltd.	President, Linesoon Industrial Co., Ltd.; Director, Linesoon Industrial Co., Ltd. and Linesoon Investment Co., Ltd.; Chairman, Golden Top Investment Co., Ltd. and Trantop International Co., Ltd.	None	None	None	
Director	Taiwan	CHU,SAN-TU	Male 61-70	July 15, 2021	3 years	December 26, 2003	601,058	0.58%	601,058	0.58%	837,584	0.81%	0	0%	Nantou Junior High School Chairman, Sun Forging Industrial Co., Ltd. and Jin Shiang Forging Co., Ltd.	Chairman, Sun Forging Industrial Co., Ltd. and Jin Shiang Forging Co., Ltd.	Vice President, Sales & Marketing Department	CHU,CHEN-YI	Father and daughter	
																	Director/President	SU,CHI-HU	Son in-law	
Independent Director	Taiwan	OU,CHIN-SHYH	Male 61-70	July 15, 2021	3 years	June 13, 2015	0	0%	0	0%	0	0%	0	0%	Ph.D. in Business Management (Accounting Focused), University of Minnesota; Professor, Department of Accounting and Information Technology, National Chung Cheng University	Honorary Professor, Department of Accounting and Information Technology, National Chung Cheng University, Independent Director, ChipMOS Technologies Inc.	None	None	None	
Independent Director	Taiwan	CHEN, CHIH-CHANG	Male 51-60	July 15, 2021	3 years	July 15, 2021	0	0%	0	0%	0	0%	0	0%	Ph.D. in Business Administration, National Yunlin University of Science and Technology; Master's in Public Administration, Eastern Washington University Director, Bothand Enterprise Inc.; Head of Department of Business Administration, Taiwan Shoufu University; Chief Representative, Beijing Office, China Life Insurance Company; Assistant Professor, certified by Ministry of Education (Zhu-Li-Zi No.039025), Curriculum Committee,	Chairman, Tiso Technology Co., Ltd.; Director, WU Jin-Mao Memorial Cultural and Education Foundation; Adjunct Assistant Professor, Nanhua University; Independent Director, Man-Zai Industrial Corp, Independent Director, Aeonmotor Co., Ltd.; Independent Director, Likang Bio-Technology Co., Ltd.	None	None	None	

Title (Note 1)	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date of Election (Inauguration)	Term of office	Date Initially Elected (Note 3)	Shareholdings when Elected		Current Shareholdings		Current Shareholdings by Spouse or Minor Children		Percentage of Shares Held in the Name of Others		Major Experience (academic) Backgrounds(Note 4)	Positions in the Company and Other Companies	Other Managers, Directors or Supervisors with a Spouse or Second-Degree Relative Relationship			Remark (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relationship	
Independent Director	Taiwan	LIN, CHIU-HSIEN	Male 61-70	July 15, 2021	3 years	July 15, 2021	0	0%	0	0%	55,000	0.05%	0	0%	Southern Taiwan University of Science and Technology; Secretary, Tainan I-Tsai Association; Adjunct Assistant Professor, National Yunlin University of Science and Technology Department of Public Finance, Feng Chia University Auditor, National Taxation Bureau of the Southern Area, Ministry of Finance; Section Leader, Finance Administration, Jiali District Office, Tainan City	None	None	None	None	

Note 1: For corporate shareholders, this section shall indicate the names of the corporate shareholders and fill in Table 1 below.

Note 2: Please state the actual age, and the range can be expressed, such as 41–50 years old or 51–60 years old.

Note 3: Please indicate the time for the first appointment as a director or supervisor, and provide a note where there is an interruption during the period of service.

Note 4: Relevant experience with the current position. If a former employee from the auditing CPA firm or affiliated entities, details of the job title and duties shall be disclosed.

Note 5: When the Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or first-degree relatives, an explanation, regarding the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of director seats, or decreasing the percentage of employee directors to less than 50%), shall be provided.

Note 6: Not applicable as the Company has established an Audit Committee//None.

1. Corporate Shareholder Information

(1) Table 1: Major Shareholders of the Corporate Shareholder

March 26, 2024

Corporate Shareholder (Note 1)	Major Shareholders of the Corporate Shareholder (Note 2)
Rich Pool Investment Co., Ltd.	Linesoon Investment Co.,Ltd. (Representative: Chin-Chih Su) (26.67%), Wen-Ying Hsu (10.50%), Hsiu-Pen Cheng (6.92%), Li-Mei Huang (5.83%), Hsin-Cheng Su (4.83%), Chi-Hu Su (4.75%), Chi-Tse Su (4.50%), Chi-Wen Su (4.17%), Chih-Cheng Su (4.08%), Chih-Chung Su (4.08%)
Golden Top Investment Co., Ltd.	Linesoon Investment Co.,Ltd. (Representative: Chin-Chih Su) (25.00%), Wen-Ying Hsu (13.75%), Hsiu-Pen Cheng (11.25%), Chi-Tse Su (10.00%), Li-Mei Huang (6.25%), Chih-Chung Su (5.00%), Yu-Chih Su (5.00%), Yu-Chan Su (5.00%), Chih-Chung Su (5.00%), Hsin-Cheng Su (3.75%) Yung-Chang Su (3.75%),

Note 1: Names of corporate shareholder shall be disclosed when the director or supervisor is represented by a natural person

Note 2: Names of major shareholders of the corporate shareholder and the shareholding percentage shall be disclosed, if a top-10 shareholder. Table 2 below shall be filled if a legal person

Note 3: Corporate shareholder not an institution, name of the shareholder and his/her shareholding are the investor or the sponsor (please refer to the notification from Judicial Yuan) and his/her investment or sponsorship percentage. Deceased sponsors shall be noted.

(2) Table 2: Table 1 Key Shareholders of the Top Corporate Shareholders

March 26, 2024

Corporate Shareholder (Note 1)	Key Shareholders of the Corporate Shareholder (Note 2)
Linesoon Investment Co., Ltd.	Yu-Chih Su (8.32%), Wen-Ying Hsu (7.66%), Yu-Chan Su (7.60%), Hsiu-Pen Cheng (7.48%), Yu-Cheng Su (7.16%), Chin-Chih Su (6.92%), Chi-Tse Su (6.58%), Chih-Cheng Su (6.38%), Chih-Chung Su (6.30%), Chi-Hu Su (5.13%),

Note 1: From Table 1 above, names of corporate shareholder shall be disclosed if a legal person

Note 2: Names of major shareholders of the corporate shareholder and the shareholding percentage shall be disclosed, if a top-10 shareholder.

Note 3: Corporate shareholder not an institution, name of the shareholder and his/her shareholding are the investor or the sponsor (please refer to the notification from Judicial Yuan) and his/her investment or sponsorship percentage. Deceased sponsors shall be noted.

Directors and Supervisors information

(II) Professional Knowledge and Independence of Directors, Supervisors and independent Directors:

Qualification Name	Professional Knowledge and Experience (Note 1)	Independence Status (Note 2)	Number of Public Companies where the Director Concurrently Serves as an Independent Director
SU,CHI-TSE	Has more than five years of needed experience in business, including production and HR manager, Linesoon Industrial Co., Ltd.; President, Tsang Yow Industrial Co., Ltd. Possesses the ability to make operation judgments, operation management, and critical decisions, as well as industrial knowledge and capability to lead. Current Chairman of Rich Pool Investment Co., Ltd. and not in violation of Article 30 under the Company Act.	(1) Not a chairperson, President, or person holding an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse. (2) Not a professional individual or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof. (3) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act	
Rich Pool Investment Co., Ltd. Representative: SU,CHI-HU	Has more than five years of needed experience in business, including HR manager, Linesoon Industrial Co., Ltd. Current President of the Company and not in violation of Article 30 under Company Act.	(1) Not a chairperson, President, or person holding an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse. (2) Not a professional individual or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof. (3) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act	
Rich Pool Investment Co., Ltd. Representative: HSIEH, HSIN-SHU	Has more than five years of needed experience in business, including finance, accounting firm. A certified CPA in Taiwan. A former system designer in China Steel Computing Center and independent director of the Company. Possesses knowledge in business management and industry information with specialty in corporate finances and accounting matters. Currently, the owner of HSIEH, HSIN-SHU CPA Firm, an independent director and compensation committee of China Steel Chemical, and not in violation of Article 30 under Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural person shareholder with at least 1% of the Company's total issued shares or among the top-10 largest natural person shareholders based on the shares owned in person, by the spouse or minor children or under the name of others. (4) Not a spouse or a relative within second degree or a direct relative within third degree to any of the managers listed in (1) and personnel listed in (2) or (3). (5) Not a director, supervisor or employee from companies controlled by the identical shareholder that commands a majority of the Company's director seats or voting shares. (6) Not a chairperson, President, or person holding	1

Qualification Name	Professional Knowledge and Experience (Note 1)	Independence Status (Note 2)	Number of Public Companies where the Director Concurrently Serves as an Independent Director
		<p>an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse.</p> <p>(7) Not a specific entity dealing with the Company financially or in business; a director, supervisor, executive from an institution; or shareholder of more than 5% holding.</p> <p>(8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof.</p> <p>(9) Not a spouse or a second-degree relative to other directors.</p>	
Golden Top Investment Co., Ltd. Representative: Yen-Ching Yang	Has more than five years of needed experience in business, including finance, accounting firms. Possesses abilities dealing with accounting, financial analysis and decision-making. Current finance manager in Linesoon Industrial Co., Ltd. and not in violation of Article 30 under Company Act.	<p>(1) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(2) Not a natural person shareholder with at least 1% of the Company's total issued shares or among the top-10 largest natural person shareholders based on the shares owned in person, by the spouse or minor children or under the name of others.</p> <p>(3) Not a spouse or a relative within second degree or a direct relative within third degree to any of the managers listed in (1) and personnel listed in (2) or (3).</p> <p>(4) Not a director, supervisor or employee from companies controlled by the identical shareholder that commands a majority of the Company's director seats or voting shares.</p> <p>(5) Not a chairperson, President, or person holding an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse.</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof.</p> <p>(7) Not a spouse or a second-degree relative to other directors.</p>	
SU,HSIN-CHENG	Has more than five years of needed experience in business, including production and HR manager, Linesoon Industrial Co., Ltd.; President, Tsang Yow Industrial Co., Ltd. Possesses the ability to make	<p>(1) Not a director, supervisor or employee from companies controlled by the identical shareholder that commands a majority of the Company's director seats or voting shares.</p> <p>(2) Not a chairperson, President, or person holding an equivalent position of the Company; or a</p>	

Qualification Name	Professional Knowledge and Experience (Note 1)	Independence Status (Note 2)	Number of Public Companies where the Director Concurrently Serves as an Independent Director
	operation judgment, operation management, and critical decision, as well as industrial knowledge and capability to lead. Current Chairman of Rich Pool Investment Co., Ltd., and not in violation of Article 30 under Company Act.	<p>director, a supervisor, or an employee in another company or institution of his/her spouse.</p> <p>(3) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof.</p> <p>(4) Not a spouse or a second-degree relative to other directors.</p> <p>(5) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act</p>	
CHU,SAN-TU	Has more than five years of needed experience and abilities in business, including operation management, industrial knowledge and decision-making. Current Chairman of Jin Shiang Forging Co., Ltd. and Sun Forging Industrial Co., Ltd., and not in violation of Article 30 under Company Act.	<p>(1) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that are ranked among the top five in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27-1 or Article 27-2 of the Company Act.</p> <p>(2) Not a director, supervisor or employee from companies controlled by the identical shareholder that commands a majority of the Company's director seats or voting shares.</p> <p>(3) Not a chairperson, President, or person holding an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse.</p> <p>(4) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof.</p> <p>(5) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act</p>	
OU,CHIN-SHYH	Has more than five years of needed experience and abilities in the Company's business, including commerce, finance, and accounting firm. A former professor of the Department of Accounting and Information Technology, certified as a CPA in Taiwan and the United States, and qualified as an internal auditor. Possesses abilities in enterprise management, financial	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural person shareholder with at least 1% of the Company's total issued shares or among the top-10 largest natural person shareholders based on the shares owned in person, by the spouse or minor children or under the name of</p>	1

Qualification Name	Professional Knowledge and Experience (Note 1)	Independence Status (Note 2)	Number of Public Companies where the Director Concurrently Serves as an Independent Director
	analysis, accounting firm business, crisis management through the bounty industrial and academic experiences. Co-sits as an independent director in ChipMOS Technology, the chairman of the Audit Committee, and a member of salary and compensation committee. Not in violation of Article 30 under Company Act.	others. (4) Not a spouse or a relative within second degree or a direct relative within third degree to any of the managers listed in (1) and personnel listed in (2) or (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that are ranked among the top five in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27-1 or Article 27-2 of the Company Act.	
CHEN, CHIH-CHANG	Has more than five years of needed experience in business, including finance, accounting firm. A former chief representative in the Beijing Office for China Life Insurance Company, department head of Business Administration in Taiwan Shoufu University and adjunct assistant professor in National Yunlin University of Science and Technology. Currently, director of Tiso Technology Co., adjunct assistant professor in Nanhua University. Possesses experiences from corporate operation, business management and academic teaching. Co-sits as an independent director in Man Zai Industrial Corp, Aeonmotor Co., Ltd., and Likang Bio-Technology Co., Ltd., and not in violation of Article 30 under Company Act.	(6) Not a director, supervisor or employee from companies controlled by the identical shareholder that commands a majority of the Company's director seats or voting shares. (7) Not a chairperson, President, or person holding an equivalent position of the Company; or a director, a supervisor, or an employee in another company or institution of his/her spouse. (8) Not a specific entity dealing with the Company financially or in business; a director, supervisor, executive from an institution; or shareholder of more than 5% holding. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit service to the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years thereof.	3
LIN, CHIU-HSIEN	Has more than five years of needed experience in business for the Company, including finance, accounting firm. A former auditor in National Taxation Bureau of the Southern Area, and confidential secretary, section leader in Finance Administration and Cultural Administration for Jiali District Office, Tainan City. Possesses abilities in financial and financial analysis with rich knowledge and experience in finance and taxation. Not in not in violation of Article 30 under Company Act.	(10) Not a spouse or a second-degree relative to other directors. (11) Not elected as a government, legal person or its representative in accordance with Article 27 of the Company Act	

(III) Diversification and Independence of Board of Directors:

1. Diversification Policy:

The election of board members is based on the nomination system with gridlines under “Measure for Election of Board of Directors” and “Corporate Governance Best-Practice Principles.” The composition of the Board of Directors shall be determined by taking diversity into account. It shall be formulated according to and include, without being limited to, the following two general aspects:

- (1) Basic requirement and values: gender, age, nationality, and culture.
- (2) Professional knowledge and skills: a professional background such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Board members shall have the knowledge, skill, and competency, as follow, necessary to perform their duties:
 - A. Ability to make operation judgments.
 - B. Ability to perform accounting and financial analysis.
 - C. Ability to operate and manage.
 - D. Ability to manage crises.
 - E. Industry Knowledge.
 - F. Knowledge of international markets.
 - G. Ability to lead.
 - H. Ability to make decision.

2. Targets and Implementation of Director Diversification:

- (1) Diversification targets:
 - A. No more than two independent directors holding the seats more than three terms in a row.
 - B. One or more seats shall be reserved for female members.
 - C. No more than one three board members are managers of the Company concurrently.
 - D. No more than three board members are a spouse or a second-degree relative to other directors.

(2) Implementation Status:

There are a total of nine members in the current 14th Board term. Members who are also employees of the Company account for 11%, while the independent members are 33%. There is a female director for 11%. No independent directors hold their seats more than three terms in a row. There are six directors aged 61–70, one 51–60, and two aged 41–50. The achievement rates of board diversity items are shown in Table 2. The board members in this term are in line with the diversity policy target.

<Table 1>

Title	Name	Basic Information						
		Nationality	Gender	Current Position at the Company and other Entities at the Moment	Age			Term of Independent Director
					41-50	51-60	61-70	
Chairman	SU,CHI-TSE	R.O.C.	Male		V			
Director	SU,HSIN-CHENG	R.O.C.	Male				V	
Director	CHU,SAN-TU	R.O.C.	Male				V	
Director	YANG, YEN-CHING	R.O.C.	Female				V	
Director	HSIEH, HSIN-SHU	R.O.C.	Male				V	
Director	SU,CHI-HU	R.O.C.	Male	V	V			

Title	Name	Basic Information						
		Nationality	Gender	Current Position at the Company and other Entities at the Moment	Age			Term of Independent Director
					41-50	51-60	61-70	
Independent Director	OU,CHIN-SHYH	R.O.C.	Male				V	Term 2
Independent Director	CHEN, CHIH-CHANG	R.O.C.	Male			V		Term 1
Independent Director	LIN,CHIU-HSIEN	R.O.C.	Male				V	Term 1

<Table 2>

Title	Name	Diversification Element							
		Operation Judgment	Accounting & Financial Analysis	Business Management	Crisis Handling	Industry Knowledge	Knowledge of International Markets	Leadership	Decision-Making
Chairman	SU,CHI-TSE	V	V	V	V	V	V	V	V
Director	SU,HSIN-CHENG	V		V	V	V	V	V	V
Director	CHU,SAN-TU	V		V	V	V	V	V	V
Director	YANG, YEN-CHING	V	V	V	V	V	V	V	V
Director	HSIEH, HSIN-SHU	V	V	V	V	V	V	V	V
Director	SU,CHI-HU	V	V	V	V	V	V	V	V
Independent Director	OU,CHIN-SHYH	V	V	V	V	V	V	V	V
Independent Director	CHEN, CHIH-CHANG	V	V	V	V	V	V	V	V
Independent Director	LIN,CHIU-HSIEN	V	V	V	V	V	V	V	V
Achievement Rate		100%	78%	100%	100%	100%	100%	100%	100%

(IV) President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Various Departments and Branches:

March 26, 2024

Title (Note 1)	Nationality	Name	Gender	Date of Election (Inauguration)	Current Shareholding		Spouse and Minor Shareholding		Shareholding in Other's Names		Major Experience (Academic) Backgrounds (Note 4) (Note 2)	Positions in the Company and Other Companies	Managers who are Spouses or Second-Degree Relatives			Remark
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relationship	
President and Head of General Administration Division	Taiwan	SU,CHI-HU	Male	May 11, 2021	677,000	0.66%	1,495,491	1.45%	0	0%	Bachelor's degree in Business Administration, University of Denver, U.S.A. and EMBA, National Cheng Kung University Production Management, Plant Supervising, and Sales Associate and HR manager in Linesoon Industrial Co., Ltd. Vice President and Executive Vice President, General Administration Division of the Company	Chairman, Rich Pool Investment Co., Ltd.	Deputy President	CHU,CHEN-YI	Spouse	
Vice President and Chief Technology Officer of R&D Center and Head of Production Center	Taiwan	KUO, WEN-TANG (Footnote 1)	Male	August 2, 2021	208,680	0.20%	45,045	0.04%	0	0%	Bachelor's degree in Mechanic Engineering, National Chin-Yi University of Technology Manager, Development Department and Production Department; Vice President, Production Center; Vice President and Executive Vice President, General Administration Division	None	-	-	-	
Vice President, Sales & Marketing Department	Taiwan	CHU, CHEN-YI	Female	May 26, 2018	1,493,491	1.45%	679,000	0.66%	0	0%	Master's in Information System, Griffith University, Australia Sales Associate, Special Assistant to Chairman of the Company; Special Assistant to President of Linesoon Industrial Co., Ltd.	None	President	SU,CHI-HU	Spouse	
Vice President, GM Office	Taiwan	WANG, HU-CHO (Footnote 2)	Female	January 13, 2023	9,000	0.01%	0	0%	0	0%	Master's in Electrical Engineering, National Kaohsiung University of Science and Technology Construction Mechanical Engineer, Second Nuclear Power Plant, Taiwan Power; R&D Project Manager, Material & Parts Department Manager, Development Department Manager, Tsang Yow Industrial Co., Ltd.; President, Wuxi Tsang Yow Auto Parts Co., Ltd.,	None	-	-	-	
Associated Manager, GM Office	Taiwan	CHIANG, SHU-CHEN (Footnote 3)	Female	January 1, 2023	33,280	0.03%	0	0%	0	0%	Bachelor's degree in Dynamic Mechanical Engineering, WuFeng University Warehousing, Quality Assurance, Tsang Fu Machine; Quality Assurance, Tsang Yow Machine; Quality Assurance, WAYSIA INDUSTRIAL CO., LTD.; Quality Assurance and Business Manager, Tsang Yow; President, Wuxi Tsang Yow Auto Parts Co., Ltd.	None	-	-	-	
Finance Manager	Taiwan	HUANG,FANG-JANG (Footnote 4)	Female	May 26, 2018	0	0%	0	0%	0	0%	Master's in Accounting and Information Technology, National Chung Cheng University Accounting Associate, Section Leader and Manager, Finance Department of Tsang Yow Industrial Co., Ltd.; Special Assistant to General Manager, Management Department of Wuxi Tsang Yow Auto Parts Co., Ltd.	None	-	-	-	
Head of Finance Department concurrently serving as Head of Accounting	Taiwan	CHEN, HUI-JUNG	Female	November 08, 2014	0	0%	0	0%	0	0%	Master's in Accounting and Information Technology, National Chung Cheng University Accounting Section Leader, Tsang Yow Industrial Co., Ltd.	None	-	-	-	
Internal Audit Chief	Taiwan	I-Chen Tsai (Note5)	Female	July 01, 2012	0	0%	0	0%	0	0%	Bachelor's in Public Finance, Tatung Institute of Commerce and Technology Accounting Section Leader, Tsang Yow Industrial Co., Ltd.	None	-	-	-	

Note 1: Disclosure shall include President, vice presidents, associated manager, departmental and branch heads, and all equivalent positions, regardless of job titles.

Note 2: Relevant experience with the current position. If a former employee from the auditing CPA firm or affiliated entities, details of the job title and duties shall be disclosed.

Note 3: When the Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or first-degree relatives, an explanation, regarding the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of director seats, or decreasing the percentage of employee directors to less than 50%), shall be provided.

Footnote 1: Previously Vice President of R&D Center, CTO, and Supervisor of Manufacturing Center. Transferred to Manufacturing Center on July 26, 2023.

Footnote 2: A promotion was given on January 13, 2023. The President of Wuxi Tsang Yow Auto Parts Co., Ltd. is now also a Vice President in GM Office; back to office on July 26, 2023 at the R&D Center.

Footnote 3: CHIANG, SHU-CHEN was an Associated Manager, GM Office, and has been retained without pay since July 26, 2023.

Footnote 4: HUANG, FANG-JANG, former Finance Officer, resigned on August 29, 2023. She was succeeded by CHEN, HUI-JUNG, Chief Accounting Officer.

Footnote 5: Former Chief of Audit Office, I-Chen Tsai resigned on October 10, 2023. Mei-Fang Tsai has been appointed as the Chief of Audit Office for the time being.

III. 2023 Remuneration Paid to Directors (including the Independent Directors), Supervisors, President and Vice Presidents

(I) Remunerations of general directors and independent directors

Unit: NT\$ thousand

Title	Name	Director's Remuneration								Sum of A+B+C+D and ratio to net income (Note 10)		Associated Remuneration to Part-time Employees								The sum of A, B, C, D, E, F and G as a percentage of net income (Note 10)		Remuneration from Non-Subsidiary Entities or Parent Companies (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Director's Remuneration (C) (Note 3)		Business Allowance (D) (Note 4)				Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Employee Profit Sharing (G) (Note 6)						
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities			
															Cash	Stock	Cash	Stock				
Director	SU,CHI-TSE	4,515	4,515	-	-	2,003	2,003	18	18	2.39%	2.39%	1,316	1,316	-	-	-	-	-	-	2.87%	2.87%	-
	Rich Pool Investment Co., Ltd. Representative: HSIEH, HSIN-SHU	-	-	-	-	667	667	15	15	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
	Rich Pool Investment Co., Ltd. Representative: SU,CHI-HU	-	-	-	-	667	667	18	18	0.25%	0.25%	5,129	5,129	108	108	680	-	680	-	2.41%	2.41%	-
	Golden Top Investment Co., Ltd. Representative: Yen-Ching Yang	-	-	-	-	667	667	18	18	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
	SU, HSIN-CHENG	-	-	-	-	667	667	18	18	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
	CHU,SAN-TU	-	-	-	-	667	667	18	18	0.25%	0.25%	-	-	-	-	-	-	-	-	0.25%	0.25%	-
Independent Director	OU, CHIN-SHYH	240	240	-	-	734	734	42	42	0.36%	0.36%	-	-	-	-	-	-	-	-	0.36%	0.36%	-
	CHEN, CHIH-CHANG	240	240	-	-	667	667	42	42	0.35%	0.35%	-	-	-	-	-	-	-	-	0.35%	0.35%	-
	LIN, CHIU-HSIEN	240	240	-	-	667	667	42	42	0.35%	0.35%	-	-	-	-	-	-	-	-	0.35%	0.35%	-

- Directors and Independent Directors' remuneration policies, procedures, standards, and structure, as well as the linkage to responsibilities, risk and time spent:
All payments made is based on "Rules for Distribution of Compensation to Directors":
 - Travel allowance is paid to directors attending the meeting.
 - Fixes compensation paid to directors and independent directors who also participate in business operation is based on the salary rules and procedures of the Company.
 - According to Article 23 under the Company's Articles of Incorporation, remuneration paid to directors is resolved by the Board of Directors according to individual director's involvement and contribution to the business operation with the reference to the industry market rate, not overriding the salary rules and standards of the Company. According to Article 31 under the Company's Articles of Incorporation, a 5% distribution will be made as director's remuneration, when there's net income from the Company's operation.
- Other than the disclosures above, other compensations received by the directors for services made for all entities consolidated in the financial reports (such as being a consultant for the parent company, consolidated entities in the financial reports, non-consolidated investee entities): None

Remuneration Range Table

Director Remuneration Range	Director			
	From (A+B+C+D)		Sum of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	From All Consolidated Entities (Note 9)H	The Company (Note 8)	From All Consolidated Entities (Note 9)I
Below NT\$1,000,000	Representative of Rich Pool Investment Co.,Ltd.: HSIEH, HSIN-SHU and SU, CHI-HU from Rich Pool Investment Co., Ltd., and YANG, YEN-CHING, SU,HSIN-CHENG, CHU, SAN-TU, CHEN, CHIH-CHANG, and LIN, CHIU-HSIEN from Golden Top Investment Co., Ltd.	Representative of Rich Pool Investment Co.,Ltd.: HSIEH, HSIN-SHU and SU, CHI-HU from Rich Pool Investment Co., Ltd., and YANG, YEN-CHING, SU,HSIN-CHENG, CHU, SAN-TU, CHEN, CHIH-CHANG, and LIN, CHIU-HSIEN from Golden Top Investment Co., Ltd.	Representatives of Rich Pool Investment Co.,Ltd.: HSIEH, HSIN-SHU, and YANG, YEN-CHING, SU,HSIN-CHENG, CHU, SAN-TU, CHEN, CHIH-CHANG, and LIN, CHIU-HSIEN from Golden Top Investment Co., Ltd.	Representatives of Rich Pool Investment Co.,Ltd.: HSIEH, HSIN-SHU, and YANG, YEN-CHING, SU,HSIN-CHENG, CHU, SAN-TU, CHEN, CHIH-CHANG, and LIN, CHIU-HSIEN from Golden Top Investment Co., Ltd.
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	OU, CHIN-SHYH	OU, CHIN-SHYH	OU, CHIN-SHYH	OU, CHIN-SHYH
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	SU, CHI-TSE	SU, CHI-TSE	SU, CHI-TSE, Rich Pool Investment Co., Ltd. Representative: SU,CHI-HU	SU, CHI-TSE, Rich Pool Investment Co., Ltd. Representative: SU,CHI-HU
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Total	9	9	9	9

Note 1: Director name shall be listed separately (for corporate shareholders, name of the institution and representative shall be disclosed). Director types shall be noted with the disclosure of aggregated payments made. Directors who serve as President or Vice President shall provide information in the table below (3-1) or (3-2-1) and (3-2-2).

Note 2: Include compensation paid, in the current year, to directors including director salary, supplementary and severance pays, reward and incentive payments.

Note 3: Include compensation paid, in the current year, to directors, through approvals from the Board meeting.

Note 4: Include expenses necessary for carrying out business operation, including travel and special allowances, all fringe benefits, dormitories, company cars, and other supplementary goods and services. Such as housing, automobile and other transportation tools or individual expenses. Information including natural of the assets provided, the associated cost, actual or market rents, gasoline and other payments made, shall be disclosed. Compensation to chauffeur by the Company, if available, shall be noted in the footnote but not included in the compensation to the directors.

Note 5: Include compensation paid, in the current year, to directors who are also employees (covering President, Vice President, other managers and employees), including salary, job supplementary and severance pays, reward and incentive payments, travel and special allowances, all fringe benefits, dormitories, company cars, and other supplementary goods and services. Such as housing, automobile and other transportation tools or individual expenses. Information including natural of the assets provided, the associated cost, actual or market rents, gasoline and other payments made, shall be disclosed. Compensation to chauffeur by the Company, if available, shall be noted in the footnote but not included in the compensation to the directors. According to IFRS 2 "Share-based Payment," salary expense recognized shall include employee stock warrant, employee new share rights, and rights to subscribe new share issuance and cash capital increase.

Note 6: Information regarding employee profit sharing (in both shares and cash) resolved by the Board meetings in the most recent year to employee directors (covering President, Vice President, other managers and employees) shall be disclosed. If not available, an estimate calculated proportional to the actual payment last year shall be adopted with the attached Table 1-3 filled.

Note 7: Total compensation, by category, paid to directors of the Companies (including consolidated entities in the financial reports) shall be disclosed.

Note 8: Director names shall be disclosed in the relevant range based on total compensation received from the Company.

Note 9: Director names shall be disclosed in the relevant range based on total compensation received from all consolidated entities in the financial reports

Note 10: Net income is the figure from parent-only or individual-only financial statements from the most recent year.

Note 11: a. Compensation received by the directors from non-subsidiary entities or the parent company shall be filled in (None, if not available).

b. Compensation received by the director from non-subsidiary entities or the parent company shall be added to Remuneration Range "I." And the column title shall be changed to "Parent and All Investee Entities."

c. The compensation include remuneration (covering business allowances) received as a director, supervisor, manager of any non-subsidiary investee entity or the parent company by the director of the Company.

* *The disclosure of remuneration in this table is not based on the same concept of income as stipuated in the Tax Income Act; it is for information purpose and not for tax purpose.

(II) Remuneration to Supervisors

After the revision of the Company's Article of Incorporation on June 29, 2012, the supervisor system was replaced with the establishment of Audit Committee.

(III) Compensation Paid to President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employee Profit Sharing (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Compensation from Non-Subsidiary Entities (Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	SU,CHI-HU	1,932	1,932	108	108	3,197	3,197	680	-	680	-	2.16%	2.16%	None
Deputy President	CHU,CHEN-YI	1,587	1,587	99	99	2,944	2,944	486	-	486	-	1.87%	1.87%	None
Deputy President	KUO,WEN-TANG	1,599	1,599	99	99	2,040	2,040	486	-	486	-	1.54%	1.54%	None
Deputy President	WANG,HU-CHO (Footnote 1)	595	595	80	80	1,288	1,288	292	-	292	-	0.82 %	0.82 %	919

*All positions on par with President, Vice President (such as director-general, execution officer, directors) shall make such disclosure.

Footnote 1: A promotion was given on January 13, 2023. The President of Wuxi Tsang Yow Auto Parts Co., Ltd. is now also a Vice President in GM Office; back to office on July 26, 2023 at the R&D Center.

Compensation Range

Top Manager Compensation Range	Manager Name	
	The Company (Note 7)	From All Consolidated Entities (Note 8)
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	WANG, HU-CHO(Footnote 1)	WANG, HU-CHO(Footnote 1)
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	KUO, WEN-TANG	KUO, WEN-TANG
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	SU, CHI-HU and CHU, CHEN-YI	SU, CHI-HU and CHU, CHEN-YI
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	-	-
Above NT\$100,000,000	-	-
Total	4	4

Note 1: Name of top managers shall be listed separately with the disclosure of aggregated payments made. Directors who serve as President or Vice President shall provide information in this table and table above (1-1) or (1-2-1) and (1-2-2).

Note 2: Include compensation paid, in the current year, to top managers including salary, supplementary, and severance pays

Note 3: Include compensation paid, in the current year, to top managers, including salary, job supplementary and severance pays, reward and incentive payments, travel and special allowances, all fringe benefits, dormitories, company cars, and other supplementary goods and services. Such as housing, automobile and other transportation tools or individual expenses. Information including nature of the assets provided, the associated cost, actual or market rents, gasoline and other payments made, shall be disclosed. Compensation to chauffeur by the Company, if available, shall be noted in the footnote but not included in the compensation to the directors. According to IFRS 2 “Share-based Payment,” salary expense recognized shall include employee stock warrant, employee new share rights, and rights to subscribe new share issuance and cash capital increase.

Note 4: Information regarding employee profit sharing (in both shares and cash) resolved by the Board meetings in the current year to top managers shall be disclosed. If not available, an estimate calculated proportional to the actual payment last year shall be adopted with the attached Table 1-3 filled.

Note 5: Total compensation, by category, paid to top managers (including consolidated entities in the financial reports) shall be disclosed.

Note 6: Top managers’ names shall be disclosed in the associated range based on total compensation received from the Company.

Note 7: Top managers’ names shall be disclosed in the associated range based on total compensation received from all consolidated entities in the financial reports

Note 8: Net income is the figure from unconsolidated or individual-only financial statements.

Note 9: a. Compensation received by top managers from non-subsidiary entities or the parent company shall be filled in (None, if not available).

b. Compensation received by top managers from non-subsidiary entities or the parent company shall be added to Compensation Range “E.” And the column name shall be changed to “Parent and All Investee Entities.”

c. The compensation include remuneration (covering business allowances) received as a director, supervisor, manager of any non-subsidiary investee entity or the parent company by the President or Vice President of the Company.

*The disclosure of remuneration in this table is not based on the same concept of income as stipuated in the Tax Income Act; it is for information purpose and not for tax purpose.

Footnote 1: A promotion was given on January 13, 2023. The President of Wuxi Tsang Yow Auto Parts Co., Ltd. is now also a Vice President in GM Office; back to office on July 26, 2023 at the R&D Center.

(IV) The remuneration of the top five highest-paid executives in a TWSE/TPEX listed company (including individual names and remuneration methods)

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employee Profit Sharing (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Compensation from Non-Subsidiary Entities (Note 9)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company		From All Consolidated Entities (Note 5)		The Company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	SU,CHI-HU	1,932	1,932	108	108	3,197	3,197	680	-	680	-	2.16%	2.16%	None
Deputy President	CHU,CHEN-YI	1,587	1,587	99	99	2,944	2,944	486	-	486	-	1.87%	1.87%	None
Deputy President	KUO,WEN-TANG	1,599	1,599	99	99	2,040	2,040	486	-	486	-	1.54%	1.54%	None
Deputy President	WANG,HU-CHO (Footnote 1)	595	595	80	80	1,288	1,288	292	-	292	-	0.82 %	0.82 %	919
Finance Officer& Chief Accounting Officer	CHEN,HUI-JUNG (Footnote 2)	706	706	42	42	130	130	104	-	104	-	0.36%	0.36%	None

Note 1: The term "top five highest-paid executives" refers to managerial officers of the Company. The criteria for identifying these managerial officers are based on the regulations outlined in the letter issued by the Ministry of Finance Securities and Futures Commission on March 27, 2003 (Tai-Cai-Zheng-San-Zi No. 0920001301). Regarding the calculation and determination of the "top five highest-paid," it is based on the total amount received by executives of the Company from salaries, retirement pensions, bonuses, special allowances, and employee remuneration amounts from all companies within the consolidated financial statements (i.e., the total of A+B+C+D), and the top five highest-paid individuals are determined after sorting. If directors also serve as the aforementioned executives, they should also be listed in this table and Table (1-1).

Note 2: The salaries, position allowances, and retirement benefits of the top five highest-paid executives for the most recent fiscal year are listed.

Note 3: The various bonuses, incentives, transportation expenses, special allowances, allowances, housing, company vehicles, and other remuneration amounts received by the top five highest-paid executives for the most recent fiscal year are listed. Such as housing, automobile and other transportation tools or individual expenses. Information including nature of the assets provided, the associated cost, actual or market rents, gasoline and other payments made, shall be disclosed. Compensation to chauffeur by the Company, if available, shall be noted in the footnote but not include in the compensation to the directors. According to IFRS 2 "Share-based Payment," salary expense recognized shall include employee stock warrant, employee new-share rights, and rights to subscribe new share issuance and cash capital increase.

Note 4: Please fill in the remuneration amount to the top 5 highest-paid executives resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.

Note 5: The total amount of remuneration paid to the Company's top 5 highest-paid executives by all companies (including the Company) listed in the consolidated financial statements should be disclosed.

Note 6: After-tax net profit refers to the after-tax net profit of the parent company only or separate financial statements for the most recent fiscal year.

Note 7: a. Please clearly indicate the amounts of remuneration received by the top five highest-paid executives of the Company from investees other than subsidiaries or the parent company in this column (if none, please fill in "none").

b. Remuneration refers to the compensation, remuneration (including remuneration for employees, directors, and supervisors), and expenses related to the performance of duties received by the top five highest-paid executives of the Company in their capacity as directors, supervisors, or managerial officers of investees other than subsidiaries or the parent company.

*The remuneration disclosed in this table is different from the concept of income in the Income Tax Act. This table is used for information disclosure, not taxation.

Footnote 1: A promotion was given on January 13, 2023. The President of Wuxi Tsang Yow Auto Parts Co., Ltd. is now also a Vice President in GM Office; back to office on July 26, 2023 at the R&D Center.

Footnote 2: HUANG, FANG-JANG, former Finance Officer, resigned on August 29, 2023. She was succeeded by CHEN, HUI-JUNG, Chief Accounting Officer.

(V) Names of managers of remuneration distribution and distribution status:

March 26, 2024 Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	As a percentage of Net Income(%)
Managers:	President	SU,CHI-HU	-	680	680	0.25%
	Deputy President	CHU,CHEN-YI	-	486	486	0.18%
	Deputy President	KUO,WEN-TANG	-	486	486	0.18%
	Deputy President	WANG,HU-CHO (Note A)	-	292	292	0.11%
	Finance Officer & Chief Accounting Officer	CHEN, HUI-JUNG (Note C)	-	104	104	0.04%

Note: Distribution of 2023 employee profit sharing is approved by the Board of Directors based on March 7, 2024 in accordance with the “Employee Profit Sharing Rules and Standards” Actual distribution will be made after the resolution form the general shareholders’ meeting.

(Note A): A promotion was given on January 13, 2023. The President of Wuxi Tsang Yow Auto Parts Co., Ltd. is now also a Vice President in GM Office; back to office on July 26, 2023 at the R&D Center.

(Note B) CHIANG,SHU-CHEN was an Associated Manager, GM Office, and has been retained without pay since July 26, 2023.

(Note C) HUANG,FANG-JANG, former Finance Officer, resigned on August 29, 2023. She was succeeded by CHEN, HUI-JUNG, Chief Accounting Officer.

Note 1: Individual manager’s name and title shall be disclosed. Profit sharing can be disclosed in an aggregated number.

Note 2: Information regarding employee profit sharing (in both shares and cash) resolved by the Board meetings in the current year to top managers shall be disclosed. If not available, an estimate calculated proportional to the actual payment last year shall be adopted. Net income is the figure from the current year, which has adopted International Financial Reporting Standards. Net income is the figure from the unconsolidated or individual-only financial statements.

Note 3: Top managers, based on official letter Tai-Cai-Zheng-San-Zi No.0920001301 from Security and Future Bureau on March 27, 2013, include the follows:

- (1) President or equivalent positions; (2) Vice President or equivalent positions
- (3) Associated manager or equivalent positions; (4) Head of finance department
- (5) Head of accounting department; (6) Anyone who manages business or sign business contract for the company or

Note 4: Directors, President and Vice President who receives profit sharing (in both shares and cash) shall fill in this table, in addition to attached Table 1-2.

(VI) Comparison and analysis of profit sharing paid, in two recent years, to directors, supervisors, and top managers as a percentage of net income from the unconsolidated or individual-only financial statements with explanation in distribution policy, standards, and structure; the procedures to make such policy; and the correlation with the operation result, as well as future risks.

1. Profit sharing paid, in two recent years, to directors, supervisors, and top managers as a percentage of net income from the unconsolidated or individual-only financial statements.

Title \ Item	Total remuneration for 2023 as a percentage of net income after tax		Total remuneration for 2022 as a percentage of net income after tax	
	The Company	The Company	The Company	All companies included in the consolidated financial statements
Director	5.18%	5.18%	7.05%	7.05%
Supervisor	-	-	-	-
President and Vice Presidents	6.4%	6.4%	9.94%	9.94%

2. Profit sharing policy, standards, and structure; the procedures to make such policy; and the correlation with the operation result, as well as future risks:
- (1) Director compensation policy, standards, and structure; the procedures to make such policy; and the correlation with the operation result, as well as future risks are based on Article 23 in the Company’s Article of Incorporation. (Remuneration paid to directors is resolved by the Board of Directors according to individual director’s involvement and contribution to the business operation with reference to the industry market rate, not overriding the salary rules and standards of the Company. Directors are also entitled to travel allowance based on actual attendance at the meeting.)and “Rules for Distribution of Compensation to Directors” passed by the Remuneration Committee and the Board of Directors. The remuneration of directors is paid in accordance with the degree of participation in the Company’s operations and performance evaluation, and its aspects include: Participation in the Company’s operations (40%), election of directors and continuing education (20%), internal control (20%), understanding of the Company and awareness of responsibilities (20%), etc. The Relevant laws and the Company’s operating conditions shall review the payment system in a timely manner.
 - (2) Compensation to the top managers shall be based on long-term operation performance and shareholders’ interests under the premise that no incentives will be rewarded for taking excessive risks thereby. Profit sharing for manager positions is based on evaluation items: For top-level positions, key benchmarks include reaching earning target and maintaining financial sustainability. Yearly earning target is resolved by the Board according to annual budget and commissioned to individual manager for execution. The evaluation items include professional management objectives (accounting for 80%, such as operating revenue and operating profit, product timeline adherence, product quality improvement), management indicators (accounting for 20%, such as improvement of functional committees, diversified business development, ESG performance and day-to-day management). All allocations are according to “Rules and Standards for Top Manager Performance Evaluation and Reward,” passed by the Remuneration Committee and the Board of Directors. Overall, the profit sharing policy, standards, and structure; the procedures to make such policy for the directors and top managers by the Company present a positive correlation to the operation result and are disclosed in the annual reports according to the laws. Associated risks shall be limited.

IV. Corporate Governance

(I) Operation of the Board of Directors:

Operations of the Board of Directors

The Board of Directors held six meetings (A) in the most recent year (2023) with the attendance information as follows:

Chairman	SU,CHI-TSE	6	0	100%	
Director	SU,HSIN-CHENG	6	0	100%	
Director	CHU,SAN-TU	6	0	100%	
Director	Golden Top Investment Co., Ltd. Representative: Yen-Ching Yang	6	0	100%	
Director	Rich Pool Investment Co., Ltd. Representative: HSIEH,	5	1	83%	Director OU,CHIN-SHYH was entrusted to

	HSIN-SHU				attend the meeting.
Director	Rich Pool Investment Co., Ltd. Representative: SU,CHI-HU	6	0	100%	
Independent Director	OU,CHIN-SHYH	6	0	100%	
Independent Director	CHEN, CHIH-CHANG	6	0	100%	
Independent Director	LIN,CHIU-HSIEN	6	0	100%	
Chairman	SU,CHI-TSE	6	0	100%	

Other information to be disclosed:

1. If the operation of the board of directors is under any of the following circumstances, the date and session of the board of directors, the proposal contents, the opinions of all independent directors, and the Company's handling of the opinions of the independent directors shall be stated:

(I) Matters listed under Article 14-3:

Session	Date	Important Resolution
11201	March 15, 2023	Discussed 2022 profit sharing to directors and employees by the Remuneration Committee.
11201	March 15, 2023	Discussion to amend the Company's "Procedures for Handling Material Inside Information" and "Regulations Governing the Prevention of Insider Trading".
11201	March 15, 2023	Discussion of amendments to the Company's "Corporate Governance Best Practice Principles."
11201	March 15, 2023	Discussion of amendments to the "Sustainable Development Best Practice Principles" of the Company.
11201	March 15, 2023	Discussed the Company's "Regulations for Pre-Approved Non-Assurance Service provided by Certified Public Accountants."
11201	March 15, 2023	Discussion The Remuneration Committee reviewed the distribution of bonuses for 2022, Chairman SU,CHI-TSE and President SU,CHI-HU.
11201	March 15, 2023	Discuss the appointment of the Company's CPAs, and decide on their remuneration and the pre-approved service list for non-assurance services.
11202	May 9, 2023	Discussion to amend the "Accounting System."
11202	May 9, 2023	Discussion of the proposed disposal of business equipment and related parties.
11203	May 26, 2023	Discussion of proposal for the Company's subsidiary Business International Corp. to dispose of the entire equity of its investee Wuxi Cangyu Auto Parts Co., Ltd.
11205	August 29, 2023	Discussion of the reinvestment to establish a new factory in Malaysia.
11205	August 29, 2023	Discussion of the reappointment of the head of finance and corporate governance.
11206	November 7, 2023	Reported the change of the Company's internal auditing officer.

11206	November 7, 2023	Discussed the liquidation and deregistration of overseas holding companies All-Aspect International Corp., Giant Finance Inc. And Business International Corp.		
Opinions from the independent directors and the handling therefor: All proposals above were passed without demur after the inquiries by the meeting chairperson to all attending independent directors.				
(II) Except the items above, other Board resolutions which the independent directors opposed to or received reserved opinions over and were recorded or had a written statement in place: None.				
II. Matters regarding directors' recusal from proposals with conflict of interest: the names of the directors concerned, proposal contents, reasons for recusal, participation in discussion and voting outcomes shall be provided:				
1. Discussed the review from the Remuneration Committee about 2022 profit sharing to Chairman SU,CHI-TSE and General Manager SU,CHI-HU.				
Voting outcome: Directors including SU,CHI-TSE, SU,CHI-HU, respectively Chairman and President of the Company, and HSIEH, HSIN-SHU, the representative of Rich Pool Investment Co., Ltd. (a controlled subsidiary) recused from the discussion to avoid conflict of interest. The proposal was passed without demur after the inquiries by the deputy chairperson, Director OU,CHIN-SHYH, to all attending independent directors and other regular directors.				
2. Discussion of the distribution of 2022 bonus for other managerial officers of the Company by the Remuneration Committee.				
Voting outcome: Directors CHU,SAN-TU and SU,CHI-HU recused from the discussion to avoid conflict of interest situation for holding top managing positions in the Company and being a second-degree relative to other. The proposal was passed without demur after the inquiries by the meeting chairperson to all attending independent directors and other regular directors.				
3. Discussion of the proposed disposal of business equipment and related parties.				
Voting outcome: Directors who recuse themselves from the discussion to avoid conflicts of interest: Director SU,CHI-TSE – Supervisor of a subject to be sold, Linesoon Industrial Co., Ltd.; Director SU,CHI-HU and HSIEH, HSIN-SHU, representatives of Rich Pool Investment Co., Ltd. (a controlled subsidiary); Directors SU,HSIN-CHENG, President/director of the target of the sale, Linesoon Industrial Co., Ltd., a subject to be sold; Director YANG, YEN-CHING, Manager of the target of the sale, Linesoon Industrial Co., Ltd. The proposal was passed without objection after the acting Chair, Director OU,CHIN-SHYH, consulted all the independent directors and other directors (excluding those who recused themselves from the meeting) present.				
II. The evaluation of the Board of Directors:				
Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once a year (by the end of every first quarter in the following year)	Board operation from January 1 to December 31, 2023.	Including the performance evaluation of the board of directors, individual board members and functional committees.	Internal self-evaluation of the board of directors and self-evaluation of directors.	(1) Evaluation of the performance of the Board of Directors: including at least the degree of participation in the Company's operations, the quality of the Board's decision-making, the composition and structure of the Board of Directors, the election and continuing education

				<p>of directors, and internal control.</p> <p>(2) Evaluation of the performance of individual directors: Including at least the understanding of the Company and responsibilities, the level of participation in the Company's operations, the directors' professionalism and continuing education, and internal control.</p> <p>(3) Functional committee performance evaluation: Involvement in business operation, understanding about functional committees, enhancement of decision-making quality, committee composition and member election, and the internal control system.</p>
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The Company's evaluation of the performance of the Board of Directors for 2023 has been completed through internal evaluation, and the evaluation results are generally good. The evaluation has been submitted to the first Report of the Board of Directors in 2024, and will be used as a reference for the performance, remuneration and nomination of individual directors in order to improve the effectiveness of corporate governance. The evaluation standards and results of each committee are as follows:

Aspect	Distribution ratio for self-evaluation of the Board of Directors	Distribution ratio for self-evaluation of the Board of Directors	Distribution ratio of self-evaluation of functional committees
Involvement in business operation	30%	40%	30%
Improve the quality of decision-making by the Board of Directors (including functional committees)	25%		25%
Composition and structure of the board	10%		
Election of board members and continuing knowledge development	15%	20%	
Internal controls	20%	20%	20%
Understanding of the Company operation and awareness of		20%	

directors' duties			
Awareness of the functional committee duties			15%
Composition and structure of the functional committee			10%
Total	100%	100%	100%

2023 assessment results:

Product Category	Item	Assessment item	Score	Total Score	Explanation
Performance Evaluation of the Board of Directors	01	Involvement in business operation	27.79	96.09	The operation is in good condition. Based on the results of this evaluation, we will continue to strengthen it to improve the effectiveness of corporate governance.
	02	Enhancement of the quality of the board's decision-making	24.40		
	03	Composition and structure of the board	9.64		
	04	Election of board members and continuing knowledge development	14.76		
	05	Internal controls	19.50		
Board member performance evaluation	01	Understanding of the Company operation and awareness of directors' duties	19.56	97.08	The operation is in good condition. Based on the results of this evaluation, we will continue to strengthen it to improve the effectiveness of corporate governance.
	02	Involvement in business operation	38.55		
	03	Directors' professionalism and continuing knowledge development	19.41		
	04	Internal controls	19.56		
Audit Committee Performance Evaluation	01	Involvement in business operation	30.00	100.00	Overall operation is good
	02	Awareness of the audit Committee duties	15.00		
	03	Enhancement of the quality of the committee's decision-making	25.00		
	04	Composition of the Audit Committee and election of its members	10.00		
	05	Internal controls	20.00		
Performance evaluation of the Remuneration Committee	01	Involvement in business operation	30.00	100.00	Overall operation is good
	02	Duties of the Remuneration Committee	15.00		
	03	Enhancement of the	25.00		

		quality of the remuneration committee's decision-making			
	04	Composition of the Remuneration Committee and election of its members	10.00		
	05	Internal controls	20.00		

IV. Execution evaluation of enhancement targets for the Board's functionalities (including the establishment of the Audit Committee and transparency enhancement) during the year and in the most recent fiscal year:

The Company has established the Rules of Procedure for Board of Directors Meetings in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance. The Company's directors have completed the required training hours per year in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", and the attendance of directors in the Board of Directors' meetings and continuing education in the Market Observation Post System. The Company has disclosed the major resolutions of the Board of Directors on the website, and assigned the relevant departments to maintain and disclose the Company's financial and business information at any time. The Company established functional audit committees and remuneration committees in 2011 to assist the Board of Directors in carrying out relevant management functions. In addition, the "Standard Operating Procedures for Handling Directors' Requests", "Measures for Performance Evaluation of the Board of Directors" and "Corporate Governance Best-Practice Principles" were added. The Company established a corporate governance officer on March 16, 2020. Also serves as the Supervisor of the Management Department to assist the directors in carrying out their duties and strengthen the operation of the Board of Directors and corporate governance.

Note 1: If a director or supervisor is a juristic person, the name of the juridical person shareholder and the name of its representative shall be disclosed.

Note 2: (1) If a director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance (seated) attendance rate (%) is based on the number of board meetings convened during service, and the actual presence (seated) of the board of directors are counted.

(2) Before the end of the year, if there is a re-election of directors or supervisors, the new and old directors and supervisors shall be listed down, and whether the director or supervisor is old, new, or re-elected and the re-election date shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his/her term of office.

(II) The operation of the Audit Committee or the participation of supervisors in the operation of the Board of Directors:

Operations of the Audit Committee

The Audit Committee has held 6 meetings (A) in the most recent year (2023), and the attendance is as follows:

Title	Name	Number of Actual Attendances in Person (B)	Proxy Attendance Frequency	Attendance Rate in Person (%) (B/A)	Remark
Independent Director	OU, CHIN-SHYH	6	0	100%	
Independent Director	CHEN, CHIH-CHANG	6	0	100%	

Independent Director	LIN, CHIU-HSIEN	6	0	100%
Other information to be disclosed:				
I. In the event that the operation of the Audit Committee is under any of the following circumstances, the meeting date of the Audit Committee meeting, the session of the meeting, the proposal contents, the independent directors' dissenting opinions, qualified opinions, or major recommendations, the Audit Committee's resolutions, and the Company's Handling of opinions.				
(I) Matters listed under Article 14-5:				
Session	Audit Committee Meeting Date	Proposal Content	Communication Results	
Term 4, Session 7, 2023	March 15, 2023	<ol style="list-style-type: none"> 1. Reviewed 2022 business report and financial statements. 2. Discussed 2022 Statement of Internal Control. 3. Reviewed 2022 profit sharing proposal. 4. Discussed the appointment of the Company's CPAs and resolved their remuneration proposals and the list of pre-approved non-assurance services. 5. Discussed the proposal to evaluate the independence of the Company's CPAs on a regular basis (once a year). 6. Reviewed the Company's "Regulations for Pre-Approved Non-Assurance Service provided by Certified Public Accountants." 	None	
Term 4, Session 8, 2023	May 9, 2023	<ol style="list-style-type: none"> 1. Review of 2023 Q1 consolidated financial statements. 2. Discussed the amendments to the Company's "Accounting System." 	None	
Term 4, Session 9, 2023	May 26, 2023	<ol style="list-style-type: none"> 1. Discussed the Company's subsidiary Business International Corp. to dispose of the entire equity of its investee Wuxi Tsang Yow Auto Parts Co., Ltd. 	None	
Term 4, Session 10, 2023	August 8, 2023	<ol style="list-style-type: none"> 1. Review of 2023 Q2 consolidated financial statements. 	None	
Term 4, Session 11, 2023	August 29, 2023	<ol style="list-style-type: none"> 1. Discussed the reinvestment to establish a new plant in Malaysia. 2. Discussed the change of the financial head. 	None	
Term 4, Session 12, 2023	November 7, 2023	<ol style="list-style-type: none"> 1. Review of 2023 Q3 consolidated financial statements. 2. Discussed the liquidation and deregistration of overseas holding companies All-Aspect International Corp., Giant Finance Inc. And Business International Corp. 3. Change to the internal audit officer 	None	

Resolutions from the committee and the handling of the opinions: passed without demur after inquiries made by the meeting chairperson to all the attending committee members.

(II) Except the items above, other resolutions which were not approved by the committee but passed through two thirds of the Board of Directors: None.

Highlights of the Audit Committee operation:

- Annual and first six months' financial reports;
- Stipulation and improvement of the internal control system;
- Testing of effectiveness of the internal control system;
- Stipulation and improvement of the procedures of handling significant financial transactions, including asset acquisition and disposition, trading of derivative instruments, and lending or endorsement to others;
- Transactions on major assets or derivative instruments;
- Major lending or endorsement or guarantee to others;
- Offering, issuance, or private placement of any equity-type securities;
- Hiring, dismissing or compensating the independent auditor
- Appointing or dismissing officers in finance, accounting or internal audit

II. Matters regarding directors' recusal from proposals with conflict of interest: the names of the directors concerned, proposal contents, reasons for recusal, participation in discussion and voting outcomes shall be provided: None.

III. Communications between the independent directors and the internal audit officer and the external auditor (shall include important matters, communication approaches and results).

1. Independent directors would inquire or notify through phone communication to the internal auditors when there were questions about copies of audit report every month.
2. Improvements on flaws and abnormalities of internal control would be compiled into reports every quarter and sent for independent directors' review.
3. Internal audit officer would attend the regular board meeting according to the regulations and present the associate briefings.
4. Internal audit officer would conduct no less than one private meeting every year with the independent directors to ensure full discussion on the operation and status of internal audit.
5. The commissioned external auditor would join the meeting of the Audit Committee to present review or audit results of the Company's each quarterly financial statement, as well as matters newly required by the laws. The Audit Committee and the external auditor have been communicating well and smoothly.
6. Overall, the independent directors have been able to understand the operation of the Company through the Board meetings, the Audit Committee, and regular reporting from the internal audit unit. In addition, access (including phone calls, faxes, and emails) to the external auditor has been open to the independent director for direct communication.
7. In 2023 and up to the date of publication of the annual report, communication between the Company's independent directors and the internal audit officer and accountants is as follows:

Meeting Date	Major Communication Item	Communication Results
March 15, 2023	<ol style="list-style-type: none"> 1. Briefing of annual internal audit work for 2022 from the internal audit officer to the Audit Committee. 2. 2022 Internal Control Statement Report. 3. Briefing of 2022 annual consolidated and unconsolidated financial statements from the external auditor to the Audit Committee. 4. The CPAs discussed and communicated with each other 	None

	regarding the issues raised by the Audit Committee and participants.	
May 9, 2023	1. Briefing of 2023 Q1 consolidated financial statements from the external auditor to the Audit Committee. 2. Q&A between the external auditor to the Audit Committee and other meeting attendees.	None
August 8, 2023	1. Briefing of 2023 second quarter consolidated financial statements from the external auditor to the Audit Committee. 2. Q&A between the external auditor to the Audit Committee and other meeting attendees.	None
November 7, 2023	1. Briefing of 2023 Q3 consolidated financial statements from the external auditor to the Audit Committee. 2. The internal audit officer reported the 2024 internal audit plan to the Audit Committee. 3. The internal audit officer reported the 2024 professional training plan to the Audit Committee. 4. The CPAs communicated with the Audit Committee and governance units before the 2023 audit. 5. The CPAs discussed and communicated with each other regarding the issues raised by the Audit Committee and participants.	None
March 7, 2024	1. Briefing of 2023 annual consolidated and unconsolidated financial statements from the external auditor to the Audit Committee. 2. The CPAs hold the closed-door meeting with the Audit Committee. 3. Briefing of annual internal audit work for 2023 from the internal audit officer to the Audit Committee. 4. 2023 Internal Control Statement Report. 5. The CPAs discussed and communicated with each other regarding the issues raised by the Audit Committee and participants.	No suggestion

Note 1: For independent directors resigning before the end of the current year, extra notes shall be made regarding the date of resignation, attendance rate in person (%), calculated by the number of meeting convened by the Audit Committee over his/her tenure with the actual attendance number.

Note 2: All new and old independent directors and they shall be listed with notes indicating whether he/she is newly elected, as well as the associated re-election dates, when there is a re-election of independent directors before the end of the current year. Attendance Rate in Person % = the number of actual attendance / the number of the meetings convened by the Audit Committee during the tenure

(III) The implementation of corporate governance and the deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
I. Does the Company follow “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practice principles?	V		The Company has stipulated “Tsang Yow Corporate Governance Practice Principle” with the associated disclosure on the Company’s website and designated sites by the governing agencies.	No significant difference
II. Shareholding Structure and Shareholders’ Rights				No significant difference
(I) Does the Company have internal operation procedures for handling shareholders’ suggestions, doubts, disputes and litigation matters. Have the procedures been implemented accordingly?	V		(I) The Company has designated its spokesperson and deputy spokesperson, with the assistance from outside legal consultants, to handle shareholders’ suggestions, doubts, disputes and litigation matters.	
(II) Does the Company have a list of its major shareholders and ultimate beneficial owners of these major shareholders?	V		(II) The Company has commissioned its stock affair agency, KGI Securities, to track the top shareholders and the ultimate beneficial owners thereof. The Company releases regular information regarding changes in shareholding pledge and significant events which might affect shareholding structure to assist shareholder supervision.	
(III) Has the Company built and executed a risk management and firewall system between the Company and its affiliated companies?	V		(III) The Company has stipulated the procedures for transactions with related parties, specific companies and group enterprises. Information regarding is also published on a regular basis.	
(IV) Has the Company established the internal rules prohibiting trading on undisclosed information?	V		(IV) The Company has established its “Insider Trading Policy” to prevent such events from happening.	

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Director established a diversity policy, set goals and implemented them accordingly?</p> <p>(II) Other than the Compensation and the Audit Committee, does the Company have plans to set up other functional committees?</p> <p>(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p>	V		<p>(I) Election of board members is based on a nomination system which is implemented with goals and gridlines regarding the diversification policies under “Measure for Election of Board of Directors” and “Corporate Governance Best-Practice Principles.” For details, please refer to the Company’s website and the annual report. For successor plan, please go to Section 10 on page 13 to 17.</p> <p>(II) Other than the Compensation and Audit Committee, the Company has set up the Occupational Safety and Health Committee and Labor Relation Meetings.</p> <p>(III) The Company completed the establishment of “Rules for Performance Evaluation of Board of Directors” on November 11, 2019, which has been carried out the evaluation accordingly.</p> <p>(1) Evaluation cycle and period: The internal or external performance evaluation shall be completed by the end of the first year in the following year.</p> <p>(2) Evaluation targets and coverage: The evaluation shall cover the entire board, individual director and each functional committee.</p> <p>(3) The evaluation items for the board cover, without limitation to, the following five aspects:</p> <ol style="list-style-type: none"> 1. Involvement in business operation. 2. Enhancement of the quality of the board’s decision-making. 3. Composition and structure of the board. 4. Election of board members and continuing knowledge development. 	No significant difference

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
(IV) Does the Company regularly evaluate the independence and suitability of CPAs with reference to the Audit Quality Indicators (AQIs)?	V		<p>5. internal controls.</p> <p>(IV) The evaluation items for individual directors cover, without limitation to, the following four aspects:</p> <ol style="list-style-type: none"> 1. Understanding of the Company operation and awareness of directors’ duties. 2. Involvement in business operation. 3. Directors’ professionalism and continuing knowledge development. 4. Internal controls system. <p>(V) The evaluation items for the functional committees cover, without limitation to, the following five aspects:</p> <ol style="list-style-type: none"> 1. Involvement in business operation. 2. Awareness of the committee duties 3. Enhancement of the quality of the committee’s decision-making 4. Composition and structure of the committee 5. internal controls. <p>The 2023 performance evaluation results have been submitted to the Board of Directors on March 7, 2024.</p> <p>(IV) The Company assesses regularly (once a year) the independency of the external auditor based on the assessment check list (relate to Note 1) and the declaration statement from the auditor to ensure the auditor is not a director, shareholder or stakeholder, and not paid by the Company, as well as being qualified under the independent criteria set by the Company. The assessment status was submitted to the Audit Committee for review on March 7, 2024 and was approved by the Board of Directors on March 7, 2024. The results of the assessment indicated that the CPAs met the Company’s standards of independence and suitability assessment, qualified to serve as the Company’s CPAs.</p>	

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsible corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>It was approved by the Board of Directors on August 29, 2023 that CHENG,LI-CHUN of the Operation and Management Department of the Company was appointed to concurrently serve as the Corporate Governance Officer, in order to protect the rights and interests of shareholders and strengthen the functions of the Board of Directors. Manager CHENG, LI-CHUN has more than three years of accounting experience in public offering companies. Corporate governance related affairs shall cover:</p> <ol style="list-style-type: none"> 1. Carry out matters related to Board meetings and shareholders’ meetings in accordance with the laws and regulations. 2. Record minutes of board meetings and shareholders’ meetings. 3. Assist in onboarding and continuing education of the directors. 4. Provide information required by the directors for business execution. 5. Assist in directors’ compliance with laws. 6. Matters regarding to law compliance of the independent directors’ qualification at nomination, election and onboarding shall be reported to the Board. 7. Carries out change of directors. 8. Other matters stipulated in the Company’s Article of Incorporation or agreements. <p>2023 Implementation status:</p> <ol style="list-style-type: none"> 1. Assisted independent and general directors in performance of duties, receiving information for reviewing financial statements, and making arrangement for knowledge development. 2. Assisted in law compliance for resolution procedures conducted in Board meetings and shareholders’ meetings. 3. Renewal of liability insurance for directors, supervisors and important employees for 2023, followed by 	No significant difference

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
			<p>reporting to the Board meeting.</p> <p>4. Planning of Board of Directors’ working calendar.</p> <p>5. Scheduled Board meetings and issued notices to the directors seven days before the meeting. Convened meeting with needed information and reminders of recusals when conflict of interests. Completed meeting minutes in 20 days after the meeting.</p> <p>6. A general shareholders’ meeting was convened in May 2023. All meeting registration, making of meeting notice, shareholders’ meeting handbook and meeting minutes were conducted according to the regulation requirements.</p> <p>Total continuing learning hours taken by the Corporate Governance Officer in 2023 was 18 hours. The associated record was filed to Market Observation Post System. Please refer to page 37 the annual report for the complete listing of the courses taken (see Note 2).</p>	
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) , set up a stakeholder section on the Company's website, and appropriately respond to important corporate social concerns of stakeholders Responsibility issues?	V		<p>(I) The Company has designated its spokesperson and deputy spokesperson to handle outward communication channels. All stakeholders can access financial and stock information on Market Observation Post System and the Company’s website. An investor relation office is established to assist investor communication.</p> <p>(II) The Company has set up an electronic supply chain management system to closely watch all dealings. A supplier-dedicated channel is available to ensure direct and open communication.</p> <p>(III) A “Stakeholder Section” is available on the Company’s website to assist stakeholder communication.</p> <p>(IV) All issues concerned by all types of stakeholders during 2023 have been made available on the Company website.</p>	No significant difference

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	V		The Company has commissioned its stock affair agency, KGI Securities, to handle the matters.	No significant difference
VII. Information Disclosure (I) Has the Company set up a website to disclose financial and corporate governance information?	V		(I) All public information on financial status, corporate governance and investor conference is made available to the Company's website, http://www.tsangyow.com.tw , and “Market Observation Post System.”	No significant difference
(II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person for the collection and disclosure of the Company's information, implementing the spokesperson system and placing on the Company's website the process of institutional investors' conference)?	V		(II) To improve information transparency, a sound spokesperson system has been established, together with the applying public information system, to help shareholders and stakeholders fully understand the financial status and corporate governance operation of the Company.	
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year and announce and declare the first, second, and third quarter financial reports and the monthly operation ahead of the required time limits?	V		(III) All filing of quarterly financial statements and monthly operation are filed according to the deadlines stipulated in “Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds.” The annual financial report has not yet been published and declared within two months after the end of the fiscal year.	
VIII. Does the Company have other important	V		(I) Employee Rights and Interests: Through closely following the	No significant difference

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
information to help understand the operation of corporate governance (including but not limited to employee rights and interest, employee care, investor relations, supplier relations, rights of interest parties, the status of directors’ and supervisors’ continuing education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company’s purchase of liability insurance policy for directors and supervisors)?			<p>relevant provisions of the Labor Standard Act, the Company implements assorted rights and interests, and retirement pension. An employee welfare committee has been formed to offer various welfare measures.</p> <p>(II) Employee Care:</p> <ol style="list-style-type: none"> 1. The Company provides employees with employee travel subsidies, employee compensation, holiday and year-end bonus, as well as safeguarding the legitimate rights and interests of employees according to the Labor Standard Act. Other than holding labor relation meetings and providing employee complaining channels to ensure communication, various measures have been stipulated to state clearly employee rights, obligations and welfare items to maintain employee rights. 2. A employee app is created to consolidate information on all aid and welfare programs available, including newsletters from the Company and the employee welfare committee, social welfare resources, psychological counseling, retirement/wealth management/insurance information, health and healthcare information, occupation safety, and designated shops to create diversified choices of welfares and to strengthen internal information. <p>(III) Investor Relations: Through information posted on Market Observation Post System and the Company websites, information is made available for investors’ business operation.</p>	

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
			<p>Investor communication channels include shareholders’ meeting and spokesperson mechanism.</p> <p>(IV) Supplier Relationship:</p> <ol style="list-style-type: none"> 1. The Company has stipulated “Procedures for Supplier Management” to ensure delivery, quality and pricings from suppliers according to the business requirements. In addition, supplier audits are performed regularly by the Company to confirm supply quality. In terms of occupational safety and health, all the construction contractors are covered under the internal management system. Other than giving on-site supervision and construction permissions, assistance is given to contracted vendors for implementing voluntary management and training regarding safety and health issues to meet heal requirements and social responsibilities. 2. A requirement to comply with the policy for corporate social responsibilities is included when signing supply contracts. If the policy is violated, unconditional equipment and services shall be given until the improvements meet the national environmental regulations. 2. A requirement to comply with the policy for corporate social responsibilities is included when signing supply contracts. If the policy is violated, unconditional equipment and services shall be given until the improvements meet the national environmental 	

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
			<p>regulations.</p> <p>(V) Rights of Stakeholders: The Company has established various communication channels of soundness and openness to uphold rights of stakeholders. In addition, all matters will be handled based on principles of integrity and accountabilities to fulfill social responsibilities.</p> <p>(VI) Continuing Education of Directors: All directors have continued improving professional knowledge in 2023 and complied with “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies needed training.”</p> <p>(VII) Risk Management Policy and Measurement Standards: Manners regarding major operation policies, investment undertaking, endorsement, guarantee, and loan making shall receive the Board’s approvals, followed by audit, supervision and management from the relevant audit and risk management units. Please refer to “Risk Events Analysis and Evaluation” for details. (Page 103)</p> <p>(VIII) Implementation of Customer Policies:</p> <ol style="list-style-type: none"> 1. The Company has set up dedicated units to provide customers question answering and to maintain direct and open communication. 2. To provide nearby services and shorten delivery times, there are storage warehouses in America and Europe. 3. Customer satisfaction survey is conducted every year. <p>(IX) Director Liability Insurance Purchase: The Company took out liability insurance for directors, supervisors and key executives in the amount</p>	

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
			of US\$3 million on April 1, 2024. The insurance covers the period from April 1, 2024 to April 1, 2025 and was reported to the Board of Directors on March 7, 2024. (X) The independent directors gives reporting and suggestions about the Company’s financials, business status and major operation plan based on their understanding, experience and professional knowledges for strengthening the operation and implementing supervision.	

IX. Please explain the improvement of the corporate governance evaluation results according to the finding issued by the Corporate Governance Center of the Taiwan Stock Exchange for the most recent year and put forward the priorities and measures for those that have not been improved. (Not applicable as the Company is not listed for evaluation):
Matters improved following the 10th Term of Corporate Governance Evaluation (2023) are as below:

Item	Evaluation Indicator	Improvement Status and Explanation
1.6	Has the Company convened a general meeting before the end of May?	Disclosed in the Annual Report
1.11	Did the Company upload the English version of its annual report 16 days prior to the AGM?	Disclosed on MOPS
1.19	Are the Company’s shareholders’ meetings broadcast online or upload uninterrupted audio recordings of the entire shareholders’ meeting after the shareholders’ meeting?	Disclosed on the Company’s website
3.9	Has the Company uploaded information on insider shareholdings of the previous month to the Market Observation Post System by the 10th day (inclusive) of each month?	Uploaded to MOPS
3.14	Does the Company’s annual report disclose the link between the performance evaluation and remuneration of directors and managers?	Disclosed in the Annual Report
3.18	Has the Company established an English website that includes financial, business and corporate governance information?	Disclosed on the Company’s website
4.20	Has the Company established a diversity policy in the workplace or a gender equality policy and disclosed its implementation status?	Disclosed on the Company’s website
4.21	Has the Company assessed risks or opportunities posed to the community and taken corresponding measures? Have the measures taken and the results been disclosed on the Company’s website, annual report or sustainability report?	Disclosed in the annual report and the Company’s website

Each year, the Company reviews the indicators that have not yet met the scoring standards based

Evaluation Items	Operation status (Note)			Difference from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation	
X.			<p>on the recent corporate governance evaluation results and the corporate governance evaluation indicators released in the most recent year. The Company enhances and strengthens the aspects that have not yet met approval.</p> <p>Succession planning and execution for the Board and Top Managers The succession plan will be formulated all-round based on “talent cultivation and allocation, workforce development, and win-win creation,” as well as linkage to the Company’s strategy, management.</p> <p>Board member election and operation Members are elected based on their integrity, management knowledge and professional abilities including backgrounds from operation management, finance and accounting, and law; special skills; and industrial experience. Each board director shall receive six hours of training to ensure new knowledge acquisition.</p> <p>Other than election qualifications, top managers are given opportunities to learn about the operation of the Board and each business unit and department by job rotation to deepen industrial professionalism.</p> <p>Top management selection The succession team is required to be equipped with extraordinary execution ability and the value of honesty and integrity great importance. In addition, through continuous rotation in different departments, expatriation, our succeeding candidates will be with leader mentality and abilities to learn and achieve outstandingly.</p>	

Note: No matter whether “Yes” or “No” is selected for the implementation, it shall be explained in the summary description column.

Note 1. Evaluation criteria for the independence of external auditor

Evaluation Item	Result
I. Financial Interest Category	
1. Does the auditor have a “direct financial interest relationship” with the Company?	No
2. Does the auditor have a “significant indirect financial interest relationship” with the Company?	No
3. Does the auditor have a “significant financial interest relationship” with any other entities where the Company has a controlling power?	No
II. Employment Relationship Category	
1. Has the external auditor held any positions in the Company as a director, supervisor, or manager, or are they capable of impacting the independent audit work at present or in the past two years?	No
2. Does the external auditor hold any positions in the Company as a director, supervisor, or manager, or capable of impacting the independent audit work?	No
3. Was the external auditor, during the audit period, holding any positions in the Company as a director, supervisor, or manager, or capable of impacting the independent audit work?	No
4. Is the external auditor, in a certain future period, going to hold any positions in the Company as a director, supervisor, or manager, or capable of affecting the independent audit work?	No
5. Does the external auditor hold any positions as a director or supervisor in any other entities where the Company has a controlling power?	No
6. Does the auditor provide services equivalent to duties of director, supervisor, or top manager?	No
7. Is the auditor hired by the Company for regular work that receives fixed compensation?	No
III. Short-Term Dispatch Worker Service:	

1. Does the auditor dispatch employees from his/her firm to assist the Company in decision-making, contract approval or signing, financial paper management.	No
IV. Managing Personnel Recruitment:	
1. Does the auditor help the Company recruit management positions that can directly and significantly affect the audit work of the Company?	No
V. Service Continuation:	
1. Whether the auditor has been continuously commissioned as the Company's independent auditor for seven years?	No
Conclusion of Independence Evaluation: Through the Company's internal review, it is concluded that there is no event that might affect the independence of the auditor.	

Note 2. The continuing education of the Corporate Governance Officer in 2023:

Class Date	Organized By	Class Title	Number of Continuing Education Hours	Total Class Hour
2023/9/22	Taiwan Institute of Directors	Safety in Your Front Door Does Not Mean It Is Safe-Enterprise Resilience-Oriented Supply Chain Security Management and Risk Control	3Hr	18hr
2023/10/24–2023/10/25	Securities and Futures Institute, R.O.C.	Workshop for the Practice of Directors, Supervisors (including Independent Directors) and Corporate Governance Officers	12Hr	
2023/11/15	Securities and Futures Institute, R.O.C.	2023 Law Compliance for Shares Transfer by Insiders	3Hr	

(IV) CORPORATE IF THE COMPANY HAS A REMUNERATION COMMITTEE, THE COMPOSITION AND OPERATION OF THE COMMITTEE SHALL BE DISCLOSED:

(1) Information of the Remuneration Committee Members

Identity (Note 1)	Qualification	Professional qualification and experience (Note 2)	Independence status (Note 3)	Number of public companies where the member concurrently serves as a member of remuneration committee
	Name			
Independent Director	OU, CHIN-SHYH	Please refer to Page 13–17 of the annual book for disclosure on professional knowledge of directors and independence of independent directors		1
Independent Director	CHEN, CHIH-CHANG			3
Independent Director	LIN, CHIU-HSIEN			0

(2) Operations of the Remuneration Committee

- I. There are a total of 13 members in the Remuneration Committee.
 II. Current Tenure: July 15, 2021 to July 14, 2024. The committee held two (A) meetings in the most recent year (2023) with the attendance information as follows:

Title	Name	Number of Actual Attendances in Person (B)	Proxy Attendance Frequency	Attendance Rate in Person (%) (B/A) (Note)	Remark
Convener	OU,CHIN-SHYH	2	0	100%	
Member	CHEN, CHIH-CHANG	2	0	100%	
Member	LIN,CHIU-HSIEN	2	0	100%	

Other information to be disclosed:

- I. Duties of the Remuneration Committee:
1. The committee member shall execute the duties based on the following principles:
 - (1) Performance evaluation of directors, supervisors and top managers and their compensations shall refer to industrial practice with the correlation among individual performance, the operation result, as well as future risks.
 - (2) No incentives shall be awarded to directors or managers for taking excessive risks.
 - (3) The nature of industry and business of the Company shall be taken into consideration when deciding the portion of bonus for short-term bonus and the timing for paying variable compensation for directors and top managers.
 2. The committee shall convene no less than two meetings every year, or ad hoc meetings when necessary, to assist in the Board's decision-making.
 3. The Committee shall disclose the information regarding regular reviews of performance evaluation of directors, supervisors, and top manager; and the remuneration policies, procedures, standards, and structure.
 2. The committee shall convene no less than two meetings every year, or ad hoc meetings when necessary, to assist in the Board's decision-making.
 3. The Committee shall disclose the information regarding regular reviews of performance evaluation of directors, supervisors, and top manager; and the remuneration policies, procedures, standards, and structure.
- II. When the Board disagree or modify recommendations from the Remuneration Committee, the meeting details, including date, session number, proposal contents, and board resolutions with the handling of opinions from the committee by the Company therefor (for example, the board resolves a compensation higher than the committee's recommendation) shall be stated: None
- III. For a committee resolution which some members of the committee opposed to or received reserved opinions over and were recorded or had a written statement in place, the meeting details, including date, session number, proposal contents, all member opinions with the handling therefor shall be stated: None
- IV. Proposals made by the Remuneration Committee and the resolutions therefor, and the handling of members' opinions by the Company in the recent year:

Remuneration Committee Meeting Session / Date	Proposal Content	Resolution	The Company's Reactions to the Members' Opinions

<p>March 15, 2023</p>	<p>Proposal 1: Reviewing the actual distribution of 2022 profit sharing for top managers.</p> <p>Proposal 2: Reviewing 2022 profit sharing to directors and employees.</p> <p>Proposal 3: Reviewing 2022 Board performance evaluation.</p> <p>Proposal 4: Reviewing the revisions to the Company’s “Rules and Standards for Top Manager Performance Evaluation and Reward.”</p> <p>Proposal 5: Reviewing the compensation package for the newly hired associate managers.</p> <p>Proposal 6: Reviewing the rewards and remunerations to the Company’s new vice presidents.</p>	<p>All proposals were passed without demur after the inquiries by the meeting chairperson to all attending committee members.</p>	<p>All proposals were approved by the attending Board members.</p>
<p>November 7, 2023</p>	<p>Proposal 1: Reviewing the remunerations to the Company’s new vice presidents.</p> <p>Proposal 2: Reviewing the compensation package for the newly hired Corporate Governance Officer.</p> <p>Proposal 3: Reviewing the compensation package for the newly hired Finance Officer.</p> <p>Proposal 4: Reviewing the revision to “Employee Profit Sharing Rules and Standards.”</p> <p>Proposal 5: Reviewing the performance bonus for senior managers in 2023.</p> <p>Proposal 6: Reviewing the existing remuneration and compensation to the Board members and top managers.</p>	<p>All proposals were passed without demur after the inquiries by the meeting chairperson to all attending committee members.</p>	<p>All proposals were approved by the attending Board members.</p>
<p>March 7, 2024</p>	<p>Proposal 1: Reviewing the actual distribution of 2023 profit sharing for top managers.</p> <p>Proposal 2: Reviewing 2023 profit sharing to directors and employees.</p> <p>Proposal 3: Reviewing 2023 Board performance evaluation.</p>	<p>All proposals were passed without demur after the inquiries by the meeting chairperson to all attending committee members.</p>	<p>All proposals were approved by the attending Board members.</p>

Note: (1) For committee members resigning before the end of the current year, extra notes shall be made regarding the date of resignation, attendance rate in person (%), calculated by the number of

meeting convened by the Remuneration Committee over his/her tenure with the actual attendance number.

- (2) All new and old members shall be listed with notes indicating whether he/she is newly elected, as well as the associated re-election dates, when there is a re-election of the Remuneration Committee members before the end of the current year. Attendance Rate in Person % = the number of actual attendance / the number of the meetings convened by the Remuneration Committee during the tenure

(V) Performance of Sustainable Developments and Difference from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies:

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation (Note 2)	
I. Has the Company formulated a governance structure for promoting matters regarding sustainable development with the establishment of a dedicated working unit which is authorized by the Board of Directors to be handled by the senior management and reported to the Board of Directors?	V		<p>I. The Company officially established the “Sustainable Development Committee” in March 2024 to utilize the cross-departmental communication platform for vertical integration and horizontal connection, and is responsible for sustainable development policies, goals, risk management, strategies and management guidelines, and action plans (including the preparation of the Sustainability Report), and track the effectiveness of implementation to ensure that the sustainable development strategy is fully implemented in the Company’s daily operations, and report the status of sustainable development to the Board of Directors on a regular basis (at least once a year).</p> <p>II. The “Sustainable Development Committee” is chaired by the President and is convened at regular intervals (the merger management meeting is held monthly, with each task team to report the implementation results of the current period and communicate important matters). There are two teams under the management, namely:</p> <p>1. Decision-making team: composed of senior executives in different fields, to jointly examine the company’s core operating capabilities, formulate the company’s sustainable development policies and goals, supervise the implementation of various sustainable development matters, and evaluate the implementation.</p>	No significant difference

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation (Note 2)	
			<p>2. Implementation Team: Formed by the heads of each department, the work is divided according to the sustainable development topics and the responsibilities of each department. It is responsible for the planning and implementation of various sustainable development tasks.</p> <p>III. The Company started the preparation of the 2023 Sustainability Report in March 2024. The report is expected to be completed before the end of the year. The report has been submitted to the Board of Directors for the implementation overview and progress explanation in the same month.</p>	
II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)	V		<p>II.</p> <ol style="list-style-type: none"> 1. Rooted from risk perspective, the Company, on regular and ad hoc basis each year, compiles issues with materiality internally and externally to understand the needs and expectations from stakeholders. Further analysis on the operation environment, including the environment, society, corporate governance will be made based on the materiality for formulating relative controlling measures to keep the risks from happening. 2. The boundary of risk assessment for 2023 covers all of the Company’s operating locations: Zhongshan Plant, Chengkung Plant, Zhongshan Plant 2, and Zhongshan Plant 3. 3. Risk assessment contents include: product development and process design, product delivery, product after-sales service and customer service, production scheduling and process control, quality supervision and measuring instrument management, equipment, mold and jig and infrastructure management, quotation and contract review, procurement and supplier management, occupational safety and health and environmental management, human resource management, change management, 	No significant difference

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation (Note 2)	
<p>III. Environmental Issues:</p> <p>(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>internal audit, document and record management, carbon emission and energy management, financial management, corporate governance and sustainable development.</p> <p>III. (I) The Company has passed the ISO 14001:2015 environmental management system certification, and has a dedicated unit to promote and supervise the environmental management system.</p> <p>(1) Regular identification of environmental protection regulations to assess compliance with applicable regulatory requirements.</p> <p>(2) Implement risk assessments on products, processes, and services with environmental considerations, and commit to pollution prevention and improvement from the development stage to the manufacturing process, comply with environmental requirements, and mitigate environmental impacts.</p> <p>(3) Industrial waste is sorted and stored carefully, and is disposed of by a waste disposal agency approved by the Environmental Protection Administration.</p>	
<p>(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with a low environmental impact?</p>	V		<p>(II) The Company manages production resources and waste, such as scrap, air pollution and wastewater, efficiently to fulfill its commitment to social responsibilities. The Company has adopted the concept of pollution prevention to maintain environmental quality, protect biodiversity and ecosystems in the neighboring area, and promote green environment and resource sustainability. The Company has implemented the following specific measures to achieve these goals:</p> <p>(1) Production technique upgrading: Cutting down machine and labor</p>	

Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”									
	Yes	No											
			<p>hours to lower the production costs, as well as bringing up the yield rate and to conserve energy.</p> <p>(2) Reinforce prevention and controlling measures for unnecessary waste due to energy leaking during production.</p> <p>(3) The Company has employed oil-water separating chip vacuum removal systems to deal with cutting fluid for prolonging the useful life of the fluid and tools by purifying the muddy sediment to reduce impacts from industrial waste to the environment.</p> <p>(4) Zhongshan Plant 2/Zhongshan Plant 3 completed the wholesale power generation sale to Taiwan Power with the total capacity set at 913.21kwp. The actual power generation performance is as follows:</p> <table border="1" data-bbox="676 1218 1209 1563"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Power generation (10,000 kWh)</td> <td>29.9</td> <td>121.2</td> </tr> <tr> <td>Remark</td> <td colspan="2">Installation of the electric field completed in 2023/11</td> </tr> </tbody> </table> <p>(5) Replaced the energy-consuming equipment and introduced energy-saving multi-functional composite processing equipment to reduce the total power consumption of the equipment.</p> <p>(6) A total of 11 energy-intensive units were sold in 2023.</p>	Year	2022	2023	Power generation (10,000 kWh)	29.9	121.2	Remark	Installation of the electric field completed in 2023/11		
Year	2022	2023											
Power generation (10,000 kWh)	29.9	121.2											
Remark	Installation of the electric field completed in 2023/11												
(III) Does the Company assess the potential risks and opportunities of climate change	V		<p>(III) To deal with climate change, the Company has adopted the following measures:</p> <p>(1) To deal with energy and resource scarcities and price fluctuation</p>	No significant difference									

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”																
	Yes	No	Explanation (Note 2)																	
for enterprises now and in the future, and take measures to deal with climate-related issues?			<p>driven by debates among nuclear power, natural energy and climate change, the Company will phase out older-generation production procedures and phase in new energy technology or adjust production model.</p> <p>(2) Procure relevant systems to handle waste fluid to mitigate environmental risks from outsourcing and to reduce handling costs.</p> <p>(3) The Ministry of Economic Affairs announced that energy users should set energy conservation goals and implementation plans. Zhongshan Plant is the subject of control and must conduct “Production Industry Energy Check Network Declaration” each year to reduce energy consumption. The cost of electricity consumption, and increase the chance of profit for the Company.</p> <p>(4) Lowering the cost of electricity for production and reducing unnecessary waste in the production process are the Company’s energy-saving and waste reduction policy. The results of energy-saving measures in 2023 resulted in the actual electricity consumption exceeding 1%.</p> <p>(5) Effective monitoring of the power factor of each plant. The average power factor in 2023 was 98%, and the feedback from Taipower is NT\$430,000 /year.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Power factor %</td> <td>98</td> <td>98</td> <td>98</td> </tr> <tr> <td>Amount given back (10,000)</td> <td>43.5</td> <td>44.2</td> <td>43.2</td> </tr> <tr> <td>Remark</td> <td colspan="3">Taipower uses an average power factor of 80% as the standard.</td> </tr> </tbody> </table>	Year	2021	2022	2023	Power factor %	98	98	98	Amount given back (10,000)	43.5	44.2	43.2	Remark	Taipower uses an average power factor of 80% as the standard.			
Year	2021	2022	2023																	
Power factor %	98	98	98																	
Amount given back (10,000)	43.5	44.2	43.2																	
Remark	Taipower uses an average power factor of 80% as the standard.																			

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”												
	Yes	No	Explanation (Note 2)													
(IV) Does the Company prepare statistics of greenhouse gas emissions, water consumption, and total weight of waste in the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		<p>(6) The Company built its own solar photovoltaic farms to contribute to climate change.</p> <p>(IV)</p> <p>1. Greenhouse gas reduction policies/targets:</p> <p>(1) Completion of organizational greenhouse gas inventory in 2022 (including all branches and employee dormitories)</p> <p>(2) Completion of 10% renewable energy power generation capacity in 2023</p> <p>(3) Average annual power conservation rate from 2015 to 2024 > 1%</p> <p>(4) Completion of ESG in 2024</p> <p>(5) Public disclosure of the ESG Sustainability Report in 2025</p> <p>(6) Completion of organizational greenhouse gas inventory (subsidiaries) in 2026</p> <p>(7) Completion of organizational greenhouse gas verification in 2027 (parent company)</p> <p>(8) Completion of organizational greenhouse gas verification in 2028 (subsidiaries)</p> <p>(9) Completion of the organizational greenhouse gas inventory and greenhouse gas inventory report. The 2022 greenhouse gas emission was 5,934 metric tons CO₂e, a reduction of 809 tons CO₂e/year from 2021. The ISO 50001 energy management system was established in order to achieve the goal of greenhouse gas reduction.</p> <table border="1" data-bbox="691 1765 1193 2072"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope 1 tCO₂e</td> <td>319.9232</td> <td>184.2146</td> </tr> <tr> <td>Scope 2 tCO₂e</td> <td>4,655.2835</td> <td>4,193.4367</td> </tr> <tr> <td>Scope 3 tCO₂e</td> <td>1767.8084</td> <td>1557.0050</td> </tr> </tbody> </table>	Year	2021	2022	Scope 1 tCO ₂ e	319.9232	184.2146	Scope 2 tCO ₂ e	4,655.2835	4,193.4367	Scope 3 tCO ₂ e	1767.8084	1557.0050	
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Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”																																
	Yes	No																																		
			<p>2. Water use reduction policy: Actively monitor, record and analyze water consumption, prevent abnormal tap water leakage, and look for opportunities to recycle (recycle) water resources. The Company has implemented various water conservation measures to effectively reduce tap water consumption.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water Usage (ton)</td> <td>16,893</td> <td>16,845</td> <td>14,330</td> </tr> <tr> <td>Remark</td> <td colspan="3">2,515 tons less water usage in 2023 compared to 2022</td> </tr> </tbody> </table> <p>3. Waste management policy: Comply with the Waste Disposal Act and related regulations, and actively promote the management, classification, recycling, reuse, reduction, and maintenance of waste disposal facilities.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total weight of waste</td> <td>445.4</td> <td>587.7</td> <td>484.8</td> </tr> <tr> <td>Total weight of non-hazardous waste (metric ton)</td> <td>440</td> <td>581</td> <td>480</td> </tr> <tr> <td>Hazardous industrial waste output (metric ton)</td> <td>5.4</td> <td>6.7</td> <td>4.8</td> </tr> <tr> <td>Remark</td> <td colspan="3">Total waste weight output in 2023 was reduced by 102.9 metric tons compared to 2022</td> </tr> </tbody> </table> <p>3.1 Garbage sorting: Implement the sorting of general garbage and recycled garbage, and encourage and require vendors to recycle and reuse pallets to improve the efficiency of resource utilization . In 2023, the results of the classification of waste plastics, waste fibers, or other cottons and cloths are as follows: 24.9</p>	Year	2021	2022	2023	Water Usage (ton)	16,893	16,845	14,330	Remark	2,515 tons less water usage in 2023 compared to 2022			Year	2021	2022	2023	Total weight of waste	445.4	587.7	484.8	Total weight of non-hazardous waste (metric ton)	440	581	480	Hazardous industrial waste output (metric ton)	5.4	6.7	4.8	Remark	Total waste weight output in 2023 was reduced by 102.9 metric tons compared to 2022			
Year	2021	2022	2023																																	
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Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”												
	Yes	No														
			<p>tons of mixed waste and 17.54 tons of fabric waste annually.</p> <p>3.2 Paperless operation and virtual server: Digitalized documentation has been expanded to achieve paperless operation and waste reduction. In addition, the physical servers have been gradually replaced with virtual ones to lower energy consumption from computer rooms and individual computers to push efforts in energy conservation and carbon reduction.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Number of printed sheets (10,000 sheets)</td> <td>37.0</td> <td>33.35</td> <td>32.4</td> </tr> <tr> <td>Remark</td> <td colspan="3">In 2023, the output decreased by 9,454 copies from 2022.</td> </tr> </tbody> </table> <p>3.3 Air-pressure system management: Regular checks have been implemented to the air-pressure system. For leaking check, all pipe cracks, switching valves and air outages shall be repaired and ensured for leakage-free status. Inverters have been added to air-pressure systems for proper usage and energy conservation purposes. In addition, some low-energy-efficient systems have been replaced from 2022 to 2023 with three new ones with the top Energy Efficiency Index.</p> <p>3.4 Green Purchase: Without compromise to functionality, products made with environmentally friendly materials, clean production and recyclable packaging will be selected first with the priority giving to options with Green Mark (used in water, energy-saving and construction materials) to obtain higher green consumption ratio. In 2023, the</p>	Year	2021	2022	2023	Number of printed sheets (10,000 sheets)	37.0	33.35	32.4	Remark	In 2023, the output decreased by 9,454 copies from 2022.			
Year	2021	2022	2023													
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Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”																
	Yes	No	Explanation (Note 2)																	
			<p>Company replaced old equipment and purchased 12 units of first-class energy-efficient air conditioners in support of energy saving and carbon reduction.</p> <p>3.5 Industrial liquid waste reduction: Several pieces of advanced equipment for reducing production waste liquid have been in use, including Vacuum Distillation Unit (HD090) and Centrifugal Oil Separator (CT-385S) to handle the cutting fluid, scrapped oil mixtures and cleansing fluid. Through vacuum distillation, water can be extracted from the fluid to cut down COD value and reduce the waste oil-water mixture and external treatment to reduce environmental impact.</p> <table border="1"> <thead> <tr> <th>Reduction of waste oil/ water mixture</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water Usage (ton)</td> <td>266</td> <td>346</td> <td>318</td> </tr> </tbody> </table> <p>3.6 Waste sludge reduction and control: Water and weight reduction from Inorganic sludge generated from wastewater treatment facility.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Inorganic sludge reduction (tons)</td> <td>7.8</td> <td>5.4</td> <td>2.4</td> </tr> </tbody> </table> <p>3.7 Hazardous Industrial Waste Reduction: We have reduced the output of hazardous industrial waste. As bromopropane-based cleaners have a low flash point and are prone to explosion risks and impact on the environment, we have completed the replacement of raw materials with low-risk materials, and reduced the</p>	Reduction of waste oil/ water mixture	2021	2022	2023	Water Usage (ton)	266	346	318	Year	2021	2022	2023	Inorganic sludge reduction (tons)	7.8	5.4	2.4	
Reduction of waste oil/ water mixture	2021	2022	2023																	
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Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation (Note 2)	
			<p>generation of hazardous industrial waste. The warm jet washer in Chengkung Plant was replaced with new models with water-soluble degreaser, EC-121, to replace the usage of hydrocarbon solvent.</p> <p>The Company’s human rights policy supports and follows the “United Nations Universal Declaration of Human Rights” and other internationally recognized human rights standards and principles as well as the local laws and regulations. The Company has established work rules, attendance and absenteeism management, sexual harassment prevention measures, complaints and disciplinary management measures, etc., as well as other relevant management policies and procedures, which are implemented and disclosed in the annual report or the Company’s website.</p>	
<p>IV. Social Issues:</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?</p>	V		<p>(I) The Company’s human rights policy supports and follows the “United Nations Universal Declaration of Human Rights” and other internationally recognized human rights standards and principles as well as the local laws and regulations. The Company has established work rules, attendance and absenteeism management, sexual harassment prevention measures, complaints and disciplinary management measures, etc. as well as other relevant management policies and procedures. The Company’s human rights concerns and practices:</p> <ul style="list-style-type: none"> • We implement equality of employment, employment conditions, education and training, evaluation and promotion, and eliminate illegal discrimination. At Tsang Yow, we do not discriminate based on race, nationality, age, gender, marital status, political stance, religious 	No significant difference

Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”																																							
	Yes	No																																									
			<p>belief, blood type, or zodiac sign.</p> <ul style="list-style-type: none"> • Provide a safe and healthy working environment • Prohibit use of child labor • Prohibit forced labor • Assist employees in maintaining physical and mental health and work-life balance <p>We protect the legitimate rights and interests of employees, and respect the basic labor human rights principles, and there are no situations that endanger the basic rights of laborers. We also expect our suppliers to abide by the above principles and practices to protect human rights.</p> <p>Details of the Company’s implementation of this policy are disclosed on the Company’s website.</p> <p>The Company’s specific implementation for the year is as follows:</p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Number of Shareholders</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>102</td> <td>28%</td> </tr> <tr> <td>Male</td> <td>259</td> <td>72%</td> </tr> <tr> <td>Total</td> <td>361</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Location</th> <th>Number of Shareholders</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Chiayi County</td> <td>331</td> <td>92%</td> </tr> <tr> <td>Other cities and counties</td> <td>30</td> <td>8%</td> </tr> <tr> <td>Total</td> <td>361</td> <td>100%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age range</th> <th>Number of Shareholders</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>16–20 years old</td> <td>6</td> <td>2%</td> </tr> <tr> <td>21–30 years old</td> <td>31</td> <td>9%</td> </tr> <tr> <td>31–40 years old</td> <td>91</td> <td>25%</td> </tr> <tr> <td>41–50 years</td> <td>172</td> <td>48%</td> </tr> </tbody> </table>	Gender	Number of Shareholders	Percentage	Female	102	28%	Male	259	72%	Total	361	100%	Location	Number of Shareholders	Percentage	Chiayi County	331	92%	Other cities and counties	30	8%	Total	361	100%	Age range	Number of Shareholders	Percentage	16–20 years old	6	2%	21–30 years old	31	9%	31–40 years old	91	25%	41–50 years	172	48%	
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	Yes	No	Explanation (Note 2)													
<p>(II) Has the Company established and implemented reasonable employee welfare measures (including compensations, vacation and other benefits) and properly reflected the operating performance or results in employee compensation?</p>	V		<table border="1"> <tr> <td>old</td> <td></td> <td></td> </tr> <tr> <td>51–60 years old</td> <td>50</td> <td>14%</td> </tr> <tr> <td>Over 61 years old</td> <td>11</td> <td>3%</td> </tr> <tr> <td>Total</td> <td>361</td> <td>100%</td> </tr> </table>	old			51–60 years old	50	14%	Over 61 years old	11	3%	Total	361	100%	
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<p>(III) Does the Company provide a safe and healthy working environment for its employees and</p>	V	<p>(II) Employee compensation policy takes account of individual ability, contribution to the Company, performance evaluation, market value of the position and future operation risks of the Company, and the correlation to the business results. When there’s net income from the Company’s operation, a certain profit sharing will be made according to the Company’s Article of Incorporation operation. For 2023, 4% of the net profit was appropriated as remuneration to employees. To attract and retain outstanding talent, employees are invited to share the business results with the Company: Employees compensation is composed of monthly salary and year-end bonus. Monthly salary offered based on past experience, capability and position taken of the employee. Year-end bonus given based on the Company operation and individual performance of the employee. Workplace Supports: Employees are entitled to take family care leave to allow managing work and family at the same time. In addition, special arrangements will be made for employees who just gave birth. Please refer to “Compensation and Benefits” under the Company’s website for more details.</p> <p>(III) (1) A dedicated working unit (the employee safety office) has been established to plan and monitor the associated management execution. In addition, to uphold employees’ welfare and plant safety,</p>														

Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No		
conduct regular safety and health education for them?			<p>employee health checkups are provided regularly, and a self-defense fire drill is implemented every six months.</p> <p>(2) The “Occupational Safety and Health Committee” meets regularly to come up with campaigns regarding occupational safety and health management to ensure work casualties and carry out the related policies in the Company.</p> <p>(3) Applying “All-round exposure and risk assessment,” risks associated with occupational safety and health are identified ahead to formulate control countermeasures to lower down risk impacts to business activities and operation.</p> <p>(4) Various “Environment safety competitions” have been held to establish a working culture of “Safety First” and “Full Crew Participation” and to promote the related environmental concepts, covering safety, health and pollution prevention, among all plant workers for creating a safe, healthy, economical, and environmentally friendly work environment and healthy workplace.</p> <p>(5) A program targeting preserving maternity health for female workers has been implemented to prevent occupational diseases relating but not limited to muscles, bones and physical and mental health from repeated movements, and abnormal workload. It covers hazard assessment and control, risk classification and management, and suitable work assignments, etc., to meet the needs of employee health services.</p> <p>(6) Employees who take on tasks with high risks need to receive the relevant training and obtain working qualifications and certificates. To strengthen workplace safety, new hires must not operate any machinery without needed prior training or on-site supervisor monitoring.</p> <p>(7) Employee workshops are provided to</p>	

Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No		
			<p>deliver the related knowledge, clarify questions and confusions related to health, and understand sicknesses causes for better health concepts and achieving a purpose of healthy employees.</p> <p>(8) Regular safety and health training aiming for building healthy working attitude and preventing casualty and pollution protection is given according to the annual training program, including new employee learning maps, general training on environmental safety and health, hazardous chemicals, confined space, hearing protection, and waste material classification, that covers new hires, existing employees, EHS courses for migrant workers, special working crew, and the environmental safety and health team. A total of 3,299 people participated in environmental safety and health education and training.</p> <p>(9) To strengthen the protection from hazardous materials for the employees, Chemical Control Banding (CCB) has been applied to identify risky chemicals and exposures and their hazardous levels, in order to formulate necessary controlling measures.</p> <p>(10) The Company has a health promotion unit and a volunteer service team. Through the continuous promotion of various health promotion activities, we improve the health awareness of employees, as well as their physical, mental and social health, and lead them to create a healthy workplace culture and friendly workplace environment. Honored with the “2023 National Outstanding Healthy Workplace Award” by the Health Administration, Ministry of Health and Welfare.- Vitality Award” and the 2023 Workplace Smoking Cessation Service Success Award of Chiayi County Health Bureau.</p> <p>(11) The Company holds regular health promotion activities (such as</p>	

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	Yes	No		
			<p>self-improvement activities, weight loss activities, smoking cessation activities, hiking activities, group meal management, influenza vaccination activities) , and obtained the Healthy Workplace certification from the Health Administration, Ministry of Health and Welfare.- Health promotion badges (Zhongshan Plant in 2021; Chengkung Plant 1 in 2022; Zhongshan Plant 2 in 2023)</p> <p>(12) ISO 45001, the occupational health and safety management systems, was implemented to establish the culture of “Zero Work Casualty.” Through the creation of the preventive measures, as well as innovation and continuous improvement, ISO 45001 certification, 2018 version, was awarded in 2021, which shall enhance the corporate competitiveness.</p> <p>(13) There were 0 cases of employee occupational disaster in 2023, and the total injury index was 0. The related improvement measures are as follows:</p> <p>(13.1) Visible workplace safety signs are available in needed site with SOP.</p> <p>(13.2) Regular advocacy and spot checks on risky industrial safety items are implemented.</p> <p>(13.3) Regular checks on risky industrial safety items from the unit supervisors (engineer) are carried out.</p> <p>(13.4) Pre-work training is given from building safety knowledge to cultivating safe working habits.</p> <p>(13.5) Machinery operation, including production equipment, tools and vehicles like stackers, is separated from human traffic, or monitored or marked with warning signs.</p> <p>(13.6) All production procedures are automated, mechanized and with jigs assistance and safety</p>	

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	Yes	No		
			<p>improvement.</p> <p>(13.7) Daily repair and maintenance work will be supervised by safety staff dispatched by the notifying units. All repair work will be immediately suspended when there’s dangerous condition.</p> <p>(14) There was no loss from fire in 2023.</p>	
(IV) Has the Company established plans that assist employees in effective career development and growth?	V		(IV) The Company gives internal and external training courses based on job competency map to enable employee professional qualities and advantages. New employees will receive orientation sessions from both the working department and the company. Professional training will be given based on the business strategy, department planning, and position needs. In 2023, a total of 116 courses were held, with a total of 4,024 participants.	No significant difference
(V) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?	V		(V) (1) The Company has established “Procedures for Handling Customer Complains” and “Code of Ethics” with dedicated responsible units to handle customer service and question answering in a timely and effective manner. In addition, a stakeholder session has been set up to properly respond to issues of concern. (2) All handling of products, services, selling and labeling are based on the relevant regulations.	
(VI) Does the Company have a supplier management	V		(VI) (1) Before dealing, all suppliers are asked to follow the procedures from “Supplier Management for Environmental Safety	

Promotion Item	Implementation Status (Note 1)			Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Explanation (Note 2)	
policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?			<p>and Health” and “Vendor Management Procedures” Any records of environmental or social incidents from the suppliers will be taken into consideration in the selection procedure.</p> <p>(2) Establishing “Manufacturer's ESH Control Procedure” to require the Company contractor's occupational safety and health, and environmental control items, Ensure the safety of personnel in the plant and the contractors, major environmental impacts , including:</p> <p>a. All plant activities such as product and service repairs and modification, equipment moving, installation, addition or replacement.</p> <p>b. The construction contractors and suppliers who have received orders from the Company, with their brokering agencies, raw material suppliers or subcontractors.</p> <p>(3) The Company conducts initial screening, examination checks, and regular audits of its suppliers. At the contract signing, a statement requiring adhering to labor laws and preventing environmental damages is listed as a mandatory provision to ensure suppliers’ promise to fulfill corporate social responsibilities. Any violation, especially when there are evident impacts to the environment and the society, the signed contract can be terminated or canceled immediately.</p> <p>(4) Examination on environment/safety & health shall be conducted regularly on top-10 and high-risk (such as plating and painting services) vendors based on the outsourced units in every first quarter for any violation or compliance issues in the previous year. All records shall be kept in “Environmental and Safety & Health Check List for Outsourced Contractor” for future reference. (Top 10 third-party vendors) and high-risk third-party vendors</p> <p>(5) The Company uses the “Third Party</p>	

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	Yes	No		
			<p>Assessment Form” for classification and continuous monitoring of supplier performance. Procurement and quality personnel also use supplier performance to determine whether there are new business opportunities for the supplier, while also identifying opportunities for supplier improvement.</p> <p>The delivery performance of suppliers with whom we have business dealings is collected once a month, and assessed on a yearly basis. The three main indicators are 1. delivery date, 2. quality, and 3. environmental, safety, health, and cooperation. “Transaction amount” and “supply risk” are divided into critical/material/fair.</p> <p><u>Determination of assessment grade:</u> (Grade A: over 99 points) “Benchmark Company” (Grade B: 86- 98 points) “Qualified and Excellent Vendor” (Grade C: 70- 85 points) “Qualified Vendor” (Grade D: 60- 69 points) “Observation”; a Grade D vendor for 2 consecutive times will receive an audit (Grade E: below 60 points) a Grade E vendor will receive an audit; a Grade E vendor for 2 consecutive times will be “eliminated.”</p> <p>(6) Suppliers of the Company shall follow the labor/health and safety/environmental/ethical norms/management systems. Suppliers are required to sign the “Suppliers’ Statement of Corporate Social Responsibility and Responsible Sourcing Code of Conduct,” which is formulated by the Company in accordance with international labor rights and regulations and the Taiwan Labor Standards Act. Forced labor, abuse of labor, child labor, and minors from performing heavy or dangerous work are prohibited, in order to</p>	

Promotion Item	Implementation Status (Note 1)		Explanation (Note 2)	Difference from “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No		
			<p>provide a safe and healthy working environment. It is necessary to prohibit child labor and provide its employees with a safe and healthy workplace to reduce occupational hazards. We provide care and make commitments to environmental protection, while pursuing sustainable growth for both the Company and suppliers. Based on the current business, 126 valid commitments were issued and collected from suppliers in 2023.</p> <p>(7) Tsang Yow conducted a total of 12 major supplier audits in 2023, and conducted on-site audits in all aspects of quality and sustainability to ensure that the industrial value chain complies with economic, environmental, and social laws and regulations and relevant norms. Upon inspection, no major suppliers of the Company were punished for violating laws or regulations, and good management did not cause any negative impact on society and the environment. The Company’s fulfillment of the regulations has met its expectation for suppliers to meet the sustainability performance requirements of the supply chain, maintaining a continuous supply chain partnership.</p> <p>(8) The Company requires its suppliers to investigate their supply chain thoroughly to ensure the procurement of conflict-free metals such as gold (Au), tantalum (Ta), tungsten (W), cobalt (Co) and tin (Sn). To address the issue of conflict metal management, the Company has formulated a “Conflict-free Metal Declaration” and requested its suppliers to commit themselves to a thorough investigation of the supply chain to ensure (Sn) and other metals are not obtained through anarchist legion, illegal syndicates, mining in conflict areas of the Democratic Republic of the Congo, or</p>	

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	Yes	No		
			illegal smuggling. We strengthen supply chain management, effectively identify and trace the source of raw materials, and eliminate the use of conflict minerals. The metal exported from the following countries did not comply with the “conflict-free guidelines” as determined by the United Nations Security Council: Democratic Republic of the Congo (DRC), Rwanda, Uganda, Burundi, Tanzania. Tsang Yow does not support or use “conflict minerals,” and continues to pay attention to this issue. At the same time, we require our supply chain to comply in detail. In 2023, a total of 127 suppliers signed no use of conflict minerals.	
V. Does the Company prepare the corporate social responsibility report and other reports that disclose the Company’s non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit?		V	The Company has not yet prepared an ESG Report, which is expected to be completed in 2024.	As stated in the left column.
VI. If the Company has its own corporate social responsibility best-practice principles in accordance with the “Corporate Social Responsibility Best-Practice Principle for TWSE/TPEX Listed Companies,” please state the implementation status and the difference: No significant difference.				

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	Yes	No	Explanation (Note 2)	
<p>VII. Other important information to understand the operation of corporate social responsibilities: (Such as environmental protection, community participation, public contribution, social service, social charity, consumer rights, human rights, safety & health, and any other systems, measures and implementation for social responsibilities):</p> <p>(I) Environmental protection</p> <ol style="list-style-type: none"> 1. The Company has completed the renewal review for ISO 14001:2015 environmental management certification, which covers the latest international governing regulations and enables the improvement in pollution prevention and environment protection. For waste management, approved vendors by the Environmental Protection Administration are hired for the related operation. In addition, to reinforce pollution prevention and environment hygiene, related laws, the Waste Disposal Act, Amendment to Noise Control Standards, and Air Pollution Control Act, etc., have been strictly followed. All wastewater generated from production and domestic used are drained away through the sewer system in Min-Hsiung Industrial Park for centralized handling to ensure the community health and environmental quality. 2. Promote the environmental safety management plan: Implement control measures based on the survey results of environmental considerations, compliance obligations and specific requirements of customers, and monitor and control air, water, waste, noise, soil and other related data to prevent major environmental pollution, implement environmental safety policy, set management plans and targets, abide by laws and regulations, the compliance obligations signed by the organization, and other commitments. The specific actions for 2023 are as follows: <ol style="list-style-type: none"> 2.1 Industrial waste reduction, general garbage sorting, and pollution prevention: Replacement of bromopropane cleaning agent at the Chengkung Plant, renovation of cleaning equipment, reduction of hazardous industrial waste and confirmation of results, with reduction of 460 kg for the year. 2.2 For the sorting and auditing of plastics, waste fibers, or other cottons or fabrics, a total of 156 audits were conducted, with 24.9 tons of waste plastic mixture and 17.54 tons of waste fabric classified for the year. 2.3 Control of sludge in barrels of waste oil mixture storage, totaling 318 tons for the year. 2.4 Control of cutting fluid pollution in iron filings storage tanks – a total of 156 audits were conducted for the year. 2.5 Noise control at the perimeter of the stamping plant. <ol style="list-style-type: none"> 2.5.1 The perimeter noise measurement meets the standards of the Noise Control Act. 2.5.2 Communication with the residents in the perimeter and neighborhood activities. 2.5.3 Routine noise control – the number of abnormal noises throughout the year was 0. 2.5.4 Traditional hydraulic press to reduce noise – 9 units completed in the year. 2.6 Extension and change of environmental protection permits – 7 cases completed in the year. 				

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	Yes	No	Explanation (Note 2)	
	Item	Name of permit		
	2.6.1	Application for connection certificate of waste (sewage) water in the industrial zone of Zhongshan Plant approved		
	2.6.2	Extension of permit for water pollution prevention at Zhongshan 2 approved		
	2.6.3	Application for connection certificate of waste (sewage) water in the industrial zone of Zhongshan Plant 2 approved		
	2.6.4	Extension of permit for water pollution prevention at Zhongshan 3 approved		
	2.6.5	Application for connection certificate of waste (sewage) water in the industrial zone of Zhongshan Plant 3 approved		
	2.6.6	Extension of permit for water pollution prevention at Chengkung Plant 1 approved		
	2.6.7	Application for connection certificate of waste (sewage) water in the industrial zone of Chengkung Plant 1 approved		
	<p>2.7 Conducted the 2023 emergency response and drill, totaling 597 participants in 3 education and training sessions.</p> <p>2.7.1 Emergency response drill for nitrogen storage tank leakage, with 18 participants in the annual education and training session.</p> <p>2.7.2 Firefighting self-defense formation drill (including day, midday and night shift), with 229 participants in the annual education and training session.</p> <p>2.7.3 Emergency evacuation drill for all employees, with 350 participants in the annual education and training session.</p> <p>2.8 Operation and management of key environmental protection pollution prevention facilities</p> <p>2.8.1 The access control of waste liquid treated by industrial waste liquid treatment machine, totaling 318 tons for the year.</p> <p>2.8.2 The roof of the wastewater treatment equipment in the stamping plant was renovated to 100 square meters, and 5 exhaust air bulbs were added to reduce the condensation of stench and acid gas from wastewater.</p> <p>2.8.3 LE100 counter-flow wet packed tower in Zhongshan Plant – cleaning of 350 kg of sludge in the water tank of the tower.</p> <p>2.8.4 Static tanks in the central kitchen of Chengkung Plant maintained, totaling 52 times.</p> <p>3. Promoted the operation of the ISO 50001 energy management system and carry out the energy inventory check to understand the overall energy consumption for more efficient management in order to lower energy costs and slow down greenhouse gas emission and other environmental impacts.</p> <p>3.1 Cooperated with National Yunlin University of Science and Technology to facilitate the “Digital Manufacturing Value-added Program” of Industrial</p>			

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			<p>Development Bureau, Ministry of Economic Affairs.-- Exchange and Service Green Operations,” Introduction to ESG Concepts and Current Regulatory Requirements, ISO 14064- 1:2018 Provisions Explanation, ISO 14064- 1: 2018 case study, totaling 18 hours and 93 participants.</p> <p>3.2 Applied for “Energy-saving Diagnosis and Guidance” from Taiwan Industry Foundation for 3 plants, totaling 22 diagnosis equipment.</p> <p>3.3 “Infrared detection” has been implemented for the power equipment of key equipment, with 25 power supply panels tested.</p> <p>3.4 An application was made to the Taiwan Industry Foundation for the implementation of “performance testing” for “air compressor and air conditioner chiller” as a basis for replacing energy-consuming equipment. Two categories of “air compressor and air conditioner chiller” were implemented.</p> <p>3.5 The consultants of CEN Generation Company Co., Ltd. provided lectures on 7S (energy saving) management, air compressor and chiller energy-saving technology, ISO 14067:2018 product carbon footprint, example exercises, etc. totaling 30 hours and 93 participants in the courses.</p> <p>(II) Community participation, public contribution, social service, and social charity</p> <p>1. Public contribution:</p> <p>1.1 The Company has, for many times, conducted industrial and academic exchanges with many levels of schools, including open-house visits, to help students understand and experience actual business operation and get extra stimulus and inspiration when combining theories and application and making plans for future careers.</p> <p>1.2 The Company has employed disadvantaged labor at a number beyond what is required by the government’s policy.</p> <p>1.3 A charity foundation was formed under the Company name to give hands to the vulnerable groups and make contribution to the society.</p> <p>1.4 Various sponsorships have been given to Fu Le Community Development Association in various activities to facility social harmony and happiness.</p> <p>1.5 The Company took part in an honorary worker selection campaign held by Min-Hsiung Industrial Park Service to promote and reward workers of dedication and teamwork spirit.</p> <p>2. Social charity involvements:</p> <p>2.1 The Company made donations to found Chiayi County Tsang Yow Social Welfare Charity Foundation to realize the business philosophy of “creating profits, sharing for employees, and giving back to the society.” In 2023, a total of NT\$254,150 was invested in public welfare activities. The social responsibility activities involved are as follows:</p> <p>2.1.1 The Company and “Tsang Yow Charity Foundation” held blood drives at the Chiayi Blood Donation Station and Chiayi Chuiyang Blood Donation Center. The Company exerted positive influence and called on the supply chain partners to participate in the event. A total of 806 bags of blood was raised, with 61 volunteers and employees and their families participating.</p>	

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2.1.2			The Company’s employees and their families participated in the “Love and Kind Parent-Child Garden Party,” with a total of 50 volunteers.															
2.1.3			The Company and the “Tsang Yow Charity Foundation” sponsored the training for the volleyball team of Zhongpu Junior High School. The Company sponsored balls, transportation vehicles and other related supplies.															
2.1.4			The Company and “Tsang Yow Charity Foundation” donated food, stationery, diapers, wipes and other daily necessities to orphaned children (15 people) and correctional institutions (30 people) so that disadvantaged groups could feel the care and warmth of society.															
2.1.5			The Company purchased 800 charity goods and 203 coupons for the parent-child garden party from the Genesis Foundation to help more poor families.															
2.1.6			The Company shared leftovers from the employee canteen with disadvantaged groups to reduce food waste, totaling 209 times for the year.															
2.1.7			The Company’s participation in trade association activities and social connection. The items are as follows:															
			<table border="1"> <thead> <tr> <th>Item</th> <th>Name of trade association</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Minxiong Industrial Park Manufacturers’ Association</td> </tr> <tr> <td>2</td> <td>Taiwan Transportation Vehicle Manufacturers Association</td> </tr> <tr> <td>3</td> <td>Chinese Total Productivity Management Association</td> </tr> <tr> <td>4</td> <td>Chiayi Hsien Industrial Association</td> </tr> <tr> <td>5</td> <td>Chiayi County Police Association</td> </tr> <tr> <td>6</td> <td>Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)</td> </tr> </tbody> </table>	Item	Name of trade association	1	Minxiong Industrial Park Manufacturers’ Association	2	Taiwan Transportation Vehicle Manufacturers Association	3	Chinese Total Productivity Management Association	4	Chiayi Hsien Industrial Association	5	Chiayi County Police Association	6	Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)	
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4	Chiayi Hsien Industrial Association																	
5	Chiayi County Police Association																	
6	Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)																	
			(III) Consumer rights The Company fully honored all contracts signed to ensure its own rights and benefits and the consumers’.															
			(IV) Investors’ relations The Company upholds fair and transparent treatment of all shareholders. Every year, the shareholders’ meeting is convened in accordance with Company Act and associated regulations by giving the meeting notices to all shareholders. In addition, shareholders are encouraged to involve in proposals of director election or chapter modification in the meeting. All major financial activities including asset dispositions, and loan endorsement, are presented to allow questions from shareholders to ensure the check and balance. All meeting minutes will be preserved properly and disclosed on Market Observation Post System, as stipulated in the shareholders’ meeting procedures. Also, to ensure full acknowledgment, participation and decision-making to the major proposals of the Company, the annual report is made available before the shareholders’															

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	Yes	No	Explanation (Note 2)	
			meeting every year, in addition to the spokesperson and deputy spokesperson who are dedicated to managing suggestions, doubts, and disputes.	
(V) Human rights			<p>The Company’s human rights policy supports and follows the “United Nations Universal Declaration of Human Rights” and other internationally recognized human rights standards and principles as well as the local laws and regulations. The Company has established work rules, attendance and absenteeism management, sexual harassment prevention measures, complaints and disciplinary management measures, etc., as well as other relevant management policies and procedures, which are implemented and disclosed in the annual report or the Company’s website.</p> <p>1. Following regulations from Labor Standards Act and related laws, the Company places importance on the balance among health, work, family and leisure for employees. Accordingly, various events were arranged, including mental health workshops, and aerobic classes. In the meantime, working hours are under close watch with strict prohibition of child labor, any forms of forced labor, and discrimination. 2. To reinforce gender equality employment, there is an unpaid-leave mechanism for employees taking parental leave, which takes cares of work reinstatement. In the meantime, employees are entitled to take leave for private matters, such as family care, menstrual needs, giving birth, and paternity reasons. Also, a nursing room is set up inside the Company.</p>	
(VI) Occupational safety and health			<p>Comply with the occupational safety and health requirements of government laws and regulations and other applicable international regulations, and introduce ISO 45001:2018 Occupational safety and health management system to strengthen self-management and continuous improvement of occupational safety and health performance, and reduce the occurrence of occupational disasters to protect the safety and health of the employees controlled by the Company is the Company’s responsibility and obligation. The specific actions in 2023 are as follows:</p> <p>1. Workplace safety: A workplace safety classroom was set up. Physical sensory teaching aids were used to deepen the knowledge and impression of new recruits on the occupational safety hazards at the job site, in order to reduce the occurrence of accidents. This was participated in by 71 employees.</p> <p>2. Sponsored vaccinations: We teamed up with local health centers to organize an influenza vaccination activity for employees to prevent contracting the flu which may lead to serious illness. A total of 83 people received vaccinations for the year.</p>	

Note 1: If “yes” is checked for implementation status, important policies, strategies, measures and execution status shall be described specifically. If “no” is checked, reasons for deviations with responding actions in the future shall be stated under “Difference from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies.” For Item 1 and Item 2, the TWSE/TPEX listed company shall describe sustainable development governance and supervising structure, not limited to management guidance, policy and target formulation and review measures. Additional description shall be made regarding risk management policies or strategies for environmental, social and corporate governance issues due to the Company’s operation.

Note 2: Materiality principle covers issues related to impacts brought by the Company’s operation to environment, society and corporate governance affecting greatly to the investors of the Company and other interest parties.

Note 3: For disclosure, please refer to the official site of Corporate Governance Center, Taiwan Exchange, for best-practice examples.

(VI) Performance of Ethical Corporation Management and the Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons: (President’s Office: Operation and Management Department)

Performance of ethical corporation management and the differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation Items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Explanation	
<p>I. Establishment of policies and plans for ethical corporate management</p> <p>(I) Does the Company have an ethical corporate management policy approved by the Board with clearly statements about the related policy and practice in the internal regulations and external documents, as well as the commitment from the Board and senior management for the implementation?</p>	V		<p>(I) Through the Board’s approval, the Company has stipulated “Ethical Corporate Management Best-Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Conducts” to clearly state the related policies and practices, as well as the commitment from the Board and senior management for the implementation. The Company’s President’s Office serves as the driving unit for the formulation and implementation of various ethical policies, the establishment of good corporate governance and risk control mechanisms, and seeks the sustainable development of the Company. The members of the Board and the management comply with the principle of ethical corporate management when conducting business. The members are committed to actively implementing and supervising the implementation of the ethical corporate management policy. All regulations mentioned above are</p>	No significant difference

Evaluation Items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Explanation	
(II) Has the Company established an evaluation mechanism for the risk of unethical behaviors, regularly analyzed and evaluated the business activities with high risks of such behaviors within the business scope, and formulated a plan for prevention accordingly, which covers the preventive measures for the behaviors described in Article 7-2 under “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		<p>available on the Company’s website.</p> <p>(II) The preventive measures for the behaviors described in Article 7-2 under “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” have been covered in the aforementioned regulation, which include giving or receiving bribes or improper interests, offering or promising facilitation payments or illegal political donation, conducting unfair competition, sponsoring undue charities, leaking business secrets, and any undertakings damaging rights and interests of stakeholders. Various prevention measures and advocacy events have been implemented to reinforce the policy for ethical corporate management.</p>	
(III) Does the Company stipulate the operation procedures, behavior guidelines, and disciplinary and grievance system in its unethical behavior prevention plan for thorough implementation, followed by regular review and revision of the plan?	V		<p>(III) Under our “Procedures for Ethical Management and Guidelines for Conduct,” improper interests and charity donation standards have been clearly defined with details on prevention procedures, violation disciplinary and whistleblowing system. The Company has formulated the “Regulations Governing Detection of Violations of Ethical Conduct and Ethical Corporate Management” and established internal and external whistleblowing channels and handling systems, which are implemented, and regularly reviewed and revised.</p>	

Evaluation Items	Operation status (Note 1)		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No		Explanation
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company access the ethical corporate management records of its counterparties and specify the ethical corporate management terms in the contracts it enters into with them?</p> <p>(II) Has the Company set up a dedicated unit under the Board to promote ethical corporate management and regularly (at least once a year) report to the directors the related policies and plans to prevent unethical behaviors, as well as its supervision of the implementation?</p> <p>(III) Does the Company have a prevention policy dealing with conflict of interest and provide appropriate channels for the specific explanation, with full execution?</p>	V		<p>(I) Does the Company access the ethical corporate management records of its counterparties and specify the ethical corporate management terms in the contracts it enters into with them to require thorough ethical conducts from the dealing parties. Any violation, the signed contract can be terminated or canceled immediately.</p> <p>(II) The General Manager’s Office and Operation and Management Department are the two major units working together to advocate ethical management practices. Key tasks include making anti-fraud measures to comply with laws, designing whistleblowing system, hosting advocacy training courses, and carrying out clear and effective disciplinary mechanism. In addition, the Audit Office will conduct associated checking work and compile such findings into reports for reviews by the Audit Committee and the Board.</p> <p>(III) Policies for preventing conflict of interest are clearly stipulated in “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Conduct.” To avoid compromising the Company’s rights and interests for personal benefits, all reports shall be handled according to “Whistleblowing measure for</p>	No significant difference

Evaluation Items	Operation status (Note 1)		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			unethical conducts and anti-ethical corporate management,” when anti-integrity conducts are discovered. Those who are reported have rights and chances for explanation or appeal.
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, based on the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the preventive status for unethical behavior accordingly or entrusted an independent auditor for the work?	V		(IV) The Company has established effective accounting and internal control systems that are reviewed and modified periodically. There are designated personnel dedicated to auditing both systems to provide improvement comments, ensuring the efficacy of the design and implementation, and creating associated reports for the Audit Committee and the Board. In addition, the Company has commissioned Deloitte Taiwan to review and audit the financial statements regularly.
(V) Does the Company regularly conduct internal and external sessions for ethical corporate management?	V		(V) The Company has established “Code of Conducts” and “Ethical Corporate Management Best-Practice Principles” to reinforce the advocacy to the employee. Internal and external education and training of ethical management: The Company held internal and external training related to ethical management in 2023 (including courses on ethical management compliance, safety and health management and inspection, accounting system and internal control) totaling 199 person-times, for a total of 639 person-hours.
III. The operation of the			No

Evaluation Items	Operation status (Note 1)		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No		Explanation
<p>Company's whistle-blowing system</p> <p>(I) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p> <p>(II) Has the Company established the standard operating procedures for investigation of accused matters, followed-up measures after investigation and the relevant confidentiality mechanism?</p> <p>(III) Does the Company take measures to protect the whistleblower from improper treatment due to the reporting?</p>	V		<p>(I) As described under "Whistleblowing measure for unethical conducts and anti-ethical corporate management," reporting for illegal or unethical conducting is highly encouraged. To demonstrate the commitment from the Company, there are reporting channels available in both internal and external networks with dedicated personnel from the HR Department and the Audit Office taking care of reporting from the employees and external interest parties.</p> <p>(II) As described under "Whistleblowing measure for unethical conducts and anti-ethical corporate management," confidentiality of whistleblower identity and details of the reporting is highly protected, with description on investigation procedures and follow-up measures afterward.</p> <p>(III) As described under "Whistleblowing measure for unethical conducts and anti-ethical corporate management," whistleblowers are protected and will not receive undue treatments due to reporting.</p>	significant difference
<p>IV. Enhancing Information Disclosure</p> <p>Does the Company disclose the details and advocacy</p>	V		Information regarding corporate culture and operation guidelines are displayed on the Company's website.	No significant difference

Evaluation Items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Explanation	
effects of its ethical corporate management best-practice principles on its website and the MOPS?			The ethical corporate management best-practice principles are available on the MOPS.	
V. If the Company has its own ethical corporate management best-practice principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies,” please state the implementation status and the difference: No significant difference.				
VI. Other important information helpful to understand the Company’s ethical corporate management operation:				
<ol style="list-style-type: none"> 1. The Company complies with Company Act, Securities and Exchange Act, and all regulation applied to TWSE/TPEX listed companies. 2. In order to implement the Company’s ethical conduct and ethical corporate management, and to encourage reporting of any illegal activities and violations of the Code of Ethical Conduct and the Best-Practice Principles for Business Integrity, in November 2019, the Board of Directors of the Company approved the amendment to the Company’s “Ethical Corporate Management Best-Practice Principles.” In March 2021, the Board of Directors approved the formulation of the “Procedures for Ethical Management and Guidelines for Conduct” and the “Guidelines for Detecting Ethical Conduct and Ethical Corporate Management.” The Ethical Corporate Management Best-Practice Principles have been uploaded to the Company’s website for better understanding of the Company’s ethical management operations. 3. The Company arranges for directors and managers to participate in corporate governance courses in a timely manner, and to convey the importance of ethical conduct. By doing this, the Company is able to improve the effectiveness of corporate governance and implement ethical management. 				

Note 1: Operation status, whether “Yes” or “No” is checked, shall be described in the summary description fields.

(VII) Disclosure of searching methods shall be made If the Company has stipulated its “Corporate Governance Best-Practice Principles” and associated regulations:

The following regulations, available for access through Company website and external sites, have been stipulated by the Company to implement and promote the operation of corporate governance: “Code of Conducts,” “Ethical Corporate Management Best-Practice Principles,” “Insider Trading Policy,” “Shareholders’ Meeting Procedures,” “Procedure for Board of Directors Meetings,” “Standard Procedures for Handling Requests from Board of Directors,” “Rules for Performance Evaluation of Board of Directors,” “Tsang Yow Corporate Governance Practice Principle,” “Procedures for Ethical Management and Guidelines for Conduct,” “Whistleblowing measure for unethical conducts and anti-ethical corporate management,” “Audit Committee Charter,” “Remuneration Committee Charter,” and “Rules Governing the Scope of Powers of Independent Directors,” as well as the completed internal control and audit systems.

Official website of the Company: <https://www.tsangyow.com.tw/tw/>

Download is available at “Corporate Governance” → “Corporate Governance Rules and Regulations” under “Stakeholders.”

(VIII) Other important information to improve the understanding of the operation of corporate governance:

The management team makes quarterly business reporting to the Board to assist in decision-making for major operation issues.

(IX) Disclosure for the implementation of internal control system:

1. Statement of Internal Control: as shown on the following page
2. The audit report from the external report shall be presented if the audit of internal control system is conducted by an external auditor: Not applicable.

TSANG YOW INDUSTRIAL CO.,LTD.
Statement of Internal Control System

Date: March 7, 2024

Based on the results of self-assessment of the Company's internal control system in 2023, the Company hereby states the following:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and the managers of the Company to establish, implement and maintain the internal control system, which has already been established by the Company. Its purpose is to provide reasonable assurance in achieving the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety), in order to assure reliability, timeliness and transparency of reports, and compliance with relevant norms and regulations.
- II. The internal control system has its inherent limitations. However, no matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the Company will immediately take corrective action.
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the assessment results, it is believed that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including the understanding of the operation effectiveness and the extent to which the efficiency objectives have been achieved, the reliability, timeliness, transparency of the report, and the design and implementation of the internal control system on the compliance with relevant norms, laws and regulations are effective and can reasonably assure the achievement of the objectives above.
- VI. This Statement will be the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned contents are false or concealing, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall be involved.
- VII. This Statement has been approved by the Board of Directors' meeting of the Company on March 7, 2024. None of the nine directors present had dissenting opinions, and all agreed with the contents of this Statement.

TSANG YOW INDUSTRIAL CO.,LTD.

Chairman: SU,CHI-TSE

President: CHEN,HUI-JUNG

(X) During the most recent year and up to the date of publication of the annual report, the punishment of the Company and its insiders in accordance with the laws, the Company's punishment on its insiders for violating the provisions of the internal control system and the major deficiencies and improvements: None.

(XI) Important resolutions of the shareholders' meetings and the Board of Directors' meetings in the most recent year and up to the date of publication of the annual report:

I. Important resolutions of the shareholders' meetings in the most recent year and up to the date of publication of the annual report:

Date of Shareholders' Meeting: May 30, 2023

1. Recognized the Company's 2022 Business Report and Financial Report.
Implementation status: Resolution made.
2. Recognized the Company's 2022 earnings distribution statement.
Implementation status: A record date of June 5, 2023 was set. Cash dividend and profit sharing by employees and directors was on June 21, 2023. (Cash dividend of NT\$1.1 per share.)

II. Important resolutions of the Board of Directors' meetings in the most recent year and up to the date of publication of the annual report:

Meeting date: March 15, 2023

1. Approved 2022 Statement of Internal Control.
Implementation status: Filed for information disclosure.
2. Approved 2022 profit sharing to directors and employees by the Remuneration Committee
3. Recognized the 2022 business report and financial statements.
Implementation status: Filed for information disclosure.
4. Approved of 2022 profit sharing proposal.
5. Approved the amendments to the Company's "Procedures for Handling Material Inside Information" and "Regulations for the Prevention of Insider Trading."
6. Approved the amendments to the Company's "Corporate Governance Best-Practice Principles."
Implementation status: Proceeded according to revised procedures.
7. Approved the amendments to the Company's "Sustainable Development Best-Practice Principles."
Implementation status: Proceeded according to revised procedures.
8. Approved the Company's "Regulations for Pre-Approved Non-Assurance Service provided by Certified Public Accountants."
9. Approved the amendments to the Company's "Rules and Standards for Top Manager Performance Evaluation and Reward."
10. Approved the scheduled the GHG inventory and verification for the Company's consolidated entity, Wuxi Tsang Yow Auto Parts Co., Ltd.
11. Approved the review from the Remuneration Committee about 2022 profit sharing to managers of the Company.
12. Approved the review of compensation package for the newly appointed Vice President from the Remuneration Committee.
13. Approved the review of compensation package for the newly hired associated manager from the Remuneration Committee
14. Approved the regular (once every year) review of independence of the external auditor.
15. Approved the appointment of the Company's CPAs and resolved their remuneration proposals and the list of pre-approved non-assurance services.
16. Approved the extension of medium- and long-term credit line of Chang Hwa Commercial Bank.
17. Approved the proposal to convene 2023 Annual General Shareholders' Meeting.

Meeting date: May 10, 2023

1. Recognized the 2023 Q1 consolidated financial statements.
Implementation status: Filed for the information disclosure.
2. Approved ex-dividend date for 2022 profit sharing.
Implementation status: A record date of June 5, 2023 was set. Cash dividend and profit sharing by employees and directors was on June 21, 2023. (Cash dividend of NT\$1.1 per share.)
3. Approved the amendments to the Company's "Accounting System."
4. Approved the disposal of business equipment and related parties.
5. Approved the Company's application for bank credit line.

Meeting date: May 26, 2023

1. Approved the Company's subsidiary Business International Corp. to dispose of the entire equity of its investee Wuxi Tsang Yow Auto Parts Co., Ltd.

Meeting date: August 8, 2023

1. Recognized the 2023 Q2 consolidated financial statements.
Implementation status: Filed for the information disclosure.

Meeting date: August 29, 2023

1. Approved the Company's reinvestment to establish a new plant in Malaysia.
2. Approved the Company's reappointment of the head of finance and corporate governance.

Meeting date: November 7, 2023

1. Recognized the 2023 Q3 consolidated financial statements.
Implementation status: Filed for the information disclosure.
2. Recognized the 2024 business plan and budget.
3. Approve 2024 internal audit plan.
Implementation status: Filed for the information disclosure.
4. Approved the review of compensation package for the newly appointed Vice President from the Remuneration Committee.
5. Approved the review of compensation package for the newly appointed corporate governance officer from the Remuneration Committee.
6. Approved the review of compensation package for the newly appointed finance officer from the Remuneration Committee.
7. Approved the amendments to "Employee Profit Sharing Rules and Standards" from the Remuneration Committee.
8. Approved the 2023 performance bonus proposal for the top managers from the Remuneration Committee.
9. Approved the Company's application for bank credit line.
10. Approved the liquidation and deregistration of overseas holding companies All-Aspect International Corp., Giant Finance Inc. And Business International Corp.

Meeting date: March 7, 2024

1. Approved 2023 Statement of Internal Control.
Implementation status: Filed for the information disclosure.
2. Approved 2023 profit sharing to directors and employees by the Remuneration Committee.
3. Recognized the 2023 business report and financial statements.
Implementation status: Filed for the information disclosure.
4. Approved of 2023 profit sharing proposal.
5. Passed the change of the Company's internal auditing officer.
6. Passed the revisions to the Company's "Procedure for Board of Directors Meetings."
Implementation status: Proceeded according to revised procedures.
7. Passed the revision of the Company's "CS-002-A2 Audit Committee Charter."

Implementation status: Proceeded according to revised procedures.

8. Passed the review from the Remuneration Committee about 2023 profit sharing to managers of the Company.
9. Passed the regular (once every year) review of independence of the external auditor.
10. Passed the appointment of the Company's CPAs and resolved their remuneration proposals and the list of pre-approved non-assurance services.
11. Passed the proposal to convene 2024 Annual General Meeting.
12. Passed matters related to the acceptance of shareholders' proposals at the 2024 General Shareholders' Meeting.
13. Full re-election of the Company's directors.
14. Passed the nomination of candidates for the Company's 15th Board of Directors and independent directors.
15. Passed the lifting of the restriction on new directors and their representatives from competing business.
16. Passed the matters related to the nomination of candidates for directors (including independent directors) by shareholders at the 2024 Annual General Meeting

(XII) In the most recent year and up to the print date of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board meeting with recorded or written statements in place, the main contents are: None.

(XIII) Summary of Resignations and Dismissals of Relevant Personnel of the Company (including Chairman, President, Chief of Accounting Officer, Financial Chief, Chief Internal Audit Officer, Corporate Governance Officer and R&D Director) in the Most Recent Year and Up to Publication Date of the Annual Report:

Summary of the resignation and dismissal of relevant personnel of the Company

March 26, 2024

Title	Name	On-board Date	Dismissal Date	Dismissal Reason
Finance Officer	HUANG,FANG-JANG		August 29, 2023	Resigned
Finance Officer	CHEN, HUI-JUNG	August 29, 2023		Replaced
Internal audit officer	TSAI,CHEN		October 4, 2023	Resigned
Internal audit officer	TSAI,MEI-FANG	October 4, 2023		Acting on their behalf
Internal audit officer	TSAI, MEI-FANG		March 7, 2024	Dismissed
Internal audit officer	WU, YING-JU	March 7, 2024		Reserve
Corporate Governance Officer	HUANG,FANG-JANG		August 29, 2023	Resigned
Corporate Governance Officer	CHENG,LI-CHUN	August 29, 2023		Replaced
R&D Director	KUO,WEN-TANG		July 26, 2023	Job adjustment
R&D Director	WANG,HU-CHO	July 26, 2023		Job adjustment

Note: Relevant personnel are Chairman, President, Chief Accounting Officer, Finance Officer, Chief Internal Audit Officer, Corporate Governance Officer, and R&D Director

V. Independent Auditor Fee Information:

Unit: NT\$ thousand

Accounting Firm	Name of CPAs	Audit Period	Audit Fee	Audit Fee	Total	Remark
Deloitte Taiwan	CHIANG, JIA-LING	2023/01/01–2023/12/31	3,460	-	3,610	Transfer pricing report
	WU, CHIU-YEN	2023/01/01–2023/12/31				
	LAI, YUNG-FA	2023/01/01–2023/12/31	-	150		

Note: Audit period shall be listed separately when there is a change of CPAs or accounting firm. Reasons for changes shall be stated in the Remarks column, along with all fees paid. Service details shall be disclosed for non-audit fees paid.

(I) **Changes of accounting firm and the audit fees paid for the year in which the change took place are lower than those paid for the year immediately preceding the change:** None.

(II) **Audit fees paid for the current year are lower than those paid for the immediately preceding year by 10% or more:** None.

VI. Information on replacement of CPAs:

(I) Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on March 7, 2024		
Reason for replacement and explanation	In order to maintain the independence of the CPAs and to implement the internal rotation mechanism in the accounting firm, the Company's CPAs have been replaced from the former CPA CHIANG, JIA-LING and CPA WU, CHIU-YEN to CPA CHEN, HSIU-WEN and CPA CHEN, CHEN-LI starting 2024.		
Describe whether the Company terminated the engagement or if the CPAs terminated the engagement or did not accept it.	Counter Party		The Company
	Circumstances	CPA	
	Terminated the engagement	Not applicable	Not applicable
	No longer accepted (discontinued) the engagement	Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes	Accounting principles or practices	
		Disclosure of financial reports	
		Audit scope or steps	
		Others	
	None	✓	
	Explanation		
Other disclosures (Any matters required to be disclosed under items 1-4 to items 1-7 of Paragraph 6, Article 10)	None		

(II) Regarding the succeeding CPA

Name of accounting firm	Deloitte Taiwan
Name of CPAs	CPAs CHEN,HSIU-WEN and CHEN,CHEN-LI
Date of engagement	Approved by the Board of Directors on March 7, 2024
Consultation matters and results regarding the accounting treatment of or application of accounting principles to specified transactions, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

III. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

VII. Any of the Company 's chairperson, general manager, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, job titles, and whereabouts of the accounting firm During the term of office or its affiliates:
None .

VIII. Shareholding transfer and equity pledge by directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the printing date of the annual report:

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders

Unit: share

Title (Note 1)	Name	2023		Current Year	
				As of March 31	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	SU,CHI-TSE	-	-	-	-
Top Shareholder	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	-	-	-	-
Director	Golden Top Investment Co., Ltd.	-	-	-	-
Corporate Representative	Golden Top Investment Co., Ltd.-Yen-Ching Yang	-	-	-	-
Director	Rich Pool Investment Co., Ltd.	-	-	-	-
Corporate Representative	Rich Pool Investment Co., Ltd.-HSIEH, HSIN-SHU	-	-	-	-
Corporate Representative/ President	Rich Pool Investment Co., Ltd.-SU,CHI-HU	(5,000)	-	-	-
Director	SU,HSIN-CHENG	-	-	-	-
Director	CHU,SAN-TU	-	-	-	-
Independent Director	OU,CHIN-SHYH	-	-	-	-
Independent Director	CHEN, CHIH-CHANG	-	-	-	-
Independent Director	LIN,CHIU-HSIEN	-	-	-	-
Vice President	KUO,WEN-TANG (Footnote 1)	-	-	-	-
Vice President	CHU,CHEN-YI	(4,000)	-	-	-
Vice President	WANG,HU-CHO(Footnote 2)	-	-	-	-
Associated Manager	CHIANG,SHU-CHEN	-	-	-	-
Associated Manager	CHANG,MING-CHANG (Footnote 3)	-	-	-	-
Finance Officer	HUANG,FANG-JANG (Footnote 4)	-	-	-	-
Chief Accounting Officer & Finance Officer	CHEN, HUI-JUNG (Footnote 5)	-	-	-	-
Corporate Governance Officer	CHENG,LI-CHUN (Footnote 6)	-	-	(25,000)	-

Note 1: Shareholders holding more than 10% of the Company shall be listed as top managers and listed separately.

Note 2: Where the counterparty in any transfer or pledge of shareholding is a related party, information regarding transfer or pledge shall be disclosed.

Footnote 1: Previously Vice President of R&D Center, transferred as the Vice President of Manufacturing Center on July 26, 2023 due to organizational needs.

Footnote 2: Previously Vice President of President's Office and President of subsidiary Wuxi Tsang Yow Auto Parts Co., Ltd., transferred as the Vice President of R&D Center on July 26, 2023 due to organizational needs.

Footnote 3: Previously Assistant Manager of the Technology Department, transferred as a Senior Engineer on December 1, 2023 due to job adjustment and was relieved of the insider status.

Footnote 4: The Finance Manager resigned on August 29, 2023.

Footnote 5: Previously the Chief Accounting Officer. In response to organizational needs, the Chief Accounting Officer also served as the Finance Officer on August 29, 2023. From September 26, 2023, the accounting officer was promoted to assistant manager of the Finance Department.

Footnote 6: Appointed as Corporate Governance Officer on August 29, 2023.

(II) Shareholding transfer or pledge: Not applicable.

IX. Top-10 Shareholders Who are a Spouse or a Second-degree Relatives to Each Other:

Related Party Relationship among top-10 Shareholders

March 26, 2024 Unit: share

Name (Note 1)	By the Shareholder		Spouse and Minor Shareholding		Shareholding in Other's Names		The names and relationships of the top ten shareholders who are related, spouse, or relatives within second degree of kinship to each other. (Note 3)		Remark
	Current Shareholding		Number of shares	Shareholding %	Number of shares	Shareholding %	Title (or name)	Relationship	
	Number of shares	Shareholding %							
Linesoon Investment Co., Ltd.	19,955,314	19.36%	0	0%	0	0%	-	-	
Representative: SU, CHIN-CHIH	1,467,000	1.42%	0	0%	0	0%	Rich Pool Investment Co., Ltd. Representative: SU, CHI-TSE	first-degree relative	
							SU, CHI-WEN		
							CHU, CHEN-YI		
Rich Pool Investment Co., Ltd.	7,961,779	7.72%	0	0%	0	0%	Golden Top Investment Co., Ltd. Representative: SU, HSIN-CHENG	Second-degree relative	
							SU, YUNG-CHANG		
							-		
Representative: SU, CHI-TSE	1,781,867	1.73%	0	0%	0	0%	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	first-degree relative	
							SU, CHI-WEN	Second-degree relative	
							CHU, CHEN-YI		
Golden Top Investment Co., Ltd.	7,427,058	7.20%	0	0%	0	0%	-	-	
							SU, YU-CHIH	first-degree relative	
							Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	Second-degree relative	
SU, YUNG-CHANG	1,717,762	1.67%	0	0%	0	0%	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	first-degree relative	
							SU, CHI-WEN	Second-degree relative	
							CHU, CHEN-YI		
SU, CHI-TSE	1,781,867	1.73%	0	0%	0	0%	Golden Top Investment Co., Ltd. Representative: SU, HSIN-CHENG	first-degree relative	
							SU, YU-CHIH	Second-degree relative	
							Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	Second-degree relative	
SU, YU-CHIH	1,774,990	1.72%	0	0%	0	0%	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	Second-degree relative	
							SU, CHI-TSE	Second-degree relative	
							CHU, CHEN-YI		
SU, CHI-WEN	1,734,227	1.68%	0	0%	0	0%	SU, YU-CHIH	First-degree relative	
							Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	Second-degree relative	
							SU, CHI-TSE		
SU, HSIN-CHENG	1,717,762	1.67%	0	0%	0	0%	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	Second-degree relative	
							SU, YUNG-CHANG		
							SU, YU-CHIH		
SU, CHIH-CHENG	1,607,686	1.56%	0	0%	0	0%			
SU, CHIH-CHENG	1,607,686	1.56%	0	0%	0	0%			
CHU, CHEN-YI	1,493,491	1.45%	679,000	0.66%	0	0%	Linesoon Investment Co., Ltd. Representative: SU, CHIN-CHIH	First-degree relative	
							SU, CHI-TSE	Second-degree relative	
							SU, CHI-WEN		

Note1: All top-10 shareholders shall be listed. Names of legal persons and their representatives shall be disclosed to corporate shareholders.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in the name of oneself, spouse and minor children or in the name of others.

Note 3: If the shareholders listed above include legal persons and natural persons, disclosure their relationships shall be in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Shareholdings in the same investee enterprise held by the Company, its directors, supervisors, managers and the Company's directly and indirectly controlled entities, and the consolidated shareholding ratio:

Combined shareholdings

Unit: thousand shares

Investee Enterprises (Note 1)	By the Company		By directors, supervisors, managers and the directly and indirectly controlled entities		Total Investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
All-Aspect International Corp.(Note 2)	50	100.00	-	-	50	100.00
Giant Finance Inc.(Note 2)	13,795	100.00	-	-	13,795	100.00
Business International Corp.(Note 3)	13,510	100.00			13,510	100.00
Wuxi Tsang Yow Auto Parts Co., Ltd. (Note 4)	12,000	100.00	-	-	12,000	100.00
YORU TECH SDN. BHD. (Note 5)	-	55.00	-	-	-	55.00

Note 1: The investment was accounted for by using the equity method.

Note 2: All- Aspect International Corp. and Giant Finance Inc. were liquidated in December 2023.

Note 2: Business International Corp. was liquidated in October 2023.

Note 4: Wuxi Tsang Yow was disposed of in July 2023.

Note 5: The subsidiary with a 55% shareholding joint venture with RonJye Enterprise Co., Ltd. in 2023, and the capital increase has not been completed.

Chapter Four. Capital Formation

I. Capital and Shares

(I) Source of capital:

1. Source of capital

Unit: shares; NT\$ thousand

Month and Year	Issuance price	Approved Share Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Share Capital paid in Assets Other Than Cash	Other
January 1985	1,000	5,000	5,000	5,000	5,000	Incorporation	None	
November 1996	1,000	10,000	10,000	10,000	10,000	New cash capital: \$5,000 thousand	None	
December 1997	1,000	20,000	20,000	20,000	20,000	New cash capital: \$10,000 thousand	Note 1	
September 1999	10	10,000,000	100,000	5,966,000	59,660	New cash capital \$5,000 thousand Earning conversion \$34,660 thousand	Note 2	
September 2000	15	20,000,000	200,000	15,946,500	159,465	New cash capital \$40,145 thousand Earning conversion \$59,660 thousand	Note 3	
August 2001	10	20,000,000	200,000	18,338,475	183,384	Earning conversion: \$23,920 thousand	Note 4	
June 2002	10	35,000,000	350,000	23,840,017	238,400	Earning conversion: \$55,015 thousand	Note 5	
December 2002	10	35,000,000	350,000	25,840,017	258,400	New cash capital \$20,000 thousand	Note 6	
April 2003	10	35,000,000	350,000	30,840,017	308,400	New cash capital \$50,000 thousand	Note 7	
June 2003	10	61,000,000	610,000	38,550,021	385,500	Earning conversion: \$77,100 thousand	Note 8	
December 2003	10	61,000,000	610,000	40,050,021	400,500	New cash capital \$15,000 thousand	Note 9	
September 2004	10	61,000,000	610,000	48,060,024	480,600	New cash capital \$56,070 thousand Capital surplus conversion \$24,030 thousand	Note 10	
July 2005	10	67,000,000	670,000	52,866,026	528,660	New cash capital \$24,030 thousand Capital surplus conversion \$24,030 thousand	Note 11	
February 2006	17	67,000,000	670,000	62,866,026	628,660	New cash capital \$100,000 thousand	Note 12	
July 2006	10	150,000,000	1,500,000	62,866,026	628,660	Change of the approved capital	Note 13	
May 2007	10	150,000,000	1,500,000	63,009,126	630,091	Employee stock warrant exercise: \$1,431 thousand	Note 14	
August 2007	10	150,000,000	1,500,000	63,166,626	631,666	Employee stock warrant exercise: \$1,575 thousand	Note 15	
November 2007	10	150,000,000	1,500,000	64,049,626	640,496	Employee stock warrant exercise: \$8,830 thousand	Note 16	
March 2008	10	150,000,000	1,500,000	64,080,626	640,806	Employee stock warrant exercise: \$310 thousand	Note 17	
April 2008	10	150,000,000	1,500,000	64,113,126	641,131	Employee stock warrant exercise: \$325 thousand	Note 18	
August 2008	10	150,000,000	1,500,000	64,124,126	641,241	Employee stock warrant exercise: \$110 thousand	Note 19	
September 2008	20	150,000,000	1,500,000	74,124,126	741,241	New cash capital \$100,000 thousand	Note 20	

Month and Year	Issuance price	Approved Share Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Share Capital paid in Assets Other Than Cash	Other
October 2008	10	150,000,000	1,500,000	74,134,126	741,341	Employee stock warrant exercise: \$100 thousand	Note 21	
December 2008	10	150,000,000	1,500,000	81,631,559	816,315	Capital surplus conversion \$74,974 thousand	Note 22	
December 2009	10	150,000,000	1,500,000	91,631,559	916,315	New cash capital \$100,000 thousand	Note 23	
May 2014	10	150,000,000	1,500,000	103,086,559	1,030,866	New cash capital \$114,550 thousand	Note 24	

- Note:
- All capital information shall be updated till the most recent year and up to the date of printing of the annual report
 - New capital increase shall include the approval document with the issuing date and number.
 - Any shares offered below par value shall be specially marked.
 - Shares issued out of monetary bonds or technology shall be explained with types of assets used and associated amounts.
 - Any shares offered through private placement shall be specially marked.

Note 1: Ba-Liu-Jian-Er-Geng-Zi No. 286345 dated December 27, 1997

Note 2: Jing-(88) Zhong-Zi No. 88691841 dated October 6, 1999

Note 3: Jing-(089)-Shang-Zi No. 089140552 dated November 1, 2000

Note 4: Jing-(90)-Shang-Zi No. 09001359810 dated September 6, 2001

Note 5: 07/10/2002 Jing-Shou-Shang-Zi No.09101262350

Note 6: 01/08/2003 Jing-Shou-Shang-Zi No.09101526690

Note 7: 05/26/2003 Jing-Shou-Shang-Zi No.09201155510

Note 8: 06/27/2003 Jing-Shou-Shang-Zi No.09232280950

Note 9: 12/30/2003 Jing-Shou-Shang-Zi No.09233205610

Note 10: 09/07/2004 Jing-Shou-Shang-Zi No.09332676040

Note 11: 07/05/2005 Jing-Shou-Shang-Zi No.09401183230

Note 12: 02/13/2006 Jing-Shou-Shang-Zi No.09501025020

Note 13: 02/13/2006 Jing-Shou-Shang-Zi No.09501136190

Note 14: 05/22/2007 Jing-Shou-Shang-Zi No.09601110340

Note 15: 08/21/2007 Jing-Shou-Shang-Zi No.09601201690

Note 16: 11/26/2007 Jing-Shou-Shang-Zi No.09601289130

Note 17: 03/10/2008 Jing-Shou-Shang-Zi No.09701058480

Note 18: 04/17/2008 Jing-Shou-Shang-Zi No.09701089780

Note 19: 08/28/2008 Jing-Shou-Shang-Zi No.09701216750

Note 20: 09/17/2008 Jing-Shou-Shang-Zi No.09701239110

Note 21: 10/20/2008 Jing-Shou-Shang-Zi No.09701266910

Note 22: 12/05/2008 Jing-Shou-Shang-Zi No.09701305380

Note 23: 12/15/2009 Jing-Shou-Shang-Zi No.09801285670

Note 24: 05/23/2014 Jing-Shou-Shang-Zi No.10301093860

2. Share Types

March 26, 2024 Unit: shares

Share Type	Approved Share Capital			Remark
	Outstanding shares (Note 1)	Unissued shares	Total	
Registered common stock	103,086,559	46,913,441	150,000,000	Include 4,000,000 shares from employee stock warrant

Note: Whether the shares are TWSE/TPEX listed or TWSE/TPEX listing restricted shall be noted.

Note 1: Include treasury stock of 740,000 shares.

3. Shelf registration statement: None

(II) Shareholder structure:

Shareholder structure March 26, 2024 unit: person/share

Shareholder structure Number	Government agencies	Financial Institutions	Other legal entities (Note 1)	Individual	Foreign institutions and foreigners	Total
Number of Shareholders	1	0	25	11,093	38	11,157
Shareholding (Shares)	130,117	0	36,367,720	62,670,513	3,918,209	103,086,559
Shareholding %	0.13%	0%	35.28%	60.79%	4.34%	100%

Note: Companies listed on TWSE/TPEX and emerging stock markets shall disclose their shareholdings of Chinese capital; Chinese capital refers to the people, legal persons, groups, other institutions in Mainland China stipulated in Article 3 of the Regulations on Permission for People from Mainland China to Invest in Taiwan or its investees in a third region.

Note 1: Include treasury stock of 740,000 shares.

(III) Ownership distribution:

1. Common Shares:

Ownership Distribution March 26, 2024 Unit: shares

Shareholding Tier	Number of Shareholders	Shareholding (Shares)	Shareholding %
1 to 999	2,837	389,686	0.38
1,000 to 5,000	6,825	13,708,148	13.3
5,001 to 10,000	844	7,003,606	6.79
10,001 to 15,000	216	2,864,534	2.78
15,001 to 20,000	142	2,693,644	2.61
20,001 to 30,000	103	2,735,888	2.65
30,001 to 40,000	53	1,931,890	1.87
40,001 to 50,000	32	1,506,022	1.46
50,001 to 100,000	49	3,410,151	3.31
100,001 to 200,000	17	2,172,509	2.11
200,001 to 400,000	10	2,766,680	2.68
400,001 to 600,000	8	3,652,467	3.54
600,001 to 800,000	5	3,475,086	3.37
800,001 to 1,000,000	1	837,584	0.81
> 1,000,001	15	53,938,664	52.34
Total	11,157	103,086,559	100.00

Note 1: Include treasury stock of 740,000 shares.

2. Preferred Share: Not applicable.

(IV) List of Major Shareholders:

List of Major Shareholders

March 26, 2024

Name of Major Shareholders	Share	Shareholding (Shares)	Shareholding (%)
Linesoon Investment Co., Ltd.		19,955,314	19.36%
Rich Pool Investment Co., Ltd.		7,961,779	7.72%
Golden Top Investment Co., Ltd.		7,427,058	7.20%
SU, CHI-TSE		1,781,867	1.73%
SU, YU-CHIH		1,774,990	1.72%
SU, CHI-WEN		1,734,227	1.68%
SU, HSIN-CHENG		1,717,762	1.67%
SU, CHIH-CHUNG		1,627,500	1.58%
SU, CHIH-CHENG		1,607,686	1.56%
CHU, CHEN-YI		1,493,491	1.45%

(V) Market Price, Net Worth, Earnings, and Dividends per Share and Other Relevant Information in the Past Two Years:

Net Worth, Earnings, and Dividends Per Share Unit: thousand shares/NT\$

Item		Year	2022	2023	As of March 31, 2024
Market Price Per Share (Note 1)	Maximum		32.45	39.85	35.3
	Minimum		18.75	22.25	28.5
	Average		27.89	31.95	31.86
Net Worth Per Share (Note 2)	Before Distribution		16.01	17.88	-
	After Distribution		14.91	16.54	-
Earnings per Share	Weighted Average Shares		102,347	102,347	-
	Earnings per Share (Note 3)		1.62	2.67	-
Dividend per share	Cash dividend		1.1	1.34	-
	Stock Dividend	Earnings Distribution	-	-	-
		Capital Distribution	-	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		14.69	10.12	-
	Price / Dividend Ratio (Note 6)		21.63	20.16	-
	Cash Dividend Yield (Note 7)		4.62%	4.96%	-

* Disclosures of market price and dividend shall be made by tracing back with number of shares issued out of earnings or capital surplus.

Note 1: The highest and lowest share prices for the year. Average price of the year is calculated based on transaction value and transaction volume.

Note 2: Figures shown are based on the number of shares issued at the end of the year and the resolved distribution from the Board or the shareholders' meeting in the following year.

Note 3: Per share earnings shall include before and after adjustment figures when tracing back due to stock dividends.

Note 4: Information of accumulated undistributed dividends as of the end of the year shall be disclosed if it is stipulated that

- undistributed dividends can only be appropriated in the profitable year under the terms of equity security issuance.
- Note 5: $\text{Note 1: Price/Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$.
- Note 6: $\text{Note 1: Price/Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$.
- Note 7: $\text{Price/Dividend Ratio} = \text{Average Market Price} / \text{Cash Dividends per Share}$.
- Note 8: Information on per share net worth and earnings, reviewed or audited by the CPAs, from the latest quarter up to the printing date of the annual report shall be provided.

(VI) Dividend Policy and Implementation Status:

1. Dividend policy under the Article of Incorporation, Profit appropriation will follow the order below if there is a surplus in the Company's annual final accounts:
 - (1) paying tax;
 - (2) making up for the loss accumulated;
 - (3) setting aside 10% as the legal reserve;
 - (4) appropriating or reversing special reserve based on regulations or operation needs.
 - (5) If there is a balance remaining, the balance plus the undistributed earnings is the distributable earnings, from which the Board of Directors shall propose dividend distribution and submit to the shareholders' meeting for approval. The dividend distribution can be in the form of stock or cash.

Based on Article 240-5, the Company authorize the distributable dividends and bonuses in whole or in part may be paid in cash 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 such distribution shall be submitted to the shareholders' meeting for reporting.

The Company will factor in the industry condition and the growth stage of the Company to meets capital needs and long-term financial planning, as well as cash flow demands from the shareholders. Therefore, a certain percentage from distributable earnings will be set aside for shareholder dividends, of which the cash distribution shall not be lower than 10%. The type and percentage of such distribution might be adjusted by the shareholders' meeting depending on actual surplus and capital needs.

In addition, while not stipulating in the Article of Incorporation, the Board of Directors is to distribute a cash dividend no less than 40% of the net income in each year for the next three years, after considering the needs of financial structure and operation expansion.

2. Proposed Dividends Distribution in the Shareholders' Meeting:

The Company's 2023 earnings distribution was approved by the Board of Directors on March 7, 2024. The proposed distribution of cash dividends to shareholders per share was NT\$1.34, totaling NT\$137,144,389. However, the 2023 earnings distribution proposal has not been submitted to the shareholders' meeting.

(VII) Impacts to the Company's Operation from Stock Dividends Proposed by the Shareholders' Meeting: None.

(VIII) Compensation to Employees, Directors and Supervisors:

1. Compensation Percentage and Scope, from Articles of Incorporation, for Employees, Directors, and Supervisors:
 - * If the Company makes a profit in the year , it shall allocate no less than 3% as employee remuneration, which shall be distributed in shares or cash by resolution of the board of directors, and the recipients of the payment include the employees of the subordinate companies who meet certain conditions; the Company may The Board of Directors shall resolve to set aside no more than 5% of the profit as directors' remuneration.

Distribution to employees and directors shall be reported in the shareholders' meeting. When there's still accumulated loss, a provision for making it up shall be set aside, then the distribution can be made based on the percentages above.

2. The basis for estimating the amount of employees' compensation and remuneration to directors and for calculating the number of shares to be distributed as employees'

compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) After considering earning level and industry standard, based on the percentage described in the Article of Incorporation, the Company makes distribution when there are annual earnings generated. The distribution proposal will be reviewed by the Remuneration Committee and sent to the Board of Directors for resolution and to the shareholders' meeting for reporting.
 - (2) The annual distribution to employees and directors are recognized as a current expense and liability based on "Accounting Treatment of Employee Bonuses and Remuneration to Directors and Supervisors," Letter (96) Ji-Mi-Zi No.52 from Accounting Research and Development Foundation. If the amount of change is insignificant by the standards, it can be treated as changes in accounting estimates and classified as profit or loss of the next year.
3. Distribution approved by the Board of Directors:
- (1) Cash or stock distribution allocated to employees' compensation and directors' and supervisors' remuneration:
On March 7, 2024, the Board of Directors resolved to distribute NT\$7,406,041 as remuneration to directors and NT\$14,812,083 and as remuneration to employees in cash. This was approved by the Remuneration Committee on March 7, 2024, and is yet to be reported to the shareholders' meeting.
 - (2) The amount of any employees' compensation distributed in stocks, and the size of that amount as a percentage of the sum of the net profit stated in in the financial statements for the current period and total employees' compensation: All employee compensation will be paid in cash; therefore, the calculation is not applicable.
4. The actual distribution to employees and directors and supervisors for the preceding year:
In 2023, the Company distributed NT\$6,103,834 as remuneration to directors for 2022 and NT\$12,207,669 as remuneration to employees for 2022. The remuneration was distributed in cash and was not different from the amount of expenses recognized in 2022.

(IX) Buyback of Common Stock:

Buyback by the Company during the recent year up to the printing date of the annual report is as follows:

(1) Share buyback from the Company (completely executed) April 3, 2024

Buyback	1st session	2nd session
Purpose of the Buyback	Shares transferred to employees	Shares transferred to employees
Buyback Period	11/26/2018–01/03/2019	05/13/2020–06/19/2020
Price Range	NT\$12.53–NT\$29.39	NT\$10.47–NT\$21.92
Types and Amount Bought	Common shares: 554,000	Common shares: 740,000
Amount Paid	NT\$10,711,878	NT\$11,796,963
As a Percentage of Estimated Buyback (%)	55.40%	74.00%
Shares Annulled or Transferred	554,000 shares	0 shares
Accumulated Shares Held	0 shares	740,000 shares
Shares Held as a Percentage of Total Issuance (%)	0%	0.72%

II. Status of Corporate Bonds: None.

III. Status of Preferred Shares: None.

- IV. Status of Global Depository Shares: None.
- V. Status of Employee Stock Option: None.
- VI. Status of Employee Restricted Stock: None.
- VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.
- VIII. Implementation of the Plan for Utilization of Funds:
 - (I) A description of the plans: For the period as of the quarter preceding the publication date of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement. Such descriptions shall include any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the FSC: None.
 - (II) Status of implementation: for funds usage under the plans referred to in the preceding subparagraph, the annual report shall (for the period as of the quarter preceding the date of publication of the annual report) analyze the status of implementation and compare actual benefits with expected benefits. Where implementation has failed to yield the expected progress or benefits, the annual report shall provide specific reasons for such failure, explain any effect it might have upon shareholders' equity, and outline the plan for correcting the situation: None.

Chapter Five. Operational Highlights

I. Business Content

(I) Business Scope

1. Core Business Items

- Automatic Transmission Parts for Automobiles
- Torque Converter for Automobiles
- Manual Transmission Parts for Automobiles
- Steering Parts for Automobiles
- Engine Parts for Automobiles
- Clutch Parts for Heavy-duty Trucks
- Ship Transmission Parts
- Drivetrain Parts for Industrial Machinery
- Aircraft and Related Parts Making
- Bikes and Related Parts Making
- Scooters and Related Parts Making
- Other Transport Tools and Related Parts Making
- Electronic Parts Making
- Self-usage power generation equipment utilizing renewable energy industry

2. Business Mix

Unit: NT\$ thousand; %

Product Category	2022 Operating revenue	As % of Sales	2023 Operating revenue	As % of Sales
Automatic Transmission Parts for Automobiles	932,948	69.23	830,613	69.62
Clutch parts for heavy-duty trucks	166,591	12.36	132,088	11.07
Drivetrain Parts for Industrial Machinery	99,855	7.41	61,509	5.16
Automatic transmission components for air conditioner compressors	-	-	-	-
Automatic transmission components for ships	33,091	2.46	-	-
Parts finishing	17,411	1.29	318	0.03
Others	97,739	7.25	168,548	14.12
Total	1,347,635	100.00	1,193,076	100.00

Note: In order to match the expression of the discontinued unit in the 2023 statement of comprehensive income, the consolidated company reclassifies the income items of the discontinued unit for 2022, and the revenue listed above does not include the discontinued department.

3. Products Currently Offered by the Company

Key Products	Application/Function
Automobile	<ul style="list-style-type: none"> ● Automatic transmission parts are mainly used in drivetrain devices and gear shifts in fuel vehicles. ● Torque converter parts are mainly used in engine and liquid torque converter for fuel vehicles.
Heavy-duty Truck	Mainly for clutch in heavy-duty trucks

Industrial Machinery	Drivetrain device are mainly used in farm machinery, excavators, and snowmobiles
New energy vehicles	Mainly used in new energy vehicle differentials and ebike gearboxes

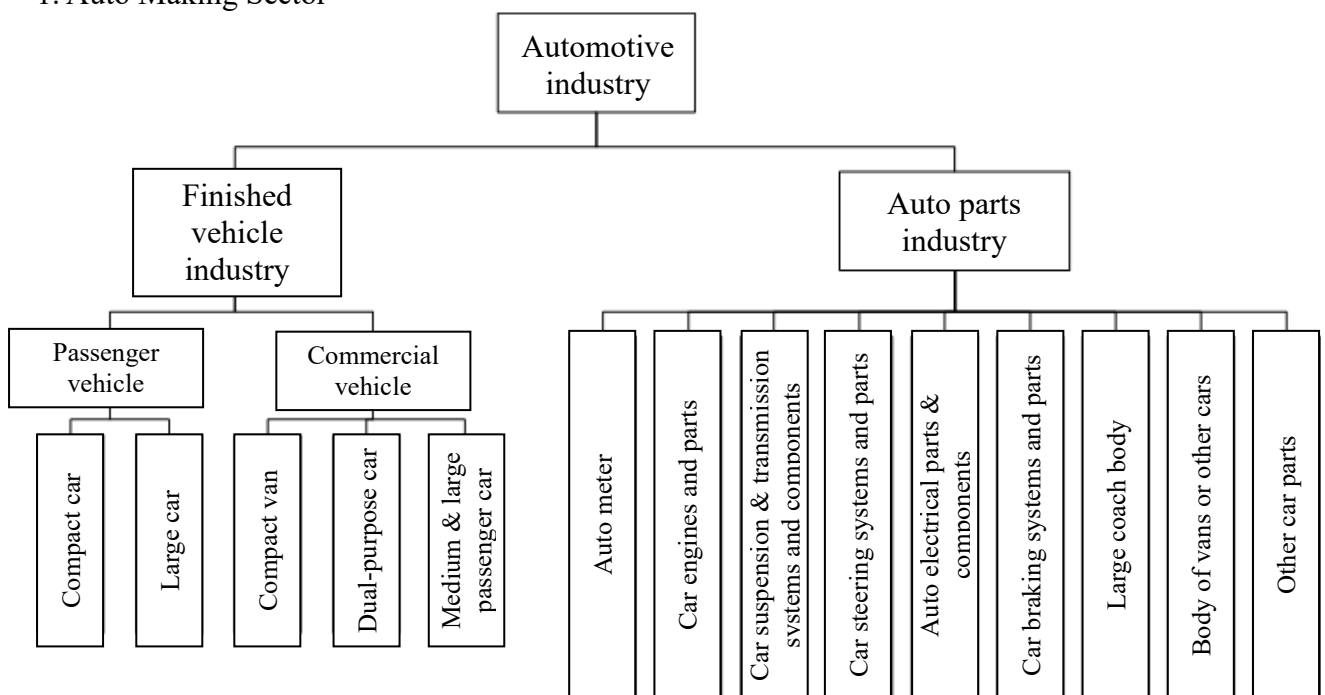
Drivetrain device parts in automobiles are the core products of the Company, including transmission box, torque converter, transfer case and related parts.

4. New products planned for development

- Transmission 4L60E Pump, Ring gear PGS3 drum, Reversing Housing, Pump Cover, Pump Housing, Carrier, Crown Wheel, etc. 9 items
- 13 industrial machinery parts
- 3 semi-conductor equipment parts
- Disc Drum Completed: 1

(II) Industry Overview

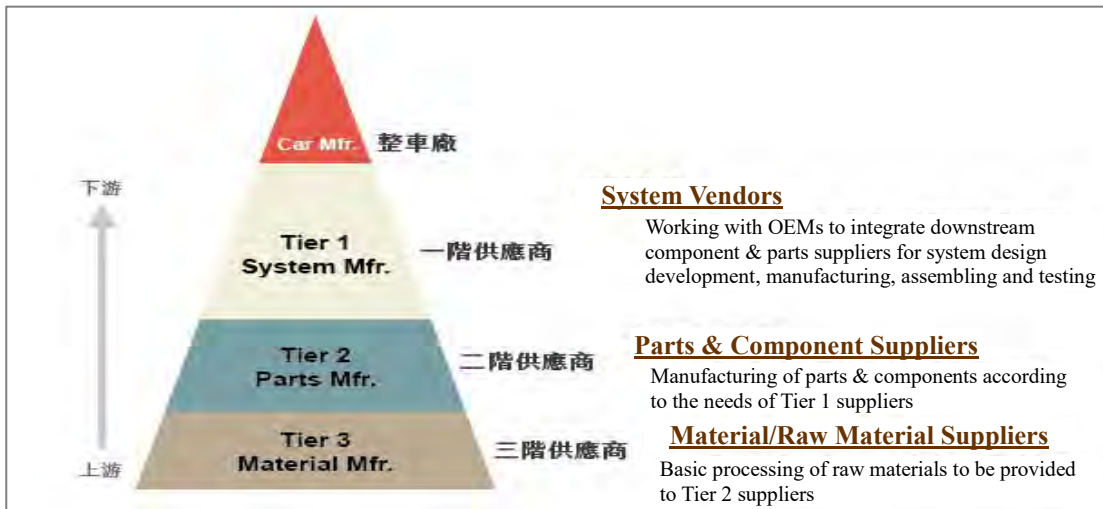
1. Auto Making Sector



- Note: 1. The classification is based on industrial production statistics
 2. Other automobile parts, including main frame, body stamping parts, bumper, exhaust pipe, casting parts, supplement restraint system, seatbelt, and several others.

Data source: IEK

The automotive industry is technology-intensive and capital-intensive. The industry is complex and huge, and it covers a wide range of peripheral industries. As the OEMs in the automobile manufacturing industry are at the core, OEMs mainly purchase directly from tier-one suppliers. The first-tier suppliers (system vendors) are responsible for system integration, and purchase components from the second-tier suppliers (component suppliers). The relationship between the upstream and downstream of the supply chain is stable and they work together to connect the information system. Therefore, the automotive industry is mostly closed and it is difficult for the automotive industry to easily penetrate into the supply chain.



Source: ESPEC CORP., Taiwan Trend Research

2. Industry overview and development

(1) Auto Assembly and Manufacturing Sector:

Over the past three years, global auto sales have been hampered by the pandemic, chip shortages, and disruptions in the supply chain. With the easing of the pandemic and the stabilization of the supply chain, the auto industry is gradually recovering from the shortage of chips, and the production of automobiles will be restored to normal, driving the recovery of the global auto market.

According to the ITRI, China's auto market will grow 3.9% year-over-year to 27 million units in 2023 as the chip shortage eased somewhat in the first quarter of 2023. The U.S. auto market is stimulated by OEMs' stabilizing production capacities and incentives for car purchase discounts and incentives to stimulate purchasing. Despite the impact of rising interest rates and the impact of the UAW (U.S. Auto Workers' Union) strike issue, the sales growth in 2023 is still expected to be 9.9% compared to the previous year. In Japan, the shortage of chips is also improving, and the supply of new cars is gradually stabilizing, with sales expected to increase by 16.3% annually. Overall, global auto sales in 2023 are expected to be about 86 million units, a year-on-year increase of 6.1%. Since 2009, China has ranked first in terms of sales by country, followed by the U.S. However, the gap between India and Japan has narrowed. The top five sales in 2023 will be China 32.2%, the U.S. 18.2%, India 6%, Japan 5.6%, and Germany 3.9%. Turkey, Mexico, and Italy are the top three countries for growth in terms of sales volume of more than 1 million units in 2023. In terms of the proportion of the world's top three brand groups, Toyota was 11.8%, down 12.4% from last year, while Ford is expected to overtake Honda. BYD has performed well in the past two years and entered the top ten for the first time this year, with a proportion of 3.3%.

In the electric vehicle market, the global sales of EVs are on the rise due to net zero carbon reduction and gradually affordable prices. It is estimated that the global sales of EVs in 2023 are expected to grow by 28.3% compared to 2022, and will exceed 20 million units. BEVs (Battery Electric Vehicle), driven by sales in China, the U.S. and Germany, are the market leader, accounting for about 46% of the total EV sales, which will continue to lead the market after surpassing it in 2022. HEVs (hybrid EVs) are estimated to account for approximately 36.4% of total EV sales in 2023, driven by sales in Japan, the U.S. and China. PHEVs (Plug-in hybrid EVs), driven by sales in China, Germany and France, are estimated to account for approximately 17.5% of EVs; while FCEVs (fuel cell EVs) accounted for 0.1% of EVs.

In the 2023 ranking of the world's EV sales countries, China surpassed Japan as the top electric vehicle sales country in the world's electric vehicle sales in 2018 (42.5%), followed by the U.S. (accounting for 13.1%), while Japan has retreated to third (10.5%); Germany and the United Kingdom were 6.6% and 5.5%, respectively. Among the top 15 countries, the top five markets were the U.S., Italy, Belgium, Canada and Japan.

(2) Auto Parts Manufacturers Sector:

There are four major auto component distribution channels. They are: 1. OEM market (Original Equipment Manufacturing): Auto-branded parts made and shipped by others to the system service providers or vehicle assemblers. 2. ODM market (Original Design Manufacturing): Auto-branded parts designed, made and shipped by others for system service providers or vehicle assemblers. 3. AM market (After Market): Non-auto-branded parts used in after-sales services. 4. OES market (Original Equipment Service): Auto-branded parts used in after-sales services.

To cope with market needs, the global supply chain for auto component industry has formed the following trends:

- Scaling-up industry players: To compete, the industrial suppliers have been merging, acquiring or cooperating to increase economies of scale.
- Professional production: To shorten new car developments with quality (Q), cost and delivery (D) assurance, component makers can no longer just provide parts, based on designs, for assembly lines, but are required to involve deeper with the overall industry chain, starting from R&D, distribution and after service to increase the professional level.
- International production and operation: To follow the car assemblers' footsteps, component makers are crossing borders and expanding business scope. Some are to support car makers' overseas plants; others are to aim for new markets or low-cost advantage from local production. Therefore, a trend of international production and operation is forming.
- Complicating supplier relationship: In the past, component supplier and car assemblers had a rather strong and unbreakable relationship. Following the intensifying competition in auto market, brand owners have been not only requesting price reduction each year, but replacing existing suppliers with new ones offering favorable price through the purchase platform.

Auto components made in Taiwan are mostly for export purposes. Parts makers are competitive globally for their small-volume and large-variety production and mostly ship to U.S.A.

During the pandemic, people drove considerably less and withheld big spending; therefore, new car sales dropped tremendously. However, needs from maintenance and repair remained solid during the period. In general, the demand for ODM and OEM parts came from new cars, while the demand for AM parts was from worn part impairments. Therefore, compared with new car sales, impacts from the pandemic on the AM market were relatively small. The continued decline in new car sales was, in fact, advantageous for the AM market in the short term.

According to the ITRI, as the car ownership continues to increase in major countries such as Europe, the U.S., and Japan, as well as emerging markets such as China, India, Mexico, and ASEAN countries, the demand for auto parts and components will grow after the pandemic. As a result of the popularization of new energy vehicles, the global output value of automotive parts and components in 2021 has reached US\$235 billion, and it is expected to exceed US\$400 billion by 2028, with a compound annual growth rate of 7.9%. Taiwan's automotive production value has grown to NT\$295.8 billion and

is expected to exceed NT\$600 billion by 2025. Under the gradual transformation of the development of the auto parts industry, Taiwanese manufacturers have the advantages of punctuality, quality, and solid foundation and integration capabilities, and are expected to become the beneficiaries of the electric car wave.

Top Three Trends for Industrial Revolution:

There will be three major development trends in the car components industry for the post-pandemic era, according to ITRI Industrial Economics and Knowledge Center:

First is changes to the value chain, which will reshape the supply chain. The long ruled principle of globalized supply chain is under the challenge. In the future, regionalization and localization of the supply chain will be the focus. Technology advancement will accelerate automatic and intellectual production and shift from labor-intensive to technology-intensive, and shorten the production chain.

Second is capacity preservation to meet markets with different volume needs. In the future, car component needs in developed countries will move toward customization and high added value, while for emerging countries, due to the growth of car ownership, large-scale and affordable components will be the market mainstream.

The third is driven by intelligence, and components are added value. Due to smartification, components will be more oriented toward added value. In the future, vehicles will be driven by “CASE,” Connected, Autonomous, Shared&Service and Electrification to cope with the mobility revolution for the new generation.

From ITRI, the three issues circling the car component industry:

The first is the trend of energy saving and carbon reduction, which drives the development of electrified components. Key components include drive motors, drivers, power batteries, and charging station facilities.

The second is the industry moving toward the optimization of smart manufacturing to increase added value. For example, 3D printing can save the cost and time of mold manufacturing.

The third is penetrating niche market and expanding southbound for new opportunities. Taiwanese car components are mostly shipped to America and Europe. To diversify the market base and circumvent trade risks, it is recommended to tap into emerging economies, such as India and ASEAN countries.

(3) Changes of market and economy landscapes:

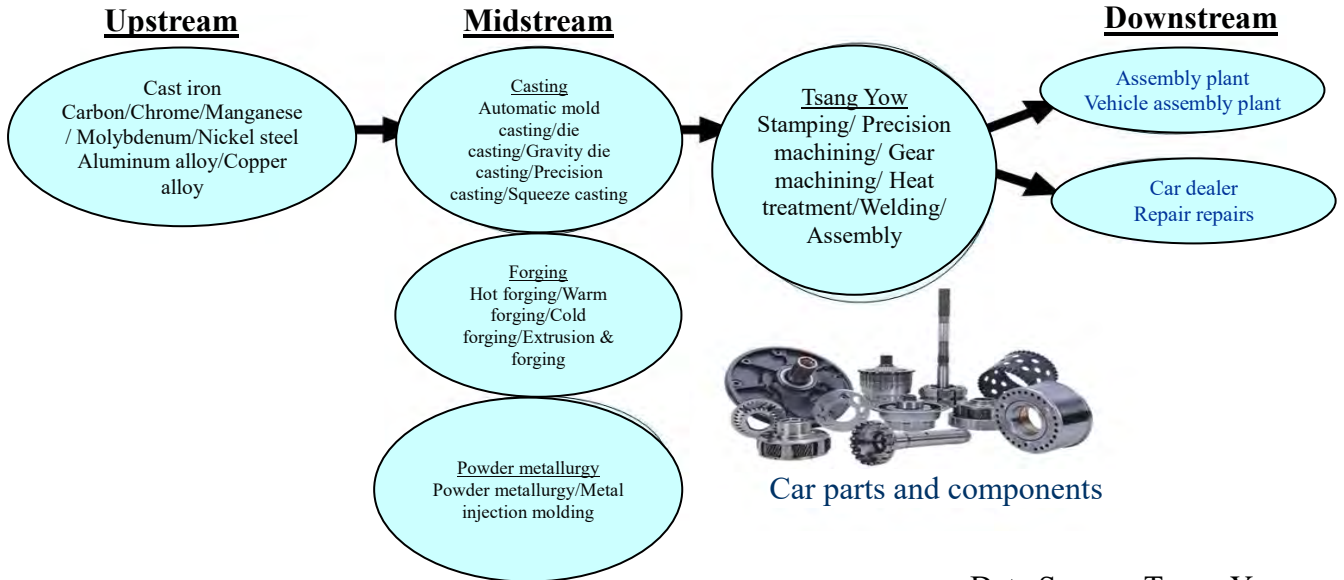
Driven by three major forces, global warming, carbon emission goals, and policy push, EVs are one of the necessary strategies for car brands to meet the global trends in the future. ITRI anticipates that global EV sales are expected to exceed 20 million units, a 28.3% growth compared to 2022. China, the U.S. and Japan are the top three countries for the sales of electric passenger cars. BEVs with zero carbonV) accounted for about 46% of the total sales of EVs, surpassing HEVs for the first time in 2022 and will continue to increase. In addition, the production technology and economies of scale of FCEVsV are expected to gradually take shape before 2026, under the rapid growing potential of the net zero trend.

Owing to the recent shifts in the global trades and geopolitics, especially under the impacts of the US–China trade war, Covid-19, and the Russia–Ukraine conflict, the aim of supply chain has changed from cost reduction to risk mitigation along with shortening the supply chains or localizing production. The demand end is also experiencing change from scaled and standardizing productions to small-volume and customized production. In other words, the global supply chain is undergoing destruction and reconstruction, as national security and assured industry supply chain are the top priorities when making purchase decisions. Under such a new model, establishing a complete supply network with scale in locations adjacent to the product outlets becomes the mainstream expansion

plan for corporates.

3. Up-, Mid- and Downstream Supply Chain

Tsang Yow mainly produces transmission parts, which involve materials from raw steel, aluminum ingot, and stainless steel; and processing procedures covering smelting, forging, casting, powder metallurgy, gear forming, precision stamping, machine processing, heat treatment, laser welding, assembling, functional testing, etc. Key forging and casting suppliers include Jiashan Guande, Sunforging, CMS, Metal Power and others. Relations to up-, mid-, and downstream suppliers are as follows:



Data Source: Tsang Yow

4. Market Trend and Competitions

4.1 Car parts market and future technology trend

(1) Electrical vehicle and energy conservation technology

Under the trend of energy conservation and carbon reduction, the global sales volume of electric passenger vehicles is better than the overall car market. EVs have become one of the hottest topics in recent years and also become an indispensable strategy for all car makers. Driven by the advocate policies, it is estimated that by 2025, the number of small passenger cars equipped with electrified power systems worldwide will reach between 25 to 30 million. The number of new power vehicles, such as battery electric, plug-in hybrid, and others are expected to grow by an average of 34% by 2025. In the meantime, the number of cars using conventional internal combustion engines and engine power systems with idle stop/start technology will decrease visibly. To cope with the trend, several industry players are reorganizing product lines and corporate structures. The growth and expansion of electric power system-related manufacturers could also accelerate mergers and acquisitions among component suppliers and boost investments from non-traditional players, or force traditional suppliers to undergo strategic reengineering to stay profitable. Also, the operation suspension from Chinese suppliers during the pandemic has also pushed related industry players to make adjustments to diversify production risks. While responding to such short-term impacts, industry players might also accelerate their footsteps toward EVs.

To cope with the future mobility trend, an increasing number of traditional car makers are forming strategic alliances to speed up the existing R&D efforts or to upgrade production technology for current lineups in order to deal with the resources, such as funding and time, needed. Different from traditional auto

industry, electric car making is similar to smart phone production, which requires production division based on specialization and creates additional opportunities for players in autotronics, information communication and car components. Therefore, players capable of integrating user experiences might become a critical competitive advantage in the future electric vehicle market. For the Internet of Things (IoT) and data analytics software used in EVs, logistics operators' decision-making capabilities will be greatly improved through the smartification of EVs. The global market value of smart fleet management is expected to reach US\$537.53 billion in 2025.

- (2) Various technologies for advanced driver assistance systems (ADAS) related to safety concerns are under the development

ADAS refers to vehicle onboard systems that link sensors and algorithms to provide drivers the necessary information during the ride. They assist, complement, or automate difficult or repetitive driving tasks, aiming to improve the safety and driving efficiency. ADAS includes: Automatic Emergency Braking System (AEB), Blind Spot Detection System (BDS, BSD, or BLIS), Adaptive Cruise Control (ACC), Parking Assistance System (PA, PAS), Lane Keeping System (LKS), Forward Collision Warning (FCW), Night Vision System (NV), and others.

There will be more product and technology developments focusing on preventive safety and collision safety from the automotive industry. From the angle of preventive safety, ADAS is seen, by the brand owners, the fundamental catalyst for developing self-driving car in the future. Only OEM car manufacturers with ADAS systems can be rewarded with five-star rating. For collision safety, the emphasis is placed on strengthening the structure of the vehicle, such as body structures that can ensure safety during collision and prevent the roof from damage in the event of a rollover.

- (3) Develop lightweight automobiles for cost control and the regulatory targets in fuel economy

Lightweight automobiles are designs that, under the premise of strength and safety guarantee, cut down the weights of car parts as much as possible for power improvement, fuel saving and pollution reduction.

Based on the relevant data, weight of the car takes up about 70% of the fuel consumption. Every 10% reduction in car weight will lead to 3.3% cut in fuel and gas emission, while 15% fuel saving for 15% weight reduction. For diesel cars, the fuel saving will be 3.9% and 5.9%, respectively. In the case of EVs, (including hybrid models), electricity saving even reached 6.3% and 9.5%, respectively for 10% and 15% weight cuts. As a result, lightweight vehicles are seen as an important path leading to energy saving and carbon reduction by the major industrial players.

Car making is a system engineering of complexity which commands the highest standards in collision safety, manipulation stability, riding comfort, fatigue endurance, environment protection and energy saving. While adopting new material, techniques and design for lightweight production, it is quite challenging for the current technologies to reach or surpass the existing features and functionalities. New material, better structure design and advanced production craftsmanship are the three crucial factors for lightweight automotive making and complementary to each other. Among those, new material application (such as high-strength steel, aluminum/magnesium/titanium alloys, and carbon fiber composite materials) shall affect car parts industry the greatest, which will bring numerous opportunities.

- (4) The trend of module sharing among the component industry.
 - A. It has become a trend for OEM system manufacturer or Tier-1 component

makers, using global platform as a basis, to adopt sharing modules. The greatest advantage lies in “cost reduction,” as it can increase purchase and production scale and reduce development cycles. The ultimate goal is creating a flexible production platform that allows competitive products and low cost for various car models.

- B. There are two kinds of module sharing: Inherit sharing (among different generations from the same car model) and cross sharing (among different car models). If module sharing can be extended to new energy vehicles (such as electric cars), the involvement levels from OEM system manufacturer or Tier-1 component makers shall vary greatly. And component suppliers will definitely occupy a larger portion visibly in key components for R&D and production stage. For OEM system manufacturers, they will pay more attention to core technology R&D, as well as selling and marketing.
 - C. However, module sharing creates various risks, including uneven accessibility to the materials, weakened flexibility for diverse needs and possible recalls incurred by defective quality due to mass-produced parts.
- (5) The era of innovated vehicle-sharing model through the brand-new smart economy Smart car services taking into account both environmental protection and safety have become a recent focus of industry development. With the assistance of 5G, IoT and other vehicle networking features, real-time data analysis can help to create safety protection and achieve the purpose of performance improvement and cost reduction. According to the report from Deloitte, blockchain technology is an important key for building a smart life. Through linking the same standards, storing and sharing data from vehicle network, the real-time data sent to self-driving software will bring about the goal of safe and smart driving. (Lv4–Lv5) In addition, owing to the convenience and timeliness brought by the increase in urban population and prevalence of 5G and smart phone, it is expected that vehicle-sharing market will continue to grow. Moreover, real-time data sharing can also facilitate efficiency and safety when drivers picking up cars, checking for real-time available vehicles, and managing vehicle usages.

4.2 Global transmission market

- (1) Continuous technology and efficiency improvements for automatic transmission Technology developments in AT, CVT, and DCT all move toward reducing energy transmission loss for better efficiency.
- A. Multi-gear AT, ranging from four to nine gears, even ten gear positions. Higher gear positions can mitigate shift impacts, cut down fuel consumption, and therefore, are widely seen in high-end car models. Through technology progress and scale of economy, multi-gear ATs will become more common, moving from luxury models to mid-to-high models.
 - B. Continuous stability improvement for DCT. DCT, with high transmission efficiency and low fuel consumption, has been picking up rapidly recently for its various advantages like fast gear shifting and favorable fuel economy. However, overheating and wear-tear maintenance remain problematic and require continuous improvement from the car maker and transmission suppliers.
 - C. Increase torque capacity for CVT CVT comes in smooth driving and fuel saving but fair torque capacity. CVT functions better in mid-to-compact cars and is applied widely in Japan. The future development for CVT lies in torque capacity improvement to broaden applications and increase penetration in mid-to-compact market. For the advantages stated above, CVT is ideal for small family cars. With extending torque range, the applicability shall get broader, and it is expected to be widely used in mid-to-compact passenger cars in the future.

- (2) All types of automatic transmission will continue to exist for the distinctive features

Observed through recent technology trends and application scopes, new multi-gear ATs have accounted for a greater market share with continuous expansion, due to higher requirements for performance and stability from high-end passenger car market. For mid-to-low end market, it has been divided by CVT, DCT, and AT due to balance between costs and performance weighted by vehicle assemblers. In terms of the number of brand adoption, AT remains the mainstream, especially in North America where it commands an absolute dominant position. DC has an edge in the European market and is picking up rapidly in China. For CVT, it is mostly used in Japanese brands and independent brands. In the general trend, each automatic gearbox has its distinctive advantages which shall form a co-existing market shared by all types.

- (3) The rise of new energy vehicles will change the importance and development of gearboxes

A. Most of the current hybrid models are equipped with E-CVT continuously variable transmission, which does not have gears, but can indeed change driving speed. E-CVT is not to alter the engine speed, but to couple the power sources from the engine and the electric motor. Its physical and functional attributes are completely different from those of a conventional CVT.

Fuel economy is the major appeal for this type of vehicles, not the performance results. It is the electric motor powering the car, and the engine is often used as a reserved power for battery charging. There is no need for a transmission that specializes in the relationship between speed and torque.

B. As for battery EVs, the electric motor is much simpler than the internal combustion engine of a conventional car. The input power variation (equal to the fuel supply of the internal combustion engine) can fully meet the speed control needs of a car without a clutch or transmission for coordinate. An electric car is capable of functioning normally without the presence of a gearbox. When there is a gearbox, the ratio of motor speed to car speed can be adjusted to allow better motor efficiency at a given speed. However, transmission design is currently eliminated by the electric vehicle manufacturers due to the lack of technology needed. In order to reach a similar power performance after the elimination, car makers add motor power and battery capacity of greater output, which have increased the cost and weight. It is estimated that the electric vehicle transmission can bring 5% energy saving at least. In the future, EVs will mainly adopt transmission gearboxes of two to three speeds to improve the cruising mileage. And the demand of high speed from high-power motors will help push the precision and strength of gears to increase significantly.

C. With the advancing sales growth each year, new energy vehicles are propelling the demand of high-precision gears for high-power motors. The number of gears needed for these vehicles is smaller than that for traditional vehicle gearboxes. The price of a single gear is, however, much higher than that of traditional ones, which enhances the value of the gearbox, instead. In light of comfort requirements and expanding share of new energy vehicles, the high-precision gear is with great prospect. However the R&D for the gear will demand more funding from system or component manufacturers, which will result in higher costs and affect profitability. Therefore, outsourcing to professional makers to concentrate on core technologies seems the only solution. Still, the pursuit of gear precision and strength will intensify competition in the industry and oust small gear players. Eventually the production capacity will gradually be consolidated and in the hands of leading

gear makers that are able to operate globally.

(III) Technology and R&D Overview:

1. R&D expenses paid during the most recent year up to the printing date of the annual report
Unit: NT\$ thousand

Item	year	2023
R&D Expenses		58,827

2. Technologies or products developed during the recent year up to the printing date of the annual report

Year	R&D Results
2023	<p>■ Products:</p> <ul style="list-style-type: none"> . Successfully developed 6L80/6L90 Pump Cover . Successfully developed BOTTOM BELL-BODY . Successfully developed upper platen components . Successfully developed E-bike Reducer Full Gear 2 . Successfully developed automotive components_Shaft Output . Successfully developed the aerospace component _FS756 RH LOWER LATCH AND SENSOR . Successfully developed TOP BELL-TUBE . Successfully developed RACE, INNER STATOR . Successfully developed PULL-BACK PLATE . Successfully developed 5R55E GEAR, REAR PLANET PINION . Successfully developed E4OD SHAFT, OD, WITH PILOT, BEARING TYPE <p>■ Technology:</p> <ul style="list-style-type: none"> . Preliminary research on Spinning processing technology . Introduced the processing and clamping technology with magnetic suction cups . Introduced of floating tool for chamfering . Research on nitriding treatment (depth and hardness) of special alloy steel . Preliminary study of audio frequency resonant detection system
March 15, 2024	<p>■ Products:</p> <ul style="list-style-type: none"> . Successfully developed 2 automotive Drive Shafts including output shaft are under development . Successfully developed the industrial machinery hydraulic system PULL-BACK PLATE . 6L80_Oil Pump assy is under development . Oil Pump Housing & Stator Shaft and other 2 items are under development . The Industrial machinery component, Eccentric shaft is under development . Carrier transmission system is under development . Crown wheel of passenger car transmission system is under development . Passenger car transmission system Ring Gear Drum is under development . Electric vehicle Disc Drum COMPL is under development. . EV transmission system Carrier and other 2 items are under development . Oil Pump Reversing Housing, an electric truck is under development . Semi-conductor equipment components TOP BELL-TUBE is under development . Semi-conductor equipment component BOTTOM BELL-BODY is under

Year	R&D Results
	development . Hydraulic pump housing for industrial machinery is under development . Industrial machinery hydraulic system PULL-BACK PLATE is under development . E-Bike Reducer Gear is under development

(IV) Short- and Long-Term Development Planning

(1) AM Business

① Short Term

- A. Develop economy-of-scale production and logistic service to avail shipping warehouse of timely delivery to strengthen the capability of fast supply and real-time service.
- B. Improve equipment and production efficiency and bring up R&D and technology capabilities to obtain competitive cores and circumvent price wars for greater profitability.

② Mid-to-long Term

- A. Provide unique and various products and services, such as quality and price variances, based on business nature of customers, such as distributors, retailers and rebuilders.
Apply flexible and real-time production to become one of the best suppliers in the global automobile industry.
- B. Using core technologies and modularized molds from the Group to develop product categories of complex structures and high technology levels. Upgrade technologies and organization to international standards to complete and lead globally.
- C. With the growth in the number of cars and EVs, we make good use of the rich reverse engineering capabilities and proactively develop automatic transmission parts and components or EV parts and components with high unit price and high demand. We adopt smart production that moves toward smartification, lightweight, modulization and electric, as the Group's critical edge.
- D. Actively exploring new markets in the aerospace and semiconductor industries to reach the best craftsmanship and quality, and strategic thinking to revitalize the Group's development while moving toward a new era of globalization.

(2) OEMBusiness

① Short Term

- A. Consolidate internal and external group resources to strengthen links between the current product lineup to the application markets for maximizing resource efficiency and achieving the economy of scale in order to compete internationally.
- B. Continuous new account acquisition to push greater group sales. For example: (a) Strengthen the interaction with customers, extend from the customer company to its affiliates for market and product development. (b) Develop customers' competitors to promote development efficiency and consolidate order receiving resources.
- C. Establish warehousing service near customer locations to increase service value with timely shipments.
- D. In response to the rise of the new energy vehicle market, we will increase the exposure of the Company's parts in EVs and gasoline-powered vehicles, and actively promote Tsang Yow technology to explore business opportunities in the new energy market.

② Mid-to-long Term

- A. Co-work with customers according to their business nature, such as branded

customers and system assemblers (Tier 1 or 2). Continue to cultivate talent pools specialized in OEM product developments and production planning to enhance customer trust and obtain co-development projects in early designing stages.

- B. Grasp energy conservation product designs and lifecycles to grow the related technologies, in order to offer competitive products.
- C. Phase in specialized equipment and develop function testing technologies to win orders of high-end products (such as: boutique component parts) for broader product range and higher competition bar.

(3) OESBusiness

Leverage development experiences and accumulated technologies from AM to win orders from OES for greater sales volume.

II. Market, Production and Sales

(I) Market Analysis

1. Market analysis

(1) Sales Region of Core Products

Unit: NT\$ thousand

Region \ Year		2022 (Note)		2023	
		Amount	%	Amount	%
Domestic sales		26,555	1.97	12,864	1.08
International sales	America	920,723	68.32	804,990	67.47
	Europe	299,275	22.21	278,664	23.36
	Asia	101,082	7.50	96,558	8.09
	Other	-	-	-	-
Total		1,347,635	100.00	1,193,076	100.00

Note: In order to match the expression of the discontinued unit in the 2023 statement of comprehensive income, the consolidated company reclassifies the income items of the discontinued unit for 2022, and the revenue listed above does not include the discontinued department.

(2) Market Share

Taiwan's auto parts market is export-oriented, with the foreign after-sales maintenance market as the main force. Thanks to Taiwan's excellent design and manufacturing capabilities, as well as the advantages of flexible and diversified production in small quantities, Taiwan's quality has passed multiple certifications from various countries. The country has been deeply internationally competitive in terms of production value, and the output value has surpassed that of the automotive manufacturing industry for 10 consecutive years since 2013. In 2021, due to the global shortage of automotive chips and the tight supply for new cars, the domestic auto parts industry, which is mainly focused on the after-sales and maintenance market, has benefited. The export sales have grown significantly, and the output value has increased by 17.1% year-on-year, followed by 5.8% in 2022, with positive growth for two consecutive years. However, in 2023, due to the impact of the poor global economy, the speed of inventory adjustment by customers in Europe and the U.S. was different. As a result, the production value in the first half of the year was NT\$132.2 billion, and the growth rate narrowed to 0.3%.

The Company's main products are transmission components related to automotive components, including key components such as gearboxes, torque converters, booster boxes, and steering systems. Among them, the sales of gearbox components accounts for the proportion of the overall revenue. More than 80% of the total transmission system products are products derived from gearboxes. Our production value accounts for 6.6% of the total suspension and transmission sector, a subcategory of auto

component industry.

(3) Future market supply & demand and growth

In the auto market in 2023, as the chip shortage eased, automakers accelerated production and released the original backlog of orders. However, under the headwind environment of high interest rates and weak economic growth, it is anticipated that global automobile sales in 2024 will only have a small increase, totaling 88.3 million units. The figure might not climb back to pre-pandemic levels until 2025.

According to Wall Street Journal, all major industry players are striving building an extensive supplying chain to avoid the repeat of component shortages since the breakouts of pandemic, port congestion and Russia–Ukraine war. Global supply is under the process of reshaping. Auto makers previously heavily relying on China are looking for another new production base. Other than America and Europe’s building of semiconductor industries, all major car brands are leaving Chinese component suppliers and shifting orders, which might be a window of opportunities for Taiwanese component suppliers.

(4) Competitive Niche

① Flexible production and completed After-Market product lines

The Company started mainly as a torque converter component producer. With years of R&D efforts in truck clutches and auto transmission gearboxes, the business model changed from processing service supplier in the early years to oil hydraulic pump finishing, which has high added value. Later, Planet, the first gearbox component set, was delivered successfully and followed by the development project for Chrysler and the cooperation with Metal Industries Research and Development Centre for introducing electric welding technology. Several development projects were rewarded from major car brands, including GM for its electric vehicle transmission and 6-speed transmission after mover than 30 years of experience and technologies accumulated in the field of automatic transmission. The system is a key component part in automobile which requires precise molding procedure and electric welding technology through years of experience accumulation to meet the requirements, such as quality and high-precision pores, from the customers. Other than the mass production technologies and professional knowledge obtained through long-term customer projects from global satellite factories, the Company is holding the entire AM product lines in its hands to further enhance the economy-of-scale production by applying the mold fixtures and equipment With the reputation and strong image in auto transmission gearboxes, the Company has obtained further momentum for revenue and profitability growth.

② Ability to consolidate advantageous precision processing technologies to shorten development time of new products.

As a well-established component maker for gearboxes, the Company has been supplying to satellite plants (Tier1–Tier3) under major American and European car brands on a long-term basis. From early torque converter components to current gearboxes and planetary gear sets, the Company has been growing along with the customers’ expansion through its long, strong bonding relationship. The Company’s end customers are domestic and foreign leading car manufacturers, including GM, FORD, Jaguar, Ferrari, Range Rover, Volkswagen, Stellantis, Volvo, Mazda, and. other large groups. Mastering the core technology of key components for automatic transmissions, improving product functions through process design, and working with customers on collaborative development to provide products with higher competitive advantage than the original design quality and cost. This demonstrates the Company’s important position in the

automotive supply chain system. To leverage the high efficiency from the industry-cluster model, the Company has been long outsourcing production to its subcontractors after careful selection and evaluation for their production capabilities and technologies. Plus the molding know-how, together with our vendors, the Company is able to shorten the time needed for product developments and commercialization for the customers, which is also a vital competition edge.

- ③ Proven product quality through various certifications for further customer trust
Quality certifications received by the Company include ISO9002 in 1999 and QS 9000 in 2000 and ISO/TS 16949 in 2004, both globally recognized quality management standard for the automotive industry. The latter one has successfully upgraded to IATF16949 version in 2018. The Company even passed the AS9100D aerospace system certification in 2020. Starting from designs, development, production, quantity inspection and selling, each stage for bringing out a product is regulated by related system and operation regulation to ensure customer assurance and actual orders. As transmission component parts play an important role for gearbox performance, determining driving comfort and operation, the quality requirement is rather stringent. As a result, quality accreditation is a key factor to compete in automobile industry.

Other than receiving certification through various quality assurance agencies, the Company also strives to upgrade production technologies and invests in equipment for automatic production and inspection in order to cut down faults from human factors and control production quality. Other than the difficulty of obtaining quality certification, the Company's long and stable relations with global major brands have established a strong quality image, which continuously attracts new customers for business expansion.

- ④ High entry barrier

To enter the mainstream market for gearbox component parts, including torque converters, planetary gear sets, clutch hubs, hydraulic pumps, etc., various and complex technologies for metal processing and mass financial resources are required, which become natural barriers for average mid to small players. The Company has well-established production lines covering mold development, casting, forging, and hot treatments with several automatic inspection lines to join later on, which are not easy to compete with if not a big industry player. To match up, it will require vast resources including capital and production experience. In addition, each component co-developing with satellite factories takes two to three years to bring about for the time needed for design, product certification and plant testing. Due to the long and stringent procedures above, the business relations tend to stay long and do not change easily to ensure timely and complete supplies, which is another tough barrier for new players.

- (5) Positive and negative factors for future development, and the company's response to such factors.

- ① Positive factors:

1. Recently, the Company has diversified from the fields of AT, CVT and DC to hybrid and battery electric vehicles, from the fields of AT, CVT and DC in order to extend product and business ranges.
2. The introduction of full multi-station transfer and automatic transfer of large stamping equipment will meet the demand for large stamping capacity from OEM customers with competitive prices.
3. After years of experience in stamping and laser welding and the ability to develop stamping molds, an absolute advantage in sheet forming for lightweight is established.
4. With the completion of gear processing technologies and advanced machinery

along with laser welding and stamping work, the Company is more than ready to join the electric vehicle market and become a key player.

5. The capability to design fixture can conquer the deformation risk during the procedures of product lightening.
6. Through years of AM development projects, a considerable number of precision process and reverse engineering technologies have been accumulated, which will help to grasp AM developments in the future on the base of working relations with OEM service providers.
7. On top of years of experience from IATF 16949 quality system along with TPM and TPS, more trust will be gained from OEM customers for continuous opportunities through the solid operation system.

② Negative Factors:

1. The sluggish demand in the global auto market, overcapacity, and the huge investment pressure for electrified transformation have made cost reduction the main means for automakers to continue to make profits, which will reduce the profit margins of the supply chain.

Reactive Measures:

- a. Solid manufacturing ability to eliminate unnecessary waste for further cost reduction.
 - b. Increase automation level to bring about smart manufacturing, thus cutting down human labor and defect costs and staying competitive.
 - c. Continue innovation and cross-field cooperation to add value to the core business and create shared economy.
 - d. Obtain AS9001 certification to tap into aerospace component market for risk diversification.
 - e. Explore new directions for product development for broader product lines to increase revenue momentum.
2. Climate change and lack of energy/resource increase corporate operational risks. The lack of energy/resource and the dispute over the route of nuclear energy and natural resources have resulted in soaring and fluctuating prices.
 3. Some special materials or special processes are not easy to obtain, affecting the order-taking ability

Reactive Measures:

- a. Strengthen supply chain relationship to secure supplies and lower possible impacts.
 - b. Adopt global purchase to increase supply sources.
 - c. Accelerate new energy introduction or adjust manufacturing models (obsoleting old-generation production procedures).
 - d. Develop new energy products with full efforts to turn crisis into opportunities.
 - e. To cope with the global trend of carbon reduction, policies for carbon inventory checks and energy management along with relevant goals to support sustainable environment have been established.
3. Some special materials and production procedures are hard to obtain, which would affect order levels, due to insufficient group resource consolidation.

Reactive Measures:

- a. Increase the capability of accessing special materials and production procedures, integrate group supply system via layered management (AM and OEM) and search matching supplying alternatives to secure pricing and sources.
- b. Reengineer and adjust group resources according to the product portfolio. Products that are of low order volume and low added value will be eliminated or outsourced to maximized group interests.

4. R&D and core production technical and management talent is insufficient and difficult to develop, affecting new product development capability and development schedule.

Reactive Measures:

- a. Introduce technologies and talent, through the cooperation of industry, government, and academia, for gear design, precision finishing, functional testing, and mold tooling design to maintain organizational competitiveness.
 - b. Actively cultivate and retain talent, establish a successor development and employee remuneration plan, and improve the establishment of the knowledge base to ensure the inheritance of organizational knowledge.
5. Changes in geopolitical forces in major global markets in the areas of sustainability (e.g. EU Carbon Border Adjustment Mechanism (CBAM)), high technology (e.g. U.S. Chips Act), transparency (e.g. EU Digital Product Passport), and privacy (e.g. EU General Data Protection Rule (GDPR)) are likely to force the automotive supply chain to develop locally in Europe, the U.S. and China. The unclear political stance in the Taiwan Strait affects the international competitiveness of Taiwanese factories and triggers long-term business risks in the export market

Reactive Measures:

Accelerate regional economic deployment, establish short-term supply capacity, and enhance global competitiveness.

(II) Major Applications and Manufacturing Process of Core Products

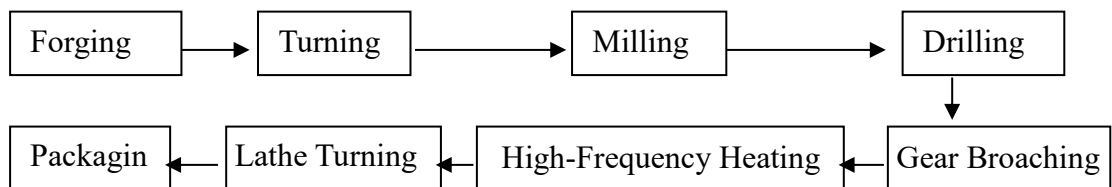
(1) 1. Major Applications of Core Products

Key Products	Major Applications
Automatic Transmission Parts for Automobiles	Drivetrain and clutch devices in automatic transmission in automobiles
Torque Converter Parts	Automobile engine and liquid torque converter in automatic transmission
Clutch Parts	Clutch Parts for heavy-duty trucks

(2) Manufacturing Process

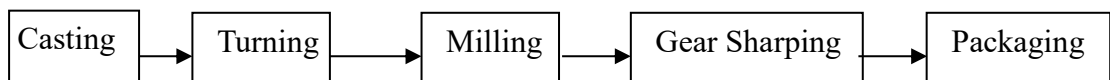
① Torque Converter Parts

From the example of Hub Turbine in Torque Converter:



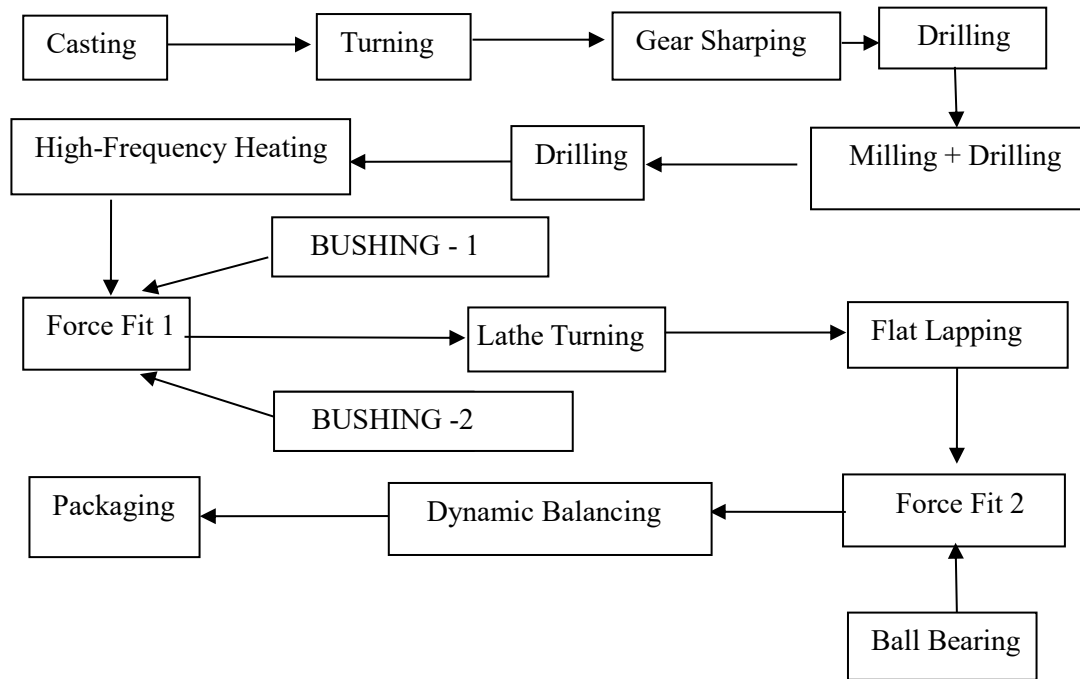
② Clutch Parts

From the example of ADJUSTING RING of Clutch:



③ Automatic Transmission Parts

From the example of 4L80E DRUM of Auto Transmission:



(III) Supply of Key Raw Materials

Key Materials	Key Suppliers	Status
Castings	Qin-Mei, Shin-Li, Year-Shan	Good
Forgings	Sun Forging, Jin-Shiang	Good
Purchased parts	Goang-Chyan, Yi-Jin	Good
Stamping	Chao-Yuan	Good

(IV) List of Suppliers (Customers) that Have Accounted for At Least 10% of Purchase (Sales) in One of the Past Two Years and Reasons for Changes:

1. List of Suppliers that Have Accounted for At Least 10% of Purchase in One of the Past Two Years, the Amounts and Percentages of the Purchase and Reasons for Changes: Unit: NT\$ thousand; %

Item	2022				2023			
	Title	Amount	As a percentage of the net purchase in the year (%)	Relation with the Company	Title	Amount	As a percentage of the net purchase in the year (%)	Relation with the Company
1	CMP	61,212	11.31	-	CMP	34,042	10.25	-
2	Create Steel	63,468	11.72	-	Create Steel	24,477	7.37	-
3	Other	416,746	76.97	-	Other	273,590	82.38	-
	Total Net Purchase	541,426	100.00		Total Net Purchase	332,109	100.00	

Note 1: Supplier names and transaction amount and the associated percentage that accounted for 20% purchase in the past two years. Codes can be used for suppliers who cannot be disclosed due to contract terms or who are individuals and not related parties.

Note 2: Financial data from listed or brokerage-traded companies that are reviewed or audited by the independent auditors shall be disclosed up to the printing date of the annual report.

Note 3: Departments that are closed for business are not included.

Changes and reasons:

The Company's main raw materials are forgings, castings, plates and bars. There was no significant change in the main suppliers in 2023 and 2022. CMP mainly provides castings, and Create Steel mainly provides rolled iron plates, all of which are raw materials for production purposes. The purchases from two suppliers in 2023 decreased mainly due to the decrease in customer orders. CMP was mainly affected by CS, and Create Steel was mainly affected by BW.

2. List of Customers that Have Accounted for At Least 10% of Net Sales in One of the Past Two Years, the Amounts and Percentages of the Purchase and Reasons for Changes: Unit: NT\$ thousand; %

Item	2022				2023			
	Title	Amount	As a percentage of the net sales in the year (%)	Relation with the Company	Title	Amount	As a percentage of the net sales in the year (%)	Relation with the Company
1	TS	266,093	19.75	-	BW	174,477	14.62	-
2	CS	167,281	12.41	-	TS	133,135	11.16	-
3	Other	914,261	67.84	-	Other	885,464	74.22	-
	Total Net Sales	1,347,635	100.00		Total Net Sales	1,193,076	100.00	

Note 1: Customer names and transaction amount and the associated percentage that accounted for 10% total sales in the past two years. Codes can be used for customers who cannot be disclosed due to contract terms or who are individuals and not related parties.

Note 2: Financial data from listed or brokerage-traded companies that are reviewed or audited by the independent auditors shall be disclosed up to the printing date of the annual report.

Explanation of increase/decrease:

The Company primarily engages in the processing, manufacturing and trading of automotive parts and components. The application scope covers

automotive and machinery industries. Our customers include well-known domestic and foreign automobile manufacturers and major automobile repair shops. The sales regions are mainly in America, Europe and Asia. In 2023, due to factors such as constant geopolitical conflicts, rising interest rates, and soaring inflation, the global economic situation remained sluggish, the demand in the end market was sluggish, and customers tended to be conservative in adjusting inventory, withdrawing goods, resulting in a decrease of 23% in the Group's revenue compared to the previous year.

(V) Production Volume and Production Value in the Past Two Years

Unit: thousand units; NT\$ thousand

Core products	Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Automatic Transmission Parts for Automobiles		7,032	4,571	701,736	4,014	2,609	576,432
Clutch parts for heavy-duty trucks		1,110	777	133,204	529	370	86,496
Drivetrain parts for industrial machinery		283	177	57,381	133	83	32,140
Automatic transmission components for ships		19	16	14,642	1	1	628
Parts finishing		23	16	11,407	4	3	320
Others		342	282	139,947	267	220	113,612
Total		8,809	5,839	1,058,317	4,948	3,286	809,628

Note 1: Production capacity is the total production from normal operation using current production facilities after factoring in the mandatory production suspension and national holidays.

Note 2: Capacity from substitute production facilities can be consolidated with additional notes.

Note 3: Departments that are closed for business are not included.

(VI) Sales Volume and Sales Value in the Past Two Years

Unit: thousand units; NT\$ thousand

Core products	Sales volume	2022				2023			
		Domestic sales		International sales		Domestic sales		International sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Automatic Transmission Parts for Automobiles		12	6,354	2,688	910,858	10	6,372	2,316	808,150
Clutch parts for heavy-duty trucks		-	-	791	166,591	-	-	464	132,088
Drivetrain parts for industrial machinery		-	-	162	70,589	-	-	105	61,509
Automatic transmission components for air conditioner compressors		-	-	-	-	-	-	-	-
Automatic transmission components for ships		-	-	-	-	-	-	-	-
Parts finishing		16	17,411	-	-	3	318	-	-
Others		20	2,790	252	173,042	-	6,174	230	178,465
Total		48	26,555	3,893	1,321,080	13	12,864	3,115	1,180,212

Note 3: Departments that are closed for business are not included.

III. The number of employees employed in the past two years and up to the annual report publication date, their average years of service, average age, and education levels:

Unit: person

Year		2022	2023	February 29, 2024
Number of Employees	Direct	367	212	216
	Indirect	195	149	147
	Total	562	361	363
Average Age		40.9	42.2	42.09
Average Years of Service		10.4	11.5	11.5
Education %	Ph.D.	0%	0%	0%
	Master's	4.45%	6.09%	6.06%
	College	36.65%	46.26%	45.73%
	High School	36.48%	42.66%	43.53%
	Others	22.42%	4.99%	4.68%

IV. Expenditure for Environmental Protection

List any losses by the Company in the most recent fiscal year and up to the printing date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, disposition dates, reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions). Disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation for the facts shall be provided: No losses as a result of environmental pollution and disposal and no penalties imposed.

V. Labor Relationship:

(I) Employee Welfare Measures, Advanced Study, Training, Retirement System, and Its Implementation, as well as Labor–Employer Agreements and Various Employee Rights and the Implementation Status:

➤ Employee Welfare Measures:

Other than competitive salary, holiday and performance bonuses and profit sharing, various employee benefit system and measures are listed as below:

1. For “Employee Safety Protection,” measures listed below are carried out by the individual business units according to the relevant regulations:
 - (1) Newly hired employees are entitled to labor insurance, and national health insurance to receive associated protection.
 - (2) Working uniform, including shoes and protection kits, are provided according to the job nature.
 - (3) Provide employee health checkup and special operation check.
 - (4) Establish employee safety office and occupational safety and health committee to carry out the related plans and operation.
2. For “Employee Life Improvement,” measures listed below are carried out by the individual business units according to the relevant regulations:
 - (1) Set up employee dormitory for employees of distant locations.

- (2) Set up cafeteria with related equipment and workers to provide free employee lunch and over-time meals
 - (3) Create, according to laws, the employee welfare benefit committee, where the Company appropriates certain percentages from the sales and other income every month for employee benefit purposes such as in-house social gatherings and other subsidies. Including, hospitalization care, wedding/funeral subsidy, birthday gifting, and allowances for holiday, company trips and club activities, as well as ad hoc employee group activities.
 - (4) Various types of club activities are offered from the employee welfare benefit committee for leisure activities after work.
 - (5) An employee app is created to consolidate information on all aid and welfare programs available, including newsletters from the Company and the employee welfare committee, social welfare resources, psychological counseling, retirement/wealth management/insurance information, health and healthcare information, occupation safety, and designated shops to create diversified choices of welfares and to strengthen internal information.
3. For “Improving Working Knowledge Level,”
- (1) The Company has established a complete training program, including professional skills, core competency, management skill training and related certification systems. The HR Department has dedicated training staff, which follows Talent Quality-management System, TTQS, hosting various employee skill training and workshop from time to time.
 - (2) Set up employee reading room for access to newspaper and magazines.
 - (3) Provide health seminar to assist employee create proper and correct health concepts.
4. For “Stabilizing Employee Retirement Life”:
- In accordance with the Labor Standard Act, the monthly retirement reserve 5.5% of employee monthly salary, is allocated and deposited in the Bank of Taiwan’s retirement pension account to prepare for employee’s retirement. Starting from July 1, 2005, for those who chose the new pension system for receiving pensions, 6% of the employee’s monthly salary is appropriated monthly by the Company to the personal account at the Labor Insurance Bureau. Employees can opt to draw down pension monthly or by a lump-sum amount based on individual account for benefits accumulated.
- Labor and Employer Negotiations and Employee Rights Upholding:
1. The Company complies with related labor laws and respects international basic working rights to ensure legal rights of employees with undiscriminating treatments, as well as reinforcing each management measure and procedure.
 2. The Company has established “Employee Complain Operation Details” with suggestion boxes placed in each plant to assist employee communication.
 3. The Company places high importance on two-way communication with employees. Other than regular employee meeting encouraging voluntarily counseling and cooperation, there are meetings from all levels to strengthen two-way talks in order to enhance harmony between labor and employer to achieve win-win for both sides.

(II) List any losses by the Company in the most recent fiscal year and up to the printing date of the annual report due to labor disputes (including any violations of the Labor Standards Act during labor inspection, information including disposition dates, reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions). Disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cyber Security Management

(I) Cyber security risk management framework, and policies, with concrete management programs and resources investments for the operation:

➤ **Cyber security risk management framework and management programs:**

1. The Company has set up the “Cyber Security Committee,” composed of top managers and hands-on members from the management program. Under the committee, there are committee chairman, taking up by the President or the representative, who will administer cyber security operation, research (review) the related policies, counterstatement and management for results from the related risk identifications, and supervise cyber securing reporting (including results from internal and external audits and possible improvement) from the operation execution unit (the Management Department under the General Administration Division) for reducing the risks and increase the management. The committee meets regularly (at least once a year) and convenes ad hoc meetings (according to the business needs and occurrence of cyber security incidents).
2. Through formulating the cyber security policy, as the action-taken guideline for planning and executing cyber security management system, the entire employee body are able to comply accordingly; and there is a communication standard to communicate with interested parties.
3. Cyber security risk evaluation and identification are implemented regularly. For high-risk items, after identification, the associated management program is formulated for a pertinent management mechanism to prevent internal and external threats from all sorts for cutting down cyber security risks.
4. For material information system, a framework of high availability (HA) and reliance, data backup, backed-up facility in remote location, as well as emergency planning and the related drills for every six months, is created to ensure efficacy of the protection mechanism for system recovery purpose. In addition, cyber security insurance has been purchased to shift the associated risks.
5. Based on operation involved, employees are given needed training and advocacy session to increase awareness and knowledge for cyber security from the entire employee body.

➤ **Cyber Security Policy:**

To ensure the confidentiality, integrity and availability from information assets, the Company has formulated a cyber security policy, which the entire employee body are required to follow, to establish the concept, “Cyber security, a responsibility of everyone,” and to receive related training for increasing the awareness of and knowledge about cyber security. In addition, risk evaluation and identification are implemented regularly in order to plan, carry out and review the associated operation guidance for continuously improving the management efficacy and conducting emergency recovery drills, so as to ensure the Company’s cyber security, to prevent information leaking, to meet the operation needs, and to assure customers’ trust.



➤ **Resources Investments for Cyber Security Operation:**

1. Annual plan and budgeting: A planned budget for cyber security management is made according to the unacceptable risks identified and submitted to “Cyber Security Committee” for approval and execution, and regularly report the results of management plan implementation and information security performance to the Board of Directors.
2. Staffing: a manager and a working crew.
3. Education training:
 - 3.1 In 2023, education training on information security was provided to 62 new hires to allow the understanding of information security policy and related requirements.
 - 3.2 Education and training on information security was provided in 2023. A total of 394 people completed information security training courses and information security tests to enhance the knowledge of information security among the employees and the importance of trade secret protection, while reducing the risk of trade secret leakage.
 - 3.3 In 2023, we conducted security tests on employees through phishing emails. Security seminars were arranged for employees who did not pass their tests in order to increase their security awareness and reduce the risk of email fraud and data leakage.
 - 3.4 In 2023, the information security executives and information security personnel received external information security education training courses, totaling 22 hours.
 - 3.5 In 2023, current affairs and actual cases were used to enhance the awareness of information security.
4. In 2023, 2 emergency response drills were conducted:
 - 4.1 Hacker attack response drill: The purpose is to quickly and effectively respond to and handle security incidents in accordance with the emergency response procedures, and quickly restore the affected systems and resources to reduce losses and interrupt business operations.
 - 4.2 Server backup recovery exercises: Mainly for the purposes of the shortening the recovery time when the information systems function abnormally and for the assurance of the validity, availability and correctness of recovered data.
5. A total of NT\$3.71 million was invested in the 2023 information security management plan:
 - 5.1 Signing of maintenance contracts for the replacement of old hardware, anti-virus, anti-hack, intrusion detection and other information security systems.
 - 5.2 Conducted security testing and vulnerability scanning of the website for services provided to external parties.
 - 5.3 Executed network information security health check to ensure that the network is safe and free of unsafe network activities and behaviors.
6. Information security related meetings:

In 2023, a total of 26 meetings related to information communication security management, information security policies and regulations were held. By doing this, we were able to ensure the continuous strengthening of the Company’s information security measures and the operation of information communication security management framework.
7. We joined the TWCERT/CC Alliance to quickly obtain the latest information on security threat intelligence, strengthen hacker intrusion prevention, and patch and upgrade vulnerabilities released by the alliance to reduce potential information security risks.

(II) The Losses by the Company Due to Major Cyber Security Incidents in the Most Recent Year and Up to the Printing Date of the Annual Report, Including the Possible Impacts, and the Countermeasures: None

VII. Important Contracts

Contract Type	Counter Party	Contract Start and End Dates	Summary	Restrictive Clause
Loan Agreement	First Commercial Bank	2018/12/19 - 2025/12/19	Secured mid-term loan of NT\$230 million, non-revolving	Collateral: real estate of Zhongshan Plant
		2023/10/30 - 2026/10/30	Mid-term loan of NT\$180 million, revolving	
	Mega International Commercial Bank	2018/11/19- November 19, 2028	Type A secured mid-term loan of NT\$150 million, non-revolving	Collateral: real estate of Zhongshan Plant 2
		2021/11/11- November 11, 2026	Type B mid-term loan of NT\$100 million, revolving	
	E.SUN Commercial Bank	October 04, 2018 - November 19, 2033	Secured long-term loan of NT\$ million, non-revolving	Collateral: real estate of Chenggong Plant
		October 04, 2018 - October 04, 2021	Mid-term loan of NT\$110 million, non-revolving	Collateral: not secured
		October 04, 2022 - April 04, 2024	Mid-term loan of NT\$45 million, non-revolving	Collateral: not secured
	Shanghai Commercial and Savings Bank	March 30, 2018- March 30, 2028	Secured long-term loan of NT\$190 million, non-revolving	Collateral: real estate of Zhongshan Plant 3
		December 30, 2019 - October 15, 2024 (Note 1)	Secured mid-term loan of NT\$50 million, non-revolving	Collateral: real estate of Zhongshan Plant 3
		August 17, 2022 - August 17, 2027	Secured mid-term loan of NT\$60 million, non-revolving	Collateral: real estate of Zhongshan Plant 3
	Taiwan Shin Kong Commercial Bank Co., Ltd.	-	For the medium-term loan, the credit line is NT\$30 million, and may be drawn on a revolving basis.	Collateral: not secured

Note 1: Repaid early on November 15, 2023.

Chapter Six. Financial Highlights

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Years

(I) Condensed Balance Sheets for the Past Five Years

1. Condensed Balance Sheet - International Accounting Standards (Consolidated Financial Statements)

Unit: NT\$ thousand

Item	Year	Financial Information for the Past Five Years(Note1)				
		2019	2020	2021	2022	2023
Current Assets		1,540,641	1,489,533	1,664,247	1,479,269	1,456,241
Property, Plant and Equipment(Note 2)		1,648,388	1,528,950	1,448,323	1,350,037	1,108,920
Intangible assets		15,143	12,411	14,429	9,839	5,018
Other Assets (Note 2)		19,316	29,921	8,438	4,369	14,328
Total Assets		3,299,649	3,146,395	3,214,552	2,923,951	2,623,076
Current Liabilities	Before Distribution	885,626	920,243	929,403	777,810	523,985
	After Distribution	936,892	950,781	960,107	890,391	661,129 (Note 2)
Non-current liabilities		878,287	746,199	796,312	507,794	268,889
Total Liabilities	Before Distribution	1,763,913	1,666,442	1,725,715	1,285,604	792,874
	After Distribution	1,815,179	1,696,980	1,756,419	1,398,185	930,018 (Note 2)
Equity Attributable to Shareholders of Parent Company		1,535,736	1,479,953	1,488,837	1,638,347	1,830,202
Share capital		1,030,865	1,030,865	1,030,865	1,030,865	1,030,865
Capital surplus		145,471	145,471	150,532	150,532	150,532
Retained earnings	Before Distribution	412,123	366,430	363,274	500,023	660,585
	After Distribution	360,857	335,892	332,570	387,442	523,441 (Note 2)
Other equity		(42,026)	(40,336)	(44,054)	(31,293)	-
Treasury shares		(10,697)	(22,477)	(11,780)	(11,780)	(11,780)
Non-Controlling Interests		—	—	—	—	—
Total equities	Before Distribution	1,535,736	1,479,953	1,488,837	1,638,347	1,830,202
	After Distribution	1,484,470	1,449,415	1,458,133	1,525,766	1,693,058 (Note 2)

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement for the last five years shall also be separately prepared.

* Financial information using Accounting Principles adopted by the R.O.C. shall be presented if the adoption of International Accounting Standards is less than five fiscal years.

Note 1: Information that has not been audited by CPA shall be noted.

Note 2: Revaluation dates and value shall be noted for assets revaluated during the year.

Note 3: Financial data from listed or brokerage-traded companies that are reviewed or audited by the independent auditors shall be disclosed up to the printing date of the annual report

Note 4: After-distribution figures are based on Board's decision or the resolutions of the shareholders' meeting of the following year.

Note 5: Financial data that are modified or re-compiled after notification from authoritative agencies shall be noted and explained.

Note: (1) Financial information above was either audited or reviewed by CPAs. (2) Approved by the Board and pending for a resolution from the shareholders' meeting.

2. Condensed Balance Sheet - International Accounting Standards (Parent Company Only)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Past Five Years (Note 1)					
	2019	2020	2021	2022	2023	
Current Assets	1,137,813	975,571	1,239,245	1,102,005	1,456,241	
Investment Using Equity Method	476,524	503,463	483,899	454,426	-	
Property, Plant and Equipment	1,336,968	1,264,484	1,228,781	1,170,432	1,108,920	
Intangible assets	15,015	12,324	13,667	9,194	5,018	
Other Assets	19,102	29,703	8,438	4,369	14,328	
Total Assets	3,031,713	2,840,970	3,019,987	2,784,047	2,623,076	
Current Liabilities	Before Distribution	617,690	614,818	734,838	632,191	523,985
	After Distribution	668,956	645,356	765,542	744,772	661,129 (Note 2)
Non-current liabilities	987,847	878,287	746,199	796,312	268,889	
Total Liabilities	Before Distribution	1,495,977	1,361,017	1,531,150	1,145,700	792,874
	After Distribution	1,547,243	1,391,555	1,561,854	1,258,281	930,018 (Note 2)
Share capital	1,030,865	1,030,865	1,030,865	1,030,865	1,030,865	
Capital surplus	145,471	145,471	145,471	150,532	150,532	
Retained earnings	Before Distribution	412,123	366,430	363,274	500,023	660,585
	After Distribution	360,857	335,892	332,570	387,442	523,441 (Note 2)
Other equity	(27,793)	(42,026)	(40,336)	(44,054)	-	
Treasury shares	8,877	(10,697)	(22,477)	(11,780)	(11,780)	
Total equities	Before Distribution	1,535,736	1,479,953	1,488,837	1,638,347	1,830,202
	After Distribution	1,484,470	1,449,415	1,458,133	1,525,766	1,693,058 (Note 2)

Note: (1) Financial information above was either audited or reviewed by CPAs. (2) Approved by the Board and pending for a resolution from the shareholders' meeting.

(II) Condensed Statements of Comprehensive Income for the Past Five Years

1 Condensed Statement of Comprehensive Income International Accounting Standards (Consolidated Financial Statements)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Past Five Years (Note 1)				
	2019	2020	2021	2022 (Note 3)	2023
Operating revenue	2,022,841	1,756,718	1,825,807	1,347,635	1,193,076
Operating gross margins	240,991	166,127	259,181	372,489	401,445
Income from Operation	27,282	(20,685)	32,891	192,147	233,500
Non-operating Income and Expenses	357	27,756	1,969	55,093	16,212
Net income before tax	27,639	7,071	34,860	247,240	249,712
Net Income from Operations of Continued Segments	27,829	10,300	29,606	204,873	196,592
Loss from Discontinued Operation	-	-	-	(39,483)	77,142

Item \ Year	Financial Information for the Past Five Years (Note1)				
	2019	2020	2021	2022 (Note 3)	2023
Current Net Income (Loss)	27,829	10,300	29,606	165,390	273,734
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(17,266)	(3,037)	(5,942)	14,824	30,702
Total Comprehensive Income (Loss)	10,563	7,263	23,664	180,214	304,436
Net Income Attributable to Shareholders of Parent Company	27,829	10,300	29,606	165,390	273,734
Net Income Attributable Non-Controlling Interests	—	—	—	—	—
Total Comprehensive Income Attributable to Shareholders of Parent Company	10,563	7,263	23,664	180,214	304,436
Total Comprehensive Income Attributable to Non-Controlling Interests	—	—	—	—	—
Earnings per Share	0.27	0.10	0.29	1.62	2.67

* If the Company has prepared parent company only financial statements, a condensed balance sheet and comprehensive income statement for the last five years shall also be separately prepared.

* For financial information less than five years old under the IFRS, the following table (2) shall be prepared separately by adopting the Accounting Principles adopted of the R.O.C.

Note 1: Information that has not been audited by CPA shall be noted.

Note 2: Financial data from listed or brokerage-traded companies that are reviewed or audited by the independent auditors shall be disclosed up to the printing date of the annual report.

Note 3: Loss from discontinued operation is presented net of tax.

Note 4: Financial data that are modified or re-compiled after notification from authoritative agencies shall be noted and explained.

Note: Financial information above was either audited or reviewed by CPAs.

2. Condensed Statement of Comprehensive Income - International Accounting Standards (Parent Company Only)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Past Five Years (Note1)				
	2019	2020	2021	2022	2023
Operating revenue	1,303,317	1,057,854	1,195,898	1,348,972	1,209,167
Operating gross margins	184,010	108,940	228,946	369,723	397,502
Income from Operation	42,973	(36,515)	58,179	184,408	232,996
Non-operating Income and Expenses	(7,575)	42,536	(20,822)	23,349	114,757
Net income before tax	35,398	6,021	37,357	207,757	347,753
Current Net Income (Loss)	27,829	10,300	29,606	165,390	273,734
Total Comprehensive Income (Loss) (Net of Tax)	(17,266)	(3,037)	(5,942)	14,824	30,702
Total Comprehensive Income (Loss)	10,563	7,263	23,664	180,214	304,436
Earnings per Share	0.27	0.10	0.29	1.62	2.67

Note: Financial information above was audited and certified by CPAs.

(III) CPAs' Opinions from the Past Five Years

Deloitte Taiwan

Year	2019	2020	2021	2022	2023
Name of CPA	LIU, YU-HSIANG WU, CHIU-YEN	CHIANG, JIA-LING LIU, YU-HSIANG	CHIANG, JIA-LING LIU, YU-HSIANG	CHIANG, JIA-LING WU, CHIU-YEN	CHIANG, JIA-LING WU, CHIU-YEN
Audit Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

II. Financial Analysis from the Past Five Years (Note 1)**1. Financial analysis- International Financial Accounting Standards (Consolidated Financial Statements)**

Year (Note 1)		Financial Analysis for the Past Five Years (Note 1)				
		2019	2020	2021	2022	2023
Analysis Item (Note 3)						
Capital Structure (%)	Debt Ratio	53.45	52.96	53.68	43.96	30.22
	Long-Term Funds to Property, Plant and Equipment Ratio	145.56	144.09	156.28	158.03	188.60
Liquidity Ratio (%)	Current Ratio	173.96	161.86	179.06	190.18	277.91
	Quick Ratio	101.56	114.99	124.53	120.44	206.84
	Times Interest Earned (Times)	2.59	1.48	4.09	15.33	30.65
Operating capacity	Average Collection Turnover (Times)	2.96	2.73	3.02	3.53	3.50
	Days Sales Outstanding	123	134	121	103	104
	Average Inventory Turnover (Times)	2.48	2.97	3.35	2.70	2.32
	Average Payment Turnover (Times)	5.63	5.58	4.58	4.10	3.68
	Average Inventory Turnover Day	147	123	109	135	157
	Property, Plant and Equipment Turnover (Times)	1.24	1.1	1.22	1.27	1.07
	Total Assets Turnover (Times)	0.58	0.54	0.57	0.58	0.47
Profitability	Return on Total Assets (%)	1.15	0.64	1.19	5.72	9.66
	Return on Equity (%)	1.77	0.68	1.99	10.57	16.49
	Pre-tax Income to Paid-in Capital Ratio (%)	2.68	0.68	3.38	19.34	32.73
	Net Margin (%)	1.37	0.58	1.62	9.23	19.93
	Earnings per Share (NT\$)	0.27	0.10	0.29	1.62	2.67
Cash Flow	Cash Flow Ratio (%)	27.34	39.85	26.70	47.88	69.78
	Cash Flow Adequacy Ratio (%)	65.29	73.87	83.91	129.44	230.40
	Cash Flow Reinvestment Ratio (%)	4.94	9.20	6.80	11.24	9.63
Leverage	Operation Leverage	7.33	(6.65)	5.52	1.91	1.52
	Financial Leverage	2.18	0.61	1.46	1.09	1.06

Year (Note 1) Analysis Item (Note 3)	Financial Analysis for the Past Five Years(Note1)				
	2019	2020	2021	2022	2023
Reasons for Changes in the Financial Ratios in the Past Two Years. (If the Increase/Decrease Change Is Less Than 20%, the Analysis Is Not Required)					
1. Debt-to-asset ratio, current ratio, and quick ratio: In 2023, the balance of liabilities decreased due to the repayment of borrowings, resulting in a decrease in debt-to-asset ratio and an increase in current ratio and debt ratio.					
2. Times interest earned, return on assets, return on equity, pre-tax income to paid-in capital ratio, net margin, earnings per share, cash flow ratio: Pre-tax income in 2023 increased was due to the disposal of a subsidiary, resulting in an increase in times interest earned, return on assets, return on equity, pre-tax income to paid-in capital ratio, net margin, earnings per share, and cash flow ratio.					
3. Cash flow adequacy ratio: There was a net cash inflow from the disposal of subsidiaries in 2023, but the capital outflow and inventory decreased due to the disposal of subsidiaries, resulting in an increase in cash flow adequacy ratio.					
4. Operating leverage: The operating leverage decreased in 2023 due to the decrease in operating revenue in 2022 from the disposal of subsidiaries.					

2. Financial Analysis - International Accounting Standards (Parent-Only)

Year (Note) Item (Note 3)	Financial Analysis for the Past Five Years(Note1)					
	2019	2020	2021	2022	2023	
Capital Structure(%)	Debt Ratio	49.34	47.90	50.70	41.15	30.22
	Long-Term Funds to Property, Plant and Equipment Ratio	179.46	174.23	184.21	182.28	188.6
Solvency (%)	Current Ratio	184.20	158.67	168.64	174.31	277.91
	Quick Ratio	110.33	107.65	114.84	105.49	206.84
	Times Interest Earned (Times)	3.31	1.45	4.54	17.31	33.69
Operating capacity	Average Collection Turnover (Times)	3.24	3.77	4.24	5.85	5.70
	Days Sales Outstanding	113	97	86	62	64
	Average Inventory Turnover (Times)	2.20	2.48	2.74	2.37	2.02
	Average Payment Turnover (Times)	6.48	8.47	4.76	4.24	4.63
	Average Inventory Turnover Day	166	147	133	154	181
	Property, Plant and Equipment Turnover (Times)	1.01	0.81	0.93	1.07	0.98
	Total Assets Turnover (Times)	0.41	0.36	0.41	0.46	0.45
Profitability	Return on Total Assets (%)	1.18	0.66	1.27	6.03	10.43
	Return on Equity (%)	1.77	0.68	1.99	10.57	15.78
	Pre-tax Income to Paid-in Capital Ratio (%)	3.43	0.58	3.62	20.15	33.73
	Net Margin (%)	2.13	0.97	2.47	12.26	22.63
	Earnings per Share (NT\$)	0.27	0.10	0.29	1.62	2.67
Cash Flow	Cash Flow Ratio (%)	33.84	39.92	21.52	53.59	64.90
	Cash Flow Adequacy Ratio (%)	63.39	70.81	72.24	109.98	195.56
	Cash Flow Reinvestment Ratio (%)	4.83	6.98	4.71	11.81	8.65
Leverage	Operation Leverage	3.56	(1.82)	2.69	1.53	1.35
	Financial Leverage	1.41	0.76	1.19	1.07	1.04

Item (Note 3)	Year (Note)		Financial Analysis for the Past Five Years(Note1)				
	2019	2020	2021	2022	2023		
Reasons for Changes in the Financial Ratios in the Past Two Years. (If the Increase/Decrease Change Is Less Than 20%, the Analysis Is Not Required)							
1. Debt to assets ratio and cash flow ratio: Due to the repayment of borrowings, the balance of liabilities decreased in 2023 (affecting current and non-current liabilities), resulting in a decrease of debt to assets ratio and cash flow ratio.							
2. Current ratio: In 2023, the disposal of subsidiary resulted in a net cash inflow of NT\$477,784 thousand, resulting in an increase in current assets and an increase in current ratio.							
3. Times interest earned, return on assets, return on equity, pre-tax income to paid-in capital ratio, earnings per share: Pre-tax income in 2023 increased was due to the disposal of a subsidiary in China, resulting in an increase in investment income, times interest earned, return on assets, return on equity, pre-tax income to paid-in capital ratio, and earnings per share.							
4. Net margin: The net operating revenue decreased in 2023, but the net profit before tax increased due to the increase in investment income from the disposal of subsidiaries in China. The aforementioned factors all resulted in the increase of net profit margin.							
5. Cash flow adequacy ratio: In 2023, the net cash inflow from operating activities in the most recent five years increased from 2022, but the capital expenditure in the most recent five years decreased (due to the expenses of plant and equipment and inventories), resulting in an increase in the cash flow adequacy ratio.							
6. Cash reinvestment ratio: The increase in cash dividend distributed in 2023 compared to 2022 resulted in a decrease in the remaining cash less dividends paid from cash inflow from operating activities and resulting in a decrease in cash reinvestment ratio.							

* Unconsolidated condensed financial analysis from the past 5 years shall be presented when unconsolidated financial statements are available.

* Financial information using in Accounting Principles adopted by the R.O.C. shall be presented in the table below (2) if the adoption of International Accounting Standards is less than five fiscal years.

Note 1: Information that has not been audited by CPA shall be noted.

Note 2: Financial analysis from listed or brokerage-traded companies that are reviewed or audited by the independent auditors shall be disclosed up to the printing date of the annual report.

Note 3: Calculation formulas are stated as follows:

1. Capital Structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-Term Funds to Property, Plant and Equipment Ratio = (Total Equity + Non-Current Liabilities) / Net Property, Plant and Equipment

2. Liquidity Ratio

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expense) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expense

3. Operation Analysis

(1) Average Collection Turnover (Including Trade Receivables and Notes Receivable Resulted from Business Operation) = Net Sales / Average Accounts Receivable (Including Trade Receivable and Notes Receivable Resulted from Business Operation)

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Goods Sold / Average Inventory

(4) Average Payment Turnover (Including Trade Payables and Notes Payable Resulted from Business Operation) = Cost of Goods Sold / Average Accounts Payables (Including Trade Payables and Notes Payable Resulted from Business Operation)

(5) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4 Profitability Ratios

(1) Return on Total Assets = [Net Income+ Interest Expenses x (1 - Effective Tax Rate)] / Average Total Assets

(2) Return on Equity = Net Income to Owners of the Corporation / Average Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings per Share = (Net Income Attributable to Shareholders of Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding. (Note 4)

5. Cash Flow Ratios
 - (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
 - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of (Capital Expenditures + Inventory Additions + Cash Dividend)
 - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital) (Note 5)
6. Leverage:
 - (1) Operating Leverage = (Net Revenue - Variable Cost) / Income from Operations (Note 6)
 - (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: The calculation for earning per share has factored in the follows:

1. Weighted average shares are adopted, instead of the number of shares issued at the end of the year
2. The floating period shall be taken into consideration for calculation of weighted average shares when there are new shares issued for new cash capital or treasury shares.
3. When there are new shares converted from earnings or capital surplus, the newly added capital shall be adjusted retrospectively when calculating yearly and half-year earnings per share, without consideration for the issuing period.
4. Yearly dividends (whether distributed or not) for non-convertible preferred shares shall be subtracted from net income or added back to net loss. For non-accumulative preferred shares, the dividends shall be subtracted from net income, or no adjustment when net loss.

Note 5: The calculation for cash flow ratios has factored in the follows:

1. Cash from operating activities means net cash provided by operating activities under the statement of cash flows.
2. Capital expenditures means cash outflow from yearly capital expenditures.
3. Inventory addition only included for the calculation when the beginning balance is bigger than the ending balance. No inclusion needed if the ending balance is lower than the beginning balance.
4. Cash dividends include dividends for both common and preferred shares.
5. Gross property, plant and equipment is the assets value without deduction for amortization.

Note 6: Issuers shall, based on the nature, break cost of goods sold and operation expenses into fixed and variable categories. Any classification involved estimation or objective judgment shall be reasonable and remain consistent.

Note 7: Shares issued without par or not NT\$10 at par, the calculation involved paid-in capital above shall change to equity attributable to shareholders of parent company in the balance sheet.

III. For Audit Committee's Review Report from the most recent year: please refer to p.98.

IV. For the financial report from the most recent year, including the independent auditor's report, two-year comparative statements, including balance sheets, statements of comprehensive income, change of equity, and cash flow, as well as the footnotes or attached tables: Please refer to the Attachment II, Consolidated Financial Reports on p.187 to 253.

V. Parent company only financial statement for the most recent fiscal year, audited and certified by a CPA, but not including the statements of major accounting items: Please refer to the Attachment I on p.110 to 186.

VI. Financial difficulties experienced by If the Company or its affiliates in the most recent year up to the printing date of the annual report, with the explanation on impacts to the Company's financial situation: None

TSANG YOW INDUSTRIAL CO.,LTD.

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2023 Parent-only and Consolidated Financial Reports, Business Report, and proposals of earnings distribution. The Financial Reports mentioned above have been audited by CHIANG, JIA-LING and WU,CHIU-YEN of Deloitte Taiwan with unqualified opinion issued. All the reports and statements above were prepared by the Board of Directors and have been reviewed and determined to be correct and accurate by the Audit Committee members. Therefore, we hereby submit this report in accordance with Article 219 of the Company Act and Article 14-4 and 36 of the Securities and Exchange Act. Please review accordingly.

Sincerely,

TSANG YOW INDUSTRIAL CO.,LTD.
2024 Annual Shareholders' Meeting

Chairman of Audit Committee : OU,CHIN-SHYH

March 7, 2024

Chapter Seven. Analysis of Financial Position and Financial Performance, and Risk Events

I. Financial Position

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	End of 2022	End of 2023	Difference	
			Amount	%
Current Assets	1,479,269	1,456,241	(23,028)	(1.56)
Property, Plant and Equipment (Note)	1,350,037	1,108,920	(241,117)	(17.86)
Intangible assets	9,839	5,018	(4,821)	(49.00)
Other Assets	4,369	14,328	9,959	227.95
Total Assets	2,923,951	2,623,076	(300,875)	(10.29)
Non-Current Liabilities (Note)	777,810	523,982	(253,828)	(32.63)
Long-term Liabilities (Note)	495,178	261,303	(233,875)	(47.23)
Other liabilities	5,945	4,887	(1,058)	(17.80)
Total Liabilities	1,285,604	792,874	(492,730)	(38.33)
Common Stock Capital	1,030,865	1,030,865	—	—
Retained Earnings (Note)	500,023	660,585	160,562	32.11
Other Equity (Note)	(31,293)	-	31,293	(100.00)
Treasury shares	(11,780)	(11,780)	-	-
Non-Controlling Interests	—	-	-	-
Total Shareholders' Equity	1,638,347	1,830,202	191,855	11.71

Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years (if there is a 10 percent or more variation in the monetary amounts, and if such sum has reached NT\$10 million), describe the effect thereof, and measures to be taken in response:

1. Property, plant, and equipment: The disposal of a subsidiary in China included in the consolidated financial statements had a large net transfer of property, plant and equipment in 2023.
2. Current liabilities: The decrease in payables due to the disposal of subsidiaries in China included in the consolidated statements in 2023 and the repayment of borrowings in 2023 are also contributing factors.
3. Long-term liabilities: Mainly due to the repayment of borrowings in 2023.
4. Retained earnings: Mainly due to the total comprehensive income in 2023 is greater than the amount of cash dividends.
5. Other equity: due to the disposal of a subsidiary in 2023, the exchange differences on the financial statements of foreign operations under other equity are reclassified to current profit or loss.

In summary, the difference between the two years is mainly due to the disposal of subsidiaries in China.

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	End of 2022	End of 2023	Difference	
				Amount	%
Other Assets (Note)		1,102,005	1,456,241	354,236	32.14
Long-term Equity Investment		454,426	-	(454,426)	(100.00)
Property, Plant and Equipment		1,170,432	1,108,920	(61,512)	(5.26)
Intangible Assets (Note)		9,194	5,018	(4,176)	(45.42)
Other Assets (Note)		4,369	14,328	9,959	227.95
Total Assets		2,784,047	2,623,076	(160,971)	(5.78)
Non-Current Liabilities (Note)		632,191	523,985	(108,206)	(17.12)
Long-term Liabilities (Note)		495,178	261,303	(233,875)	(47.23)
Other Liabilities (Note)		5,945	4,887	(1,058)	(17.80)
Total Liabilities		1,145,700	792,874	(352,826)	(30.80)
Common Stock Capital		1,030,865	1,030,865	-	-
Retained Earnings (Note)		500,023	660,585	160,562	32.11
Other Equity (Note)		(31,293)	-	31,293	(100.00)
Treasury Shares (Note)		(11,780)	(11,780)	-	-
Total Shareholders' Equity		1,638,347	1,830,202	191,855	11.71

Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years (if there is a 10 percent or more variation in the monetary amounts, and if such sum has reached NT\$10 million), describe the effect thereof, and measures to be taken in response:

1. Current assets: In 2023, there was net cash inflow from the disposal of subsidiary, resulting in an increase in current assets.
2. Long-term equity investment: As the Company disposed of all subsidiaries in 2023, the balance of long-term equity investment in the account is zero.
3. Current liabilities: Mainly due to the repayment of borrowings in 2023.
4. Long-term liabilities: Mainly due to the repayment of borrowings in 2023.
5. Retained earnings: Mainly due to the total comprehensive income in 2023 is greater than the amount of cash dividends.
6. Other equity: due to the disposal of a subsidiary in 2023, the exchange differences on the financial statements of foreign operations under other equity are reclassified to current profit or loss.

In summary, the difference between the two years is mainly due to the disposal of subsidiaries in China.

II. Financial Performance

(I) Analysis and explanation of major changes in revenue, income from operation and pre-tax income from the past two years:

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (Decrease)	Change (%) (%)
Net operating revenue	1,347,635	1,193,076	(154,559)	(11.47)
Operating costs	975,146	791,631	(183,515)	(18.82)
Operating gross margins	372,489	401,445	28,956	7.77
Income from Operation (Loss)	192,147	233,500	41,353	21.52
Non-operating Income and Expenses (Note)	55,093	16,212	(38,881)	(70.57)
Income before tax from continuing operations	247,240	249,712	2,472	1.00
Income Tax Benefit (Expense) (Note)	(42,367)	(53,120)	(10,753)	25.38
Net income from continuing operations	204,873	196,592	(8,281)	(4.04)
Income from Discontinued Operation (Loss) (Note)	(39,483)	77,142	116,625	(295.38)
Current Net Income (Loss)	165,390	273,734	108,344	65.51

If there is a 20 percent or more variation in the monetary amounts, and if such sum has reached NT\$10 million or more, an analysis of the variation is provided:

1. Gross operating profit: The Company mainly exports to Europe and the United States. Due to the appreciation of the US dollar, the optimization of product selling price and structure increased the gross profit margin of the product in 2023.
2. Non-operating income and expenses: The difference is mainly due to the gain or loss of foreign currency exchange.
3. Income tax expenses: The increase in pre-tax net profit is the main reason, and the additional tax on undistributed earnings in 2023 is one of the contributing factors.
4. Net income (loss) from the discontinued operation: Mainly due to the gain of NT\$157,523 thousand from the disposal of subsidiaries in 2023.

Note: Excluding realized (unrealized) loss from transaction from affiliated companies

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (Decrease)	Change (%)
Net operating revenue	1,348,972	1,209,167	(139,805)	(10.36)
Operating costs	979,249	811,665	(167,584)	(17.11)
Gross Profit (Note)	369,723	397,502	27,779	7.51
Income from Operation (Loss) (Note)	184,408	232,996	48,588	26.35
Non-operating Income and Expenses (Note)	23,349	114,757	91,408	391.49
Pre-tax Income from Operations of Continued Segments (Note)	207,757	347,753	139,996	67.38
Income Tax Benefit (Expense) (Note)	(42,367)	(74,019)	(31,652)	74.71
Net Income from Operations of Continued Segments (Note)	165,390	273,734	108,344	65.51
Current Net Income (Loss)	165,390	273,734	108,344	65.51
If there is a 20 percent or more variation in the monetary amounts, and if such sum has reached NT\$10 million or more, an analysis of the variation is provided:				
1. Non-operating income and expenses: Due to the increase in investment income from the disposal of subsidiaries in China, the non-operating income and expenditure increased in 2023 compared with 2022.				
2. Income tax expenses: The increase in pre-tax net profit is the main reason, and the additional tax on undistributed earnings in 2023 is one of the contributing factors.				

Note: Excluding realized (unrealized) loss from transaction from affiliated companies

(II) Sales forecast and the basis therefor, with the effect on the Company's financial operations, as well as measures taken in response: Not applicable.

III Cash Flow:

(I) Analysis of liquidity from the past two years:

Unit: NT\$ thousand

Item	2022	2023	<u>Changes and Reasons:</u>
Net cash inflow from operating activities	372,480	326,937	(45,543)
Net Cash from Investment Activities	(32,228)	463,159	495,387
Net Cash from Financing Activities	(449,293)	(453,260)	(3,967)

Data source: Audited and certified consolidated financial statements by CPAs.

Analysis of Cash Flow Changes from the Current Year:

- (1) Net cash inflow from operating activities decreased by NT\$45,543 thousand, mainly due to the disposal of gains on subsidiaries and the decrease in inventories.
- (2) Net cash inflow from investing activities increased by NT\$495,387 thousand, mainly due to the disposal of subsidiaries.
- (3) Net cash outflow from financing activities decreased by NT\$3,967 thousand was mainly attributable to the repayment of long-term and short-term loans.

(II) Improvement plan for insufficient liquidity: Not applicable.

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Cash Balance at the Beginning of the Year A	Estimated Net Cash Flow from Operation Activities throughout the year B	Projected cash flow for the year C	Projected cash surplus (deficit) A+B- C	Possible Remedy Measure Taken for the Shortage	
				Investment Plan	Financing Plan
860,249	205,188	340,708	724,729	-	-
Analysis and Explanation (1) Operation Activities: Net cash inflows from operating activities was attributable to the increase in net change in cash inflows from assets and liabilities. (2) Investment Activities: Net cash outflow from investing activities was attributable to the acquisition of machinery and equipment. (3) Financing Activities: Net cash outflow from repayment of long-term borrowings and payment of cash dividends. (4) Remedial measures for expected cash shortage: In view of the above effects, the Company is expected to have sufficient working capital throughout the year, and no cash shortage has occurred.					

IV. Impacts from Major Capital Expenditures to the Financials in the Most Recent Year:

Major capital expenditures spent in the most recent year were mostly specific equipment and machinery for upgrading manufacturing technologies and enhancing breakthrough capacity. Most funding came from operation capital and bank borrowings, which have not caused significant impacts to the financial operation.

V. The reinvestment policy for the most recent year, with main reasons for the profits/losses generated, the improvement plans, and investment plans for the following year.

December 31, 2023 Unit: NT\$ thousand

Item	Explanation	Investment Cost	Recognized investment gains and losses in the most recent year	Policy	Main Reason for Profit/Loss
GiantFinanceInc.		449,023	<u>154,794</u>	Developing international trading business	Loss from subsidiaries in Mainland China
All – Aspect International Corp.		1,621	<u>1,179</u>	Developing international trading business	Revenue from re-exportation business
Business International Corp.		463,429	169,653	Developing international trading business	Loss from subsidiaries in Mainland China
Wuxi Tsang Yow Auto Parts Co., Ltd.		293,538	(45,752)	R&D capability improvement to enable stability on finishing quality and production speed	Slow-down global car market due to lower economic growth in China and impacts from the trade war between the U.S.A. and China.

YORU Tech SDN. BHD	-	-	Purchasing land and equipment to complete the preparatory stage for the plant construction as soon as possible	The company is preparing for its new establishment and has not yet entered the stage of mass production.
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The Company invested more than 60% of paid-in capital in the venture. It is stipulated in the Articles of Incorporation that when becoming a shareholder of a limited liability venture, the Company is not bonded by Article 13 under the Company Act, provided it is not 100%-held.

Improvement Plans, and Investment Plans for the Following year:

In 2023, the Company sold Wuxi Tsang Yow Auto Parts Co., Ltd. and dissolved and liquidated three offshore companies (Giant Finance Inc. & Business International Corp. & All- Aspect International Corp.). In addition, YORU Tech Sdn. BHD. was established in Malaysia by a joint venture with an estimated investment of US\$6.6 million to produce and sell semiconductors and medical-related components. The Company strives to improve its technological advantages, promote product transformation, enter new areas of the industry and diversified product markets, and increase revenue and capacity.

VI. Risk Events Analysis and Evaluation

(I) The Impacts of Interest Rate, Exchange Rate Changes and Inflation on the Company's Profit and Future Countermeasures:

(1) Change of interest rate

The interest rate range for long-term and short-term bank borrowings of the Company in 2023 was about 1.65%. In recent years, the market interest rates have mostly fluctuated at a low level, which is conducive to the Company's negotiation of financing interest rates. The Company has dedicated financial personnel that evaluate bank lending rates from time to time and pay close attention to international and domestic financial markets, as well as maintaining close relations with banks to obtain favorable funding rates and ample credit lines.

(2) Change of exchange rates

The export of the Company's products accounts for about 80% of the overall operating revenue. The export of products is mainly denominated in US\$, EUR and RMB. The overall operation of the Company adopts a net position for natural hedging. The foreign exchange gains and losses of the Company for 2022 and 2023 were NT\$63,681 thousand and NT\$2,776 thousand, respectively, accounting for 25.76% and 1.11% of the net income before tax for 2022 and 2023, respectively. In order to avoid the possible impact of exchange rate fluctuations on profits, the Company maintains close contact with major banks, and fully grasps the changes in the foreign exchange market as the basis for the quotation of sales personnel. This is to reduce the impact of exchange rate fluctuations on the Company's operating profits.

(3) Impacts from inflation

Quotes provided to the Company's customers are adjusted by market condition, so that inflation impacts are limited. In addition, the Company pays close attention to price fluctuation in the market. There have not been imminent significant incidents caused by inflation.

(II) Policies on Engaging in High-risk and High-leverage Investments, Lending Funds to Others, and Endorsements and Guarantees, as well as Derivative Transactions, Main Causes of Profit and Loss as well as Future Countermeasures:

The Company has not engaged in high-risk and high-leverage investments, or derivative

trading. In addition, the Company has formulated the “Procedures for the Acquisition or Disposal of Assets,” “Detailed Rules on Loaning of Funds to Others” and “Procedures for Providing Endorsements/Guarantees” and approved by the shareholders’ meeting. These are to be followed by the Company and its subsidiaries when engaging in related activities. As of the publication date of the annual report, as the Company has sold Wuxi Tsang Yow Auto Parts Co., Ltd., and liquidated three offshore companies, namely Giant Finance Inc., Business International Corp., and All-Aspect International Corp., there was no loaning of funds or endorsements/guarantees between subsidiaries.

(III) Future R&D Projects and Expected Investments:

◆ Future R&D Projects

- Transmission 4L60E Pump, Ring gear PGS3 drum, Reversing Housing, Pump Cover, Pump Housing, Carrier, Crown Wheel, etc. 9 items
- 13 industrial machinery parts
- 3 semi-conductor equipment parts
- Disc Drum Completed: 1

◆ Expected R&D expenses in 2024: NT\$50,044 thousand

(IV) Impacts from Changes of Important Domestic/Foreign Policies and Laws to the Company’s Financials, and Countermeasures:

The Company always operates in accordance with domestic and international laws and regulations and pays close attention to the latest policies and law updates to assist in management decision-making, as well as modifying the internal control system and operation activities for business stability. For the recent year up to the printing date of the annual report, there had not been impacts to the financials due to changes of important domestic/foreign policies and laws.

(V) Impacts of Changes in Technology (including Cyber Security Risks) and Industry on the Company’s Financials and Countermeasures:

The sales and R&D departments always study market and technology trends and keep close attention to supply/demand dynamic and new technology and impacts to the Company brought by technology and market. The Company will continue upgrading production quality and efficiency and will make efforts in new product development for better competitiveness. Therefore, there had not been impacts on the financials due to changes in technology and industry.

(VI) Impacts of Change of Corporate Image on the Crisis Management and Countermeasures:

The Company upholds business principles of professionalism and integrity and places great importance on corporate image and risk control to obtain employee solidarity and customer recognition. For the most recent year up to the printing date of the annual report, there had not been crisis incidents due to changes of corporate image.

(VII) Expected Benefits and Possible Risks Brought by Merger and Acquisitions, and Countermeasures:

Up to the printing date of the annual report, there had not been any mergers and acquisition plans.

(VIII) Expected Benefits and Possible Risks Brought by Any Plant Expansion, and Countermeasures:

For the most recent year up to the printing date of the annual report, expected benefits from plant expansion included better production yield and efficiency and possibilities for new customer orders. The funding expansion mainly came from steady operation cash flows and bank borrowings, which have not caused potential for significant risks.

(IX) Risks from Concentrating Sales or Purchasing, and Countermeasures:

(1) Purchasing

The Company adopts a diversified – purchasing network: There are more than two long-term supplying sources for every key material. In the meantime, sourcing for new suppliers is conducted on an on-going basis to avoid material shortage or manufacturing suspension. Therefore, the Company is not exposed to the risk of concentrated purchase.

(2) Sales

Core products of the Company include parts used in automobile automatic transmission, clutch parts for heavy-duty trucks, and drivetrain parts for industrial machinery, which cover a wide variety of sectors. In addition, the Company maintains healthy relations with its customers who are mainly major car brands and car repair chains. Sales figures continue to stay at a certain level, while they selling to top customers various and changes depending on their business condition. The Company has long-term relationships with its existing customers while striving to acquire new customers to expand and diversify the customer base. There have been no risks of concentrating sales.

(X) Impacts, risks, and countermeasures of directors, supervisors, or shareholders with a shareholding exceeding 10%, large shareholder rights transfer, or change on the Company:

There had not been large shareholding rights transfer from the current directors, supervisors or shareholders who hold 10% shareholding or more.

(XI) Impact and risk on the Company due to change in management rights, and responsive measures: None.

(XII) Company and Director, Supervisor, President, Substantial Person in charge of the Company, Major Shareholder with A Shareholding Percentage Exceeding 10%, and Affiliate of the Company that Has Received Any Affirmative Ruling or Is Involved in Any Pending Major Litigation, Non-contentious Case or Administrative Dispute Event, and the Result Thereof may Have Major Impacts on the Shareholders' Rights or Stock Price; Relevant Dispute Facts, Subject Matter Amount, Litigation Starting Date, Main Parties Involved in the Litigation, and the Handling Status Up to the Printing Date of the Annual Report Required to be Disclosed: None.

(XIII) Other Significant Risks and Countermeasures: None.

VII. Other Important Matters: None.

Chapter Eight. Special Notes:

I. Summary of Affiliated Companies:

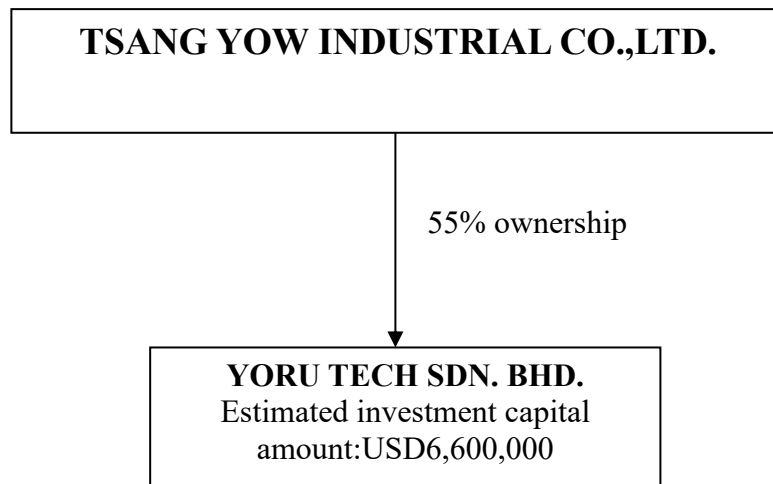
(I) Consolidated Financial Statement:

Please see Attachment II for parent and subsidiaries consolidated financial statements on p.187 to 253.

(II) Affiliation Report: None

(III) Consolidated Business Reports Covering Affiliated Entities

1. Affiliation Chart



2. Basic information on affiliates

December 31, 2023 Unit: NT\$ thousand/US\$ thousand

Company name	Date of Establishment	Address	Paid-in Capital	Business Activity
Giant Finance Inc.(Footnote 1)	August 15, 2002	No.38,Cheng-Kong2 nd St.,Min-HsiungIndustrialPark,ChiaYiCount,Taiwan,R.O.C.	USD13,795	Reinvestment and interactional trading
All-Aspect International Corp.(Footnote 1)	January 4, 1999	No.38,Cheng-Kong2 nd St.,Min-HsiungIndustrialPark,ChiaYiCount,Taiwan,R.O.C	USD50	Reinvestment and interactional trading
Business International Corp.(Footnote 1)	August 15, 2002	N.o.38,Cheng-Kong2 nd St.,Min-HsiungIndustrialPark,ChiaYiCount,Taiwan,R.O.C	USD13,510	Reinvestment and interactional trading
Wuxi Tsang Yow Auto Parts Co., Ltd. (Footnote 2)	January 20, 2004	No. 69 Hsimei Rd., Wuxi National Hi-tech Industry Development Zone	USD12,000	Develop, produce, distribute, and provide after-selling service for parts used in auto transmission device and related parts, molds used in automobiles and scooters, fixtures, fine blanking dies, precision cavity molds, mold standard parts, and hardware parts.
YORU TECH SDN. BHD. (Footnote 3)	September 19, 2023	56, JALAN KEMPAS UTAMA 2/2 TAMAN KEMPAS UTAMA 81300 JOHOR BAHRU JOHOR MALAYSIA	RM1,000	Production and sale of semiconductors and medical-related components

Exchange rate: 30.705

Note 1: All affiliate entities shall be disclosed, regardless of scale.

Note 2: For affiliates whose production plants account for 10% of sales of the controlling entity's, information of the plant including, name, establishing date, address, and key production shall be added.

Note 3: For overseas affiliates, entity names can be disclosed in English with establishment shown in western calendar dates, and paid-in capital in foreign currency (exchange rate for the report date shall be added).

Footnote 1: Giant Finance Inc. & All- Aspect International Corp. & Business International Corp. were liquidated before December 2023.

Footnote 2: Wuxi Tsang Yow was disposed of in July 2023.

Footnote 3 The subsidiary with a 55% shareholding joint venture with RonJye Enterprise Co., Ltd. in 2023, and the capital increase has not been completed.

3. Directors, Supervisors, and Presidents of the Affiliates Unit: thousand shares

Company name	Title	Name or Representative	Current Shareholding	
			Number of shares	Shareholding %
Giant Finance Inc.(Footnote 1)	Person in charge	Tsangyow Industrial Co., Ltd. Representative: SU,CHI-TSE	13,795	100%
All-Aspect International Corp.(Footnote 1)	Person in charge	Tsangyow Industrial Co., Ltd. Representative: SU,CHI-TSE	50	100%
Business International Corp.(Footnote 1)	Person in charge	Giant Finance Inc. Representative: SU,CHI-TSE	13,510	100%
Wuxi Tsang Yow Auto Parts Co., Ltd. (Footnote 2)	Chairman Director	Business International Corp. Representative: SU,CHI-TSE Business International Corp. Representative: SU,CHI-HU Business International Corp. Representative: KUO,WEN-TANG	12,000	100%
YORU TECH SDN. BHD.(Footnote 3)	Director	Tsangyow Industrial Co., Ltd Representative: SU,CHI-HU Tsangyow Industrial Co., Ltd Representative: CHU, CHEN-YI Ron Jye Enterprise Co., Ltd. Representative: TU, CHIH-YU	6,600	55%

Footnote 1: Giant Finance Inc. & All- Aspect International Corp. & Business International Corp. were liquidated before December 2023.

Footnote 2: Wuxi Tsang Yow was disposed of in July 2023.

Footnote 3: The subsidiary with a 55% shareholding joint venture with RonJye Enterprise Co., Ltd. in 2023, and the capital increase has not been completed.

4. Operational overview of each affiliate

December 31, 2023 Unit: NT\$ thousand/Foreign currency thousand

Investee Enterprises	Core Business	Investment Cost	At the end of the year	Investment shares		Net value of equity	Market price (Note 1)	Accounting Treatment	Investment Return in the Most Recent Year		No. of Shares Held
				Number of shares (thousand shares)	Shareholder rights Ratio %				Investment profit or loss	Distribution of dividends	
Giant Finance Inc.(Footnote 1)	Reinvestment and interactional trading	449,023	422,736	13,795	100	422,736	-	Equity method	154,794	-	-
All-Aspect International Corp.(Footnote 1)	Reinvestment and interactional trading	1,621	31,690	50	100	31,690	-	Equity method	1,179	-	-
Business International Corp.(Footnote 1)	Reinvestment and interactional trading	463,429	458,044	13,510	100	458,044	-	Equity method	169,653	-	-
Wuxi Tsang Yow Auto Parts Co., Ltd.(Footnote 2)	Develop, produce, distribute, and provide after-sales service for parts used in auto transmission device and related parts, molds used in automobiles and scooters, fixtures, fine blanking dies, precision cavity molds, mold standard parts, and hardware parts.	392,246	358,560	12,000	100	358,560	-	Equity method	(45,752)	-	-
YORU TECH SDN. BHD.(Footnote 3)	Production and sale of semiconductors and medical-related components	-	-	-	55	-	-	Equity method	-	-	-

Note 1: No market price available, as no investee entities are listed.

Note 2: Inter-group sales have been offset in the consolidated financial statements.

Footnote 1: Giant Finance Inc. & All- Aspect International Corp. & Business International Corp. were liquidated before December 2023.

Footnote 2: Wuxi Tsang Yow was disposed of in July 2023.

Footnote 3: The subsidiary with a 55% shareholding joint venture with RonJye Enterprise Co., Ltd. in 2023, and the capital increase has not been completed.

*US\$ exchange rate: 30.705 *CNY exchange rate: 4.3352

- II. Private Placement Securities in the Most Recent Year and Up to the Printing Date of the Annual Report: None.
- III. Shares of the Company Acquired, Disposed of, Held by Subsidiaries in the Most Recent Year and up to the Printing Date of the Annual Report: None.
- IV. Other matters for supplementary clarification: None.

Chapter Nine. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the last year up till the publication date of this annual report that significantly impacted shareholders' equity or the price of the Company's securities: None.

Appendix

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tsang Yow Industrial Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Tsang Yow Industrial Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with 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 Parent Company only 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the parent company only financial statements for the year ended December 31, 2023. 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.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of revenue from consignment warehouses

The Company mainly engages in the manufacturing and sales of automobiles and parts thereof. Warehouse consignment is one of the Company's important sales models. As the Company needed to regularly verify the quantity of the goods sold from the consignment warehouses to recognize the sales revenue, during which manual reconciliation was involved, the potential risk of error posed to the occurrence of the Company's sales revenue has increased. Therefore, in accordance with the Standards on Auditing of the Republic of China, where revenue recognition is presumed to have a significant risk, the occurrence of sales revenue from consignment warehouses is listed as a key

audit matter.

Refer to Note 4 (11) for the accounting policy on revenue recognition.

We have implemented the corresponding audit procedures below for the specific aspects of the above key audit matter, including:

1. We obtained an understanding of and tested if the Company's internal control operations related to the sales were effective.
2. We selected samples from the statements of sales revenue from the consignment warehouses, verified the account reconciliation records between the Company and clients, shipping documents and payment collection documents, and we checked if the recipients were consistent with the transaction counterparties or reviewed the confirmation made by clients to confirm the occurrence of the sales.

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 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 Company's ability to continue as a going concern, 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 Company's internal control.
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 Company's ability to continue as a going concern. 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 disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 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 the parent company only financial statements for the year ended December 31, 2023 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.

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

Tsang Yow Industrial Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 860,249	33	\$ 307,069	11
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	485	-	443	-
Notes receivable (Notes 4, 5, 8 and 20)	-	-	64	-
Accounts receivable, net (Notes 4, 5, 8, 20 and 26)	205,139	8	215,864	8
Other receivables	1	-	17,708	1
Other receivables - related parties (Note 26)	-	-	107,544	4
Current tax assets (Notes 4 and 22)	937	-	431	-
Inventories (Notes 4, 5 and 9)	369,051	14	432,738	16
Other financial assets - current (Notes 10 and 27)	9,681	-	9,640	-
Other current assets (Note 14)	10,698	1	10,504	-
Total current assets	<u>1,456,241</u>	<u>56</u>	<u>1,102,005</u>	<u>40</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	-	-	454,426	16
Property, plant and equipment (Notes 4, 12, 27 and 28)	1,108,920	43	1,170,432	42
Right-of-use assets (Notes 4 and 13)	5,753	-	3,886	-
Intangible assets (Note 4)	5,018	-	9,194	-
Deferred tax assets (Notes 4 and 22)	32,816	1	39,735	2
Prepayments for equipment	6,304	-	1,541	-
Other financial assets - non-current (Notes 10 and 27)	3,460	-	2,236	-
Other non-current assets (Note 14)	4,564	-	592	-
Total non-current assets	<u>1,166,835</u>	<u>44</u>	<u>1,682,042</u>	<u>60</u>
TOTAL	<u>\$ 2,623,076</u>	<u>100</u>	<u>\$ 2,784,047</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 26)	\$ 20,000	1	\$ 100,000	4
Contract liabilities - current (Note 20)	7,885	-	18,387	1
Notes payable (Note 16)	10,869	-	7,709	-
Accounts payable (Notes 16 and 26)	145,855	6	186,446	7
Other payables (Notes 17, 21 and 26)	105,810	4	105,027	4
Current tax liabilities (Notes 4 and 22)	78,158	3	41,012	1
Lease liabilities - current (Notes 4 and 13)	2,991	-	1,828	-
Current portion of long-term borrowings (Notes 15, 26 and 27)	109,233	4	133,611	5
Other current liabilities (Note 17)	43,184	2	38,171	1
Total current liabilities	<u>523,985</u>	<u>20</u>	<u>632,191</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15, 26 and 27)	261,303	10	495,178	18
Deferred tax liabilities (Notes 4 and 22)	-	-	10,305	-
Lease liabilities - non-current (Notes 4 and 13)	2,699	-	2,081	-
Net defined benefit liabilities (Notes 4 and 18)	4,787	-	5,845	-
Other non-current liabilities	100	-	100	-
Total non-current liabilities	<u>268,889</u>	<u>10</u>	<u>513,509</u>	<u>18</u>
Total liabilities	<u>792,874</u>	<u>30</u>	<u>1,145,700</u>	<u>41</u>
EQUITY (Notes 4 and 19)				
Share capital	1,030,865	39	1,030,865	37
Capital surplus	150,532	6	150,532	5
Retained earnings				
Legal reserve	113,668	4	96,923	3
Special reserve	31,293	1	44,054	2
Unappropriated earnings	515,624	20	359,046	13
Total retained earnings	<u>660,585</u>	<u>25</u>	<u>500,023</u>	<u>18</u>
Other equity	-	-	(31,293)	-
Treasury shares	(11,780)	-	(11,780)	-
Total equity	<u>1,830,202</u>	<u>70</u>	<u>1,638,347</u>	<u>59</u>
TOTAL	<u>\$ 2,623,076</u>	<u>100</u>	<u>\$ 2,784,047</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Tsang Yow Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 26)	\$ 1,209,167	100	\$ 1,348,972	100
OPERATING COSTS (Notes 9, 21 and 26)	<u>811,665</u>	<u>67</u>	<u>979,249</u>	<u>73</u>
GROSS PROFIT	397,502	33	369,723	27
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 26)	-	-	(3,107)	-
REALIZED GAIN (LOSS) ON TRANSACTIONS WITH SUBSIDIARIES (Note 26)	<u>3,107</u>	<u>-</u>	<u>(1,931)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>400,609</u>	<u>33</u>	<u>364,685</u>	<u>27</u>
OPERATING EXPENSES (Notes 8 and 21)				
Selling and marketing expenses	42,362	3	64,287	5
General and administrative expenses	78,903	7	70,075	5
Research and development expenses	47,102	4	46,519	4
Expected credit gain	<u>(754)</u>	<u>-</u>	<u>(604)</u>	<u>-</u>
Total operating expenses	<u>167,613</u>	<u>14</u>	<u>180,277</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>232,996</u>	<u>19</u>	<u>184,408</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Other income	6	-	46	-
Interest income	7,215	1	4,423	1
Other gains and losses	(38,034)	(3)	71,607	5
Finance costs	(10,402)	(1)	(12,341)	(1)
Share of profit or loss of subsidiaries	<u>155,972</u>	<u>13</u>	<u>(40,386)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>114,757</u>	<u>10</u>	<u>23,349</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	347,753	29	207,757	15
INCOME TAX EXPENSE (Notes 4 and 22)	<u>74,019</u>	<u>6</u>	<u>42,367</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>273,734</u>	<u>23</u>	<u>165,390</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (Notes 18, 19 and 22)				

(Continued)

Tsang Yow Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (739)	-	\$ 2,579	-
Income tax related to items that will not be reclassified subsequently to profit or loss	148	-	(516)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(22,811)	(2)	44,673	3
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	54,124	4	(28,722)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(20)</u>	<u>-</u>	<u>(3,190)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>30,702</u>	<u>2</u>	<u>14,824</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 304,436</u>	<u>25</u>	<u>\$ 180,214</u>	<u>13</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 2.67</u>		<u>\$ 1.62</u>	
Diluted	<u>\$ 2.66</u>		<u>\$ 1.61</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Tsang Yow Industrial Co., Ltd. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings			
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2022	\$ 1,030,865	\$ 150,532	\$ 94,185	\$ 40,336	\$ 228,753	\$ (44,054)	\$ (11,780)	\$ 1,488,837	
Appropriation of 2021 earnings (Note 20)	-	-	2,738	-	(2,738)	-	-	-	
Legal reserve	-	-	-	-	(2,738)	-	-	-	
Special reserve	-	-	-	3,718	(3,718)	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(30,704)	-	-	(30,704)	
	-	-	2,738	3,718	(37,160)	-	-	(30,704)	
Net profit for the year ended December 31, 2022	-	-	-	-	165,390	-	-	165,390	
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	2,063	12,761	-	14,824	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	167,453	12,761	-	180,214	
BALANCE AT DECEMBER 31, 2022	1,030,865	150,532	96,923	44,054	359,046	(31,293)	(11,780)	1,638,347	
Appropriation of 2022 earnings (Note 20)	-	-	16,745	-	(16,745)	-	-	-	
Legal reserve	-	-	-	-	(16,745)	-	-	-	
Reversal of special reserve	-	-	-	(12,761)	12,761	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(112,581)	-	-	(112,581)	
	-	-	16,745	(12,761)	(116,565)	-	-	(112,581)	
Net profit for the year ended December 31, 2023	-	-	-	-	273,734	-	-	273,734	
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(591)	31,293	-	30,702	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	273,143	31,293	-	304,436	
BALANCE AT DECEMBER 31, 2023	\$ 1,030,865	\$ 150,532	\$ 113,668	\$ 31,293	\$ 515,624	\$ -	\$ (11,780)	\$ 1,830,202	

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

Tsang Yow Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 347,753	\$ 207,757
Adjustments for:		
Depreciation expense	82,302	88,675
Amortization expense	4,614	5,349
Expected credit loss reversed	(754)	(604)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(42)	66
Finance costs	10,402	12,341
Interest income	(7,215)	(4,423)
Dividend income	(6)	(46)
Share of loss (profit) of subsidiaries accounted for using the equity method	(155,972)	40,386
Gain on disposal of property, plant and equipment	(3,145)	(4,496)
Loss on disposal of subsidiary	55,924	-
Inventory loss	8,846	15,469
Unrealized gain on transactions with subsidiaries	-	3,107
Realized loss (gain) on transactions with subsidiaries	(3,107)	1,931
Changes in operating assets and liabilities		
Notes receivable	64	(26)
Accounts receivable	11,479	101,996
Other receivables	17,707	(17,697)
Inventories	54,841	(55,117)
Other current assets	(194)	124
Contract liabilities	(10,502)	13,893
Notes payable	3,160	(3,187)
Accounts payable	(40,591)	(70,332)
Other payables	3,427	13,444
Other current liabilities	6,789	(14)
Net defined benefit liabilities	(1,797)	(1,374)
Cash generated from operations	383,983	347,222
Interest received	7,397	4,710
Dividends received	6	46
Interest paid	(10,634)	(12,597)
Income tax paid	(40,637)	(571)
Net cash generated from operating activities	<u>340,115</u>	<u>338,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on disposal of subsidiaries (Note 11)	587,118	-
Payments for property, plant and equipment	(30,895)	(60,165)
Proceeds from disposal of property, plant and equipment	8,415	38,188
Payments for intangible assets	(438)	(876)
Decrease in other receivables - related parties	107,362	19,856

(Continued)

Tsang Yow Industrial Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December	
	2023	2022
Increase in other financial assets	\$ (1,265)	\$ (1,019)
Increase in other non-current assets	<u>(3,972)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>666,325</u>	<u>(4,016)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(80,000)	(80,000)
Proceeds from long-term borrowings	100,000	525,000
Repayment of long-term borrowings	(358,253)	(820,430)
Repayment of the principal portion of lease liabilities	(2,426)	(1,639)
Cash dividends	<u>(112,581)</u>	<u>(30,704)</u>
Net cash used in financing activities	<u>(453,260)</u>	<u>(407,773)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	553,180	(72,979)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>307,069</u>	<u>380,048</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 860,249</u>	<u>\$ 307,069</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Tsang Yow Industrial Co., Ltd.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Tsang Yow Industrial Co., Ltd. (“the Company”) was incorporated in January 1985 and mainly engages in the business activities below:

- a. Manufacturing and wholesale of other machinery (automatic transmission and drivetrain systems).
- b. Manufacturing and wholesale of ships and parts.
- c. Manufacturing and wholesale of automobiles and parts.
- d. Manufacturing and wholesale of other machinery and devices (automatic transmission and drivetrain systems).

The Company’s shares have been listed on the Taiwan Stock Exchange since May 2014.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on March 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations would not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of weighted-average cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measure at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, which is not depreciated, the depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the

extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25 Financial Instruments.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, accounts receivable (including related parties), other receivables (including related party) and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower
- ii) Breach of contract, such as a default
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization ; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for notes receivable and accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default without taking into account any collateral held by the Company:

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of automatic transmission components. Sales of automatic transmission components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable is recognized concurrently.

Revenue is measured at the fair value of the consideration received or receivable, less estimated returns, discounts, and other similar discounts. Returns and discounts are recognized at reasonable estimates of the monetary amount of future returns based on the past experience and other relevant factors.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from processing on order is recognized as the Company fulfills their obligation over time.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as a lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in fixed payments and a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

m. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expenses in the period in which they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and

reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 618	\$ 570
Checking accounts and demand deposits	152,244	168,701
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>707,387</u>	<u>137,798</u>
	<u>\$ 860,249</u>	<u>\$ 307,069</u>

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Time deposits (%)	2.68-5.65	1.45-4.80

The Company interacts with a variety of financial institutions with sound credit ratings to disperse credit risk; hence, the probability of default is expected to be low.

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets - current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets - domestic listed shares	<u>\$ 485</u>	<u>\$ 443</u>

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable - operating		
At amortized cost	<u>\$ -</u>	<u>\$ 64</u>
Accounts receivable - operating		
At amortized cost		
Gross carrying amount (include related parties)	\$ 206,114	\$ 217,593
Less: Allowance for impairment loss	<u>975</u>	<u>1,729</u>
	<u>\$ 205,139</u>	<u>\$ 215,864</u>

The credit period for sales of goods is 15-140 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	Past Due 1-30 Days	Past Due 31-90 Days	Past Due Over 91 Days	Total
Expected credit loss rate (%)	-	-	1-2	9-100	
Gross carrying amount	\$ 150,165	\$ 41,282	\$ 11,915	\$ 2,752	\$ 206,114
Loss allowance (lifetime ECLs)	-	-	(139)	(836)	(975)
Amortized cost	<u>\$ 150,165</u>	<u>\$ 41,282</u>	<u>\$ 11,776</u>	<u>\$ 1,916</u>	<u>\$ 205,139</u>

December 31, 2022

	Not Past Due	Past Due 1-30 Days	Past Due 31-90 Days	Past Due Over 91 Days	Total
Expected credit loss rate (%)	-	1	5-25	50-100	
Gross carrying amount	\$ 177,895	\$ 28,718	\$ 8,524	\$ 2,520	\$ 217,657
Loss allowance (lifetime ECLs)	-	(261)	(1,317)	(151)	(1,729)
Amortized cost	<u>\$ 177,895</u>	<u>\$ 28,457</u>	<u>\$ 7,207</u>	<u>\$ 2,369</u>	<u>\$ 215,928</u>

The movements of the loss allowance of receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,729	\$ 2,333
Impairment losses reversed	<u>(754)</u>	<u>(604)</u>
Balance at December 31	<u>\$ 975</u>	<u>\$ 1,729</u>

9. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 181,041	\$ 201,459
Work in process	128,776	140,009
Raw materials	41,388	63,645
Supplies	<u>17,846</u>	<u>27,625</u>
	<u>\$ 369,051</u>	<u>\$ 432,738</u>

The nature of cost of goods sold is as follows:

	December 31	
	2023	2022
Cost of inventories sold	\$ 811,384	\$ 976,775
Inventory write-downs	4,204	11,684
Inventory obsolescence losses	5,183	4,949
Income from sale of scraps	(10,570)	(13,236)
Gains from physical counts	<u>(541)</u>	<u>(1,164)</u>
	<u>\$ 809,660</u>	<u>\$ 979,008</u>

10. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Pledged time deposits (Note 27)	\$ 10,181	\$ 10,140
Refundable deposits	<u>2,960</u>	<u>1,736</u>
	<u>\$ 13,141</u>	<u>\$ 11,876</u>
Current	\$ 9,681	\$ 9,640
Non-current	<u>3,460</u>	<u>2,236</u>
	<u>\$ 13,141</u>	<u>\$ 11,876</u>

The market rate intervals of pledged time deposits at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits (%)	1.58-3.05	1.33-1.45

The Company interacts with a variety of financial institutions with sound credit ratings to disperse credit risk, hence, so the probability of default is expected to be low.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2023		2022	
	Carrying Amount	Percentage of Ownership	Carrying Amount	Percentage of Ownership
Investments in subsidiaries				
Unlisted company				
Giant Finance Inc. (Giant)	\$ -	-	\$ 422,736	100
All-Aspect International Corp. (AAI)	<u>-</u>	-	<u>31,690</u>	100
	<u>\$ -</u>		<u>\$ 454,426</u>	

Refer to Tables 4 and 5 for details on the Company's investees and investment in Mainland China. The Company signed a contract to sell the equity interests of its subsidiary, Wuxi Tsang Yow Auto Parts Co., Ltd. (Wuxi Tsang You), located in mainland China, in May 2023. The transfer of equity was completed and registered in July 2023. Furthermore, the board of directors resolved to liquidate Giant, Business International Corp. (Business), and AAI in November 2023 and the liquidation processes were completed in November and December 2023, resulting in the recovery of \$587,118 thousand (comprising US\$3,267 thousand and RMB111,000 thousand), and recognizing a disposal loss of \$55,924 thousand. The company lost control of the aforementioned subsidiaries. For further details regarding the disposal of subsidiaries, refer to Note 25 of the Company's consolidated financial statements for 2023.

The board of directors resolved the establishment of YORU Tech SDN. BHD., a joint venture in Malaysia, in August 2023.

The planned investment is US\$6.6 million, with a 55% ownership stake. The establishment registration has already been completed. As of the end of the current year, the company has injected US\$110,000 into the venture but has not completed the verification process. This investment is recorded as other non-current assets.

12. PROPERTY, PLANT AND EQUIPMENT

- a. The movements in costs and accumulated depreciation are as follows:

For the year ended December 31, 2023

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment to be Accepted and Unfinished Construction	Total
Cost						
Balance at January 1, 2023	\$ 317,004	\$ 549,659	\$ 663,050	\$ 131,939	\$ 17,816	\$ 1,679,468
Additions	-	-	14,613	16,366	(7,259)	23,720
Disposals	<u>-</u>	<u>-</u>	<u>(1,929)</u>	<u>(19,620)</u>	<u>-</u>	<u>(21,549)</u>
Balance at December 31, 2023	<u>\$ 317,004</u>	<u>\$ 549,659</u>	<u>\$ 675,734</u>	<u>\$ 128,685</u>	<u>\$ 10,557</u>	<u>\$ 1,681,639</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment to be Accepted and Unfinished Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 169,891	\$ 290,191	\$ 48,954	\$ -	\$ 509,036
Depreciation expense	-	11,502	50,720	17,740	-	79,962
Disposals	-	-	(1,929)	(14,350)	-	(16,279)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 181,393</u>	<u>\$ 338,982</u>	<u>\$ 52,344</u>	<u>\$ -</u>	<u>\$ 572,719</u>
Carrying amount at December 31, 2023	<u>\$ 317,004</u>	<u>\$ 368,266</u>	<u>\$ 336,752</u>	<u>\$ 76,341</u>	<u>\$ 10,557</u>	<u>\$ 1,108,920</u> (Concluded)

For the year ended December 31, 2022

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment to be Accepted and Unfinished Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 317,004	\$ 549,659	\$ 693,278	\$ 118,023	\$ 33,858	\$ 1,711,822
Additions	-	-	7,873	70,533	(16,042)	62,364
Disposals	-	-	(38,101)	(56,617)	-	(94,718)
Balance at December 31, 2022	<u>\$ 317,004</u>	<u>\$ 549,659</u>	<u>\$ 663,050</u>	<u>\$ 131,939</u>	<u>\$ 17,816</u>	<u>\$ 1,679,468</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 158,304	\$ 270,663	\$ 54,074	\$ -	\$ 483,041
Depreciation expense	-	11,587	57,629	17,805	-	87,021
Disposals	-	-	(38,101)	(22,925)	-	(61,026)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 169,891</u>	<u>\$ 290,191</u>	<u>\$ 48,954</u>	<u>\$ -</u>	<u>\$ 509,036</u>
Carrying amount at December 31, 2022	<u>\$ 317,004</u>	<u>\$ 379,768</u>	<u>\$ 372,859</u>	<u>\$ 82,985</u>	<u>\$ 17,816</u>	<u>\$ 1,170,432</u>

- b. Property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings

Main buildings of plants	50 years
Landscape engineering and fences	7-15 years
Machinery and equipment	3-15 years
Other equipment	3-15 years

Refer to Note 27 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

- c. Investing activities that affect both cash and non-cash items are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase in property, plant and equipment	\$ 23,720	\$ 62,364
Increase (decrease) in prepayments for equipment	4,763	(4,747)

(Continued)

	For the Year Ended December 31	
	2023	2022
Interest capitalization	\$ (234)	\$ (390)
Decrease in payables for machinery and equipment	<u>2,646</u>	<u>2,938</u>
Cash paid for purchase of property, plant and equipment	<u>\$ 30,895</u>	<u>\$ 60,165</u> (Concluded)

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount of right-of-use assets		
Transportation equipment	<u>\$ 5,753</u>	<u>\$ 3,886</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,207</u>	<u>\$ 4,349</u>
Right-of-use assets depreciation expense		
Transportation equipment	<u>\$ 2,340</u>	<u>\$ 1,654</u>

Except for the additions and recognition of depreciation expenses, there were no significant subleases or impairment of the right-of-use assets of the company in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	<u>\$ 2,991</u>	<u>\$ 1,828</u>
Non-current	<u>\$ 2,699</u>	<u>\$ 2,081</u>

Range of discount rates (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Transportation equipment	1.37-1.84	1.37-1.38

c. Other leasing information

	For the Year Ended December 31	
	2023	2022
Expenses relating to low-value asset leases	<u>\$ 240</u>	<u>\$ 240</u>
Total cash outflow for leases	<u>\$ 2,736</u>	<u>\$ 1,929</u>

The Company's leases of photocopiers qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Excess business tax paid	\$ 3,974	\$ 4,695
Prepaid expenses	3,339	2,335
Prepayments to supplies	878	1,000
Other	<u>2,507</u>	<u>2,474</u>
	<u>\$ 10,698</u>	<u>\$ 10,504</u>
<u>Non-current</u>		
Prepayment for investment (Note 11)	\$ 3,972	\$ -
Other	<u>592</u>	<u>592</u>
	<u>\$ 4,564</u>	<u>\$ 592</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured borrowings	<u>\$ 20,000</u>	<u>\$ 100,000</u>

The annual interest rates of short-term borrowings were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured borrowings in bank (%)	1.65	1.40-1.55

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Secured borrowings (Note 27)	\$ 312,337	\$ 467,143
Unsecured borrowings	<u>58,199</u>	<u>161,646</u>
	370,536	628,789
Less: Current portion	<u>109,233</u>	<u>133,611</u>
Long-term borrowings	<u>\$ 261,303</u>	<u>\$ 495,178</u>

Details are as follows:

Borrowings	Due Date	Major Terms	Rate of Annual Interest (%)	December 31	
				2023	2022
Secured borrowings					
First Commercial Bank	2025.12	It is amortized every six months in 12 installments, starting in June 2020.	1.84	\$ 71,000	\$ 170,000
E.SUN Bank	2033.11	It is amortized in 156 monthly installments, starting in December 2020.	1.88	81,848	89,302
Mega International Commercial Bank	2028.11	It is amortized in 120 monthly installments, starting in December 2018.	1.85	73,750	88,750
The Shanghai Commercial & Saving Bank, Ltd.	2028.03	It is amortized in 40 quarterly installments, starting in June 2018.	1.90	76,364	89,091
The Shanghai Commercial & Saving Bank, Ltd.	2024.10	It is amortized in 20 quarterly installments, starting in January 2020, it was paid off in full ahead of time in November 2023.	1.90	-	20,000
The Shanghai Commercial & Saving Bank, Ltd.	2027.08	It began in August 2022 with a grace period of one year and is amortized in 16 quarterly installments, starting in November 2023.	1.90	9,375	10,000
Unsecured borrowings					
Mega International Commercial Bank	2026.11	Revolving credit line	1.80	-	40,000
E.SUN Bank	2024.09	It is amortized in 36 monthly installments, starting in October 2021.	1.78	27,945	64,646
E.SUN Bank	2025.12	It is amortized in 36 monthly installments, starting in January 2023.	1.73	30,254	45,000
Taipei Fubon Bank	2023.06	It is amortized in 30 monthly installments, starting in January 2021.	1.81	-	12,000
				<u>\$ 370,536</u>	<u>\$ 628,789</u>

16. NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Notes payable	<u>\$ 10,869</u>	<u>\$ 7,709</u>
Accounts payable (including related parties)	<u>\$ 145,855</u>	<u>\$ 186,446</u>

The aforementioned amounts are all incurred due to business operations. The credit terms for purchasing raw materials range from 30 days to 120 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Other payables</u>		
Payables for salaries or bonuses	\$ 42,770	\$ 42,162
Payables for annual leave	8,762	9,554
Payable for machinery and equipment	3,599	6,245
		(Continued)

	December 31	
	2023	2022
Payable for compensation of employees and remuneration of directors (Note 21)	\$ 22,218	\$ 18,312
Others	<u>28,461</u>	<u>28,754</u>
	<u>\$ 105,810</u>	<u>\$ 105,027</u>
Non-related parties	\$ 105,810	\$ 104,845
Related parties	<u>-</u>	<u>182</u>
	<u>\$ 105,810</u>	<u>\$ 105,027</u>
<hr/> Other current liabilities <hr/>		
Refund liabilities	\$ 666	\$ 904
Temporary credits	-	1,776
Other advance receipts	42,022	35,220
Others	<u>496</u>	<u>271</u>
	<u>\$ 43,184</u>	<u>\$ 38,171</u>
		(Concluded)

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Present value of defined benefit obligation	\$ 10,791	\$ 14,079
Fair value of plan assets	<u>(6,004)</u>	<u>(8,234)</u>
Net defined benefit liabilities	<u>\$ 4,787</u>	<u>\$ 5,845</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 16,363	\$ (6,565)	\$ 9,798
Net interest expense (income)	<u>110</u>	<u>(42)</u>	<u>68</u>
Recognized in profit or loss	<u>110</u>	<u>(42)</u>	<u>68</u>
Remeasurement			
Return on plan assets	-	(796)	(796)
Actuarial gain - experience adjustments	(941)	-	(941)
Actuarial gain - changes in financial assumptions	<u>(842)</u>	<u>-</u>	<u>(842)</u>
Recognized in other comprehensive loss	<u>(1,783)</u>	<u>(796)</u>	<u>(2,579)</u>
Contributions from the employer	<u>-</u>	<u>(1,442)</u>	<u>(1,442)</u>
Benefits paid	<u>(611)</u>	<u>611</u>	<u>-</u>
Balance at December 31, 2022	<u>14,079</u>	<u>(8,234)</u>	<u>5,845</u>
Net interest expense (income)	<u>148</u>	<u>(81)</u>	<u>67</u>
Recognized in profit or loss	<u>148</u>	<u>(81)</u>	<u>67</u>
Remeasurement			
Return on plan assets	-	(84)	(84)
Actuarial loss - experience adjustments	727	-	727
Actuarial loss - changes in financial assumptions	<u>96</u>	<u>-</u>	<u>96</u>
Recognized in other comprehensive loss	<u>823</u>	<u>(84)</u>	<u>739</u>
Contributions from the employer	<u>-</u>	<u>(1,864)</u>	<u>(1,864)</u>
Benefits paid	<u>(4,259)</u>	<u>4,259</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 10,791</u>	<u>\$ (6,004)</u>	<u>\$ 4,787</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management.

However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate (%)	1.3	1.4
Expected rate of salary increase (%)	1.5	1.5

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (246)</u>	<u>\$ (330)</u>
0.25% decrease	<u>\$ 254</u>	<u>\$ 341</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 246</u>	<u>\$ 330</u>
0.25% decrease	<u>\$ (239)</u>	<u>\$ (321)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 5,796</u>	<u>\$ 2,133</u>
Average duration of the defined benefit obligation	10 years	11 years

19. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Amount of authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of issued and fully paid shares (in thousands)	<u>103,087</u>	<u>103,087</u>
Amount of issued and fully paid shares	<u>\$ 1,030,865</u>	<u>\$ 1,030,865</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital - Issuance of ordinary shares	\$ 145,471	\$ 145,471
Treasury shares traded	<u>5,061</u>	<u>5,061</u>
	<u>\$ 150,532</u>	<u>\$ 150,532</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders.

In addition, in accordance with the Articles of the Company, the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

The Company will consider the industry condition and the growth stage of the Company to meet capital needs and cash flow demands from shareholders in alignment with the long-term financial plan. Therefore, a certain percentage of distributable earnings will be provided for shareholder dividends, of which the cash dividends shall not be lower than 10% of all dividends to be paid out. The types and percentages of such dividends may be adjusted depending on the year's profit and capital needs by the resolution of the shareholders' meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u>	
	<u>For the Year Ended</u>		<u>(NT\$)</u>	
	<u>December 31</u>		<u>For the Year Ended</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 16,745</u>	<u>\$ 2,738</u>		
Special reserve (reversed)	<u>\$ (12,761)</u>	<u>\$ 3,718</u>		
Cash dividends to shareholders	<u>\$ 112,581</u>	<u>\$ 30,704</u>	\$ 1.10	\$ 0.30

The above appropriations for cash dividends were resolved by the Company's board of directors in March 2023 and March 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings in May 2023 and June 2022, respectively.

The appropriations of earnings for 2023 were proposed by the Company's board of directors in March 2024. The appropriations and dividends per share were as follows:

	<u>Appropriation</u>	<u>Dividends Per</u>
	<u>of Earnings</u>	<u>Share (NT\$)</u>
Legal reserve	<u>\$ 27,314</u>	
Special reserve	<u>\$ (31,293)</u>	
Cash dividends to shareholders	<u>\$ 137,144</u>	<u>\$ 1.34</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in May 2024.

d. Special reserve

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserves should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards, which was \$19,782 thousand. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items- exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (31,293)	\$ (44,054)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	-	44,673

(Continued)

	For the Year Ended December 31	
	2023	2022
Share of exchange differences of subsidiaries using the equity method	\$ -	\$ (28,722)
Income tax related to items that may be reclassified subsequently to profit or loss	-	(3,190)
Reclassification adjustments		
Disposal of foreign operations	(22,811)	-
Share from the disposal of subsidiaries accounted for using the equity method	54,124	-
Income tax related to disposal of foreign operations	<u>(20)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ (31,293)</u> (Concluded)

f. Treasury shares

	Shares transferred to employees	
	In Thousands of shares	Amount
Balance as of January 1, 2023 and December 31, 2023	<u>740</u>	<u>\$ 11,780</u>
Balance as of December 31 2022 and December 31, 2022	<u>740</u>	<u>\$ 11,780</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 1,203,837	\$ 1,330,231
Income from processing	318	17,411
Income from sales of electricity	<u>5,012</u>	<u>1,330</u>
	<u>\$ 1,209,167</u>	<u>\$ 1,348,972</u>

a. Refer to Note 4 (k) for information related to contracts with customers and refer to Statement 13 for the disaggregation of revenue from contracts with customers.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and Accounts Receivables (Note 8)	<u>\$ 205,139</u>	<u>\$ 215,928</u>	<u>\$ 317,294</u>
Contract liabilities - current			
Sale of goods	<u>\$ 7,885</u>	<u>\$ 18,387</u>	<u>\$ 4,494</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment. There were no significant changes for the years ended December 31, 2023 and 2022.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 10,199</u>	<u>\$ 3,682</u>

21. NET PROFIT

The details of net profit were as follows:

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain on disposal of property, plant and equipment (Note 26)	\$ 3,145	\$ 4,496
Net foreign exchange gain	2,776	63,681
Grants	5,860	603
Compensation proceeds	671	-
Loss on disposal of investments (Note 11)	(55,924)	-
Others	<u>5,438</u>	<u>2,827</u>
	<u>\$ (38,034)</u>	<u>\$ 71,607</u>

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on borrowings	\$ 10,566	\$ 12,681
Interest on lease liabilities	70	50
Less: Amount included in cost of qualifying assets	<u>234</u>	<u>390</u>
	<u>\$ 10,402</u>	<u>\$ 12,341</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Amount of capitalized interest	<u>\$ 234</u>	<u>\$ 390</u>
Capitalized rate (%)	1.54-1.96	0.90-1.61

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 79,962	\$ 87,021
Right-of-use assets	2,340	1,654
Intangible assets	<u>4,614</u>	<u>5,349</u>
	<u>\$ 86,916</u>	<u>\$ 94,024</u>
 An analysis of depreciation by function		
Operating costs	\$ 69,944	\$ 76,579
Operating expenses	<u>12,358</u>	<u>12,096</u>
	<u>\$ 82,302</u>	<u>\$ 88,675</u>
 An analysis of amortization by function		
Operating cost	\$ 845	\$ 878
Operating expenses	<u>3,769</u>	<u>4,471</u>
	<u>\$ 4,614</u>	<u>\$ 5,349</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 283,236</u>	<u>\$ 300,009</u>
Post-employment benefits		
Defined contribution plans	10,415	11,600
Defined benefit plans (Note 18)	<u>67</u>	<u>68</u>
	<u>10,482</u>	<u>11,668</u>
	<u>\$ 293,718</u>	<u>\$ 311,677</u>
 An analysis by function		
Operating cost	\$ 194,260	\$ 216,570
Operating expenses	<u>99,458</u>	<u>95,107</u>
	<u>\$ 293,718</u>	<u>\$ 311,677</u>

e. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were been approved by the Company's board of directors in March 2024 and March 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
<u>Accrual rate</u>		
Employee remuneration (%)	4.0	5.4
Director's remuneration (%)	2.0	2.7
<u>Amount-Cash</u>		
Employee remuneration	\$ 14,812	\$ 12,208
Director's remuneration	7,406	6,104

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Net foreign exchange gain (loss)

	For the Year Ended December 31	
	2023	2022
Total foreign exchange gain	\$ 39,055	\$ 90,713
Total foreign exchange loss	<u>(36,279)</u>	<u>(27,032)</u>
Net foreign exchange gain	<u>\$ 2,776</u>	<u>\$ 63,681</u>

22. INCOME TAX

a. Income tax recognized in profit and loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 76,855	\$ 41,276
Income tax on unappropriated earnings	1,531	-
Adjustments for prior years	<u>(1,109)</u>	<u>555</u>
	<u>77,277</u>	<u>41,831</u>
Deferred tax		
In respect of the current year	<u>(3,258)</u>	<u>536</u>
Income tax expense recognized in profit or loss	<u>\$ 74,019</u>	<u>\$ 42,367</u>

The reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	\$ <u>347,753</u>	\$ <u>207,757</u>
Income tax expense calculated at the statutory rate	\$ 69,551	\$ 41,551
Income included for tax	4,047	270
Tax-exempt income	(1)	(9)
Income tax on unappropriated earnings	1,531	-
Adjustments for prior years	<u>(1,109)</u>	<u>555</u>
Income tax expenses recognized in profit or loss	\$ <u>74,019</u>	\$ <u>42,367</u>
b. Income tax benefit (expense) recognized in other comprehensive income		
	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	\$ (5,735)	\$ (8,935)
Share of other comprehensive income of subsidiaries using the equity method	5,715	5,745
Remeasurement of defined benefit plans	<u>148</u>	<u>(516)</u>
	\$ <u>(128)</u>	\$ <u>(3,706)</u>
c. Current tax assets and liabilities		
	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ <u>937</u>	\$ <u>431</u>
Current tax liabilities		
Income tax payable	\$ <u>78,158</u>	\$ <u>41,012</u>
d. Deferred tax assets and liabilities		

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory loss	\$ 28,810	\$ (4,499)	\$ -	\$ 24,311
Unrealized exchange loss	-	1,764	-	1,764
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
Exchange differences on translating the financial statements of foreign operations	\$ 5,735	\$ -	\$ (5,735)	\$ -
Others	<u>5,190</u>	<u>1,403</u>	<u>148</u>	<u>6,741</u>
	<u>\$ 39,735</u>	<u>\$ (1,332)</u>	<u>\$ (5,587)</u>	<u>\$ 32,816</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries using the equity method	\$ 2,631	\$ (2,631)	\$ -	\$ -
Unrealized exchange gain	1,959	(1,959)	-	-
Share of other comprehensive income of subsidiaries using the equity method	<u>5,715</u>	<u>-</u>	<u>(5,715)</u>	<u>-</u>
Others	<u>\$ 10,305</u>	<u>\$ (4,590)</u>	<u>\$ (5,715)</u>	<u>\$ -</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory loss	\$ 29,675	\$ (865)	\$ -	\$ 28,810
Unrealized exchange loss	2,610	(2,610)	-	-
Share of other comprehensive income of subsidiaries using the equity method	(11,460)	-	11,460	-
Exchange differences on translating the financial statements of foreign operations	14,670	-	(8,935)	5,735
Others	<u>5,196</u>	<u>510</u>	<u>(516)</u>	<u>5,190</u>
	40,691	(2,965)	2,009	39,735
Loss carryforwards	<u>4,075</u>	<u>(4,075)</u>	<u>-</u>	<u>-</u>
	<u>\$ 44,766</u>	<u>\$ (7,040)</u>	<u>\$ 2,009</u>	<u>\$ 39,735</u> (Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries using the equity method	\$ 10,708	\$ (8,077)	\$ -	\$ 2,631
Unrealized exchange gain	-	1,959	-	1,959
Share of other comprehensive income of subsidiaries using the equity method	-	-	5,715	5,715
Others	<u>386</u>	<u>(386)</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,094</u>	<u>\$ (6,504)</u>	<u>\$ 5,715</u>	<u>\$ 10,305</u> (Concluded)

e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of EPS were as follows:

a. Net profit for the year

	<u>For the Year Ended December 31</u>	
	2023	2022
Net profit used in the computation of basic and diluted EPS	<u>\$ 273,734</u>	<u>\$ 165,390</u>

b. Weighted average number of ordinary shares outstanding (in thousands)

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic EPS	102,347	102,347
Effect of potentially dilutive shares		
Compensation of employees	<u>557</u>	<u>560</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>102,904</u>	<u>102,907</u>

The Company may settle the compensation of employees in cash or shares; thus, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the last 2 years.

The Company is not subject to any externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic listed stocks	<u>\$ 485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485</u>
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Domestic listed stocks	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443</u>

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 485	\$ 443
Financial assets at amortized cost (Note 1)	1,078,530	660,125
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	653,070	1,027,971

Note 1: Including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets, etc.

Note 2: Including short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion), etc.

d. Financial risk management objectives and policies

The Company's major financial instruments include note receivable and accounts receivable, other financial assets, notes payable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The treasury function reports quarterly to the Company's managements.

1) Market risk

The Company's activities expose it primarily to the financial risk of change in foreign currency exchange rate.

a) Foreign currency risk

The Company had foreign currency trades, which exposed the Company to foreign currency risk, and the carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the function currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rate. The sensitivity analysis included only the outstanding foreign currency-denominated monetary items and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. The scope of the sensitivity analysis includes bank deposits, accounts receivable, and accounts payable. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars weakening 1% against the relevant currency. For a 1% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Influence of USD	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 3,789	\$ 4,516

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 500	\$ 500
Financial liabilities	5,690	3,909
Cash flow interest rate risk		
Financial assets	865,686	312,071
Financial liabilities	390,536	728,789

Sensitivity analysis

The sensitivity analysis below shows the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating-rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$4,752 thousand and would have decreased/increased by \$4,167 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is continuously monitoring and spreading the aggregate transactions to each credit – qualified counterparty. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company is exposed to credit risk from a relatively concentrated number of customers who mostly engage in similar business activities with similar economic characteristics. Credit risk concentration occurs when the impact of the economy and other factors on customers' abilities to fulfill their contract obligations is also similar. The accounts receivable balances of customers with credit risk concentration were as follows:

	December 31	
	2023	2022
Company A	\$ 34,843	\$ 11,836
Company B	26,116	44,111
Group C	29,019	38,655
Company D	22,859	23,640
Company E	<u>25,864</u>	<u>13,551</u>
	<u>\$ 138,701</u>	<u>\$ 131,793</u>

3) Liquidity risk

The ultimate responsibility for the Company's liquidity risk management lies with the board of directors, which has established an appropriate liquidity risk management framework to meet the Company's financing and liquidity management needs.

Liquidity and interest rate risk tables

The following table details the Company's remaining maturities for non-derivative financial liabilities with agreed-upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay and includes cash flows of the interests and principal.

	Repayment on Demand or Less than 1 Month	1-3 Months	3 Months-1 Years	1-5 Years
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Variable interest rate liabilities	\$ -	\$ 40,195	\$ 95,017	\$ 272,537
Lease liabilities	276	551	2,231	2,849
Non-interest-bearing liabilities	<u>59,743</u>	<u>180,462</u>	<u>22,329</u>	<u>-</u>
	<u>\$ 60,019</u>	<u>\$ 221,208</u>	<u>\$ 119,577</u>	<u>\$ 275,386</u>
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Variable interest rate liabilities	\$ -	\$ 133,932	\$ 109,050	\$ 513,882
Lease liabilities	156	311	1,401	2,099
Non-interest-bearing liabilities	<u>75,924</u>	<u>204,827</u>	<u>18,431</u>	<u>-</u>
	<u>\$ 76,080</u>	<u>\$ 339,070</u>	<u>\$ 128,882</u>	<u>\$ 515,981</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

26. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

<u>Related Party</u>	<u>Relationship with the Company</u>
Su, Chi-Tse Sun Forging Industrial Co., Ltd. (Sun)	Chairman Related party in substance

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Jin Shiang Forging Co., Ltd. (Jin Shiang)	Related party in substance
Linesoon Industrial Co., Ltd. (Linesoon)	Related party in substance
Wuxi Tsang Yow Auto Parts Co., Ltd. (Wuxi Tsang Yow)	Subsidiary (until July, 2023)
Business	Subsidiary (until November, 2023)
Giant	Subsidiary (until December, 2023)
AAI	Subsidiary (until December, 2023)
	(Concluded)

b. Operating revenues

Line Item	Related Party Category/Name	<u>For the Year Ended December 31</u>	
		2023	2022
Operating revenue	Subsidiary - Wuxi Tsang Yow	\$ 16,091	\$ 1,337
	Related party in substance	<u>3,814</u>	<u>3,250</u>
		<u>\$ 19,905</u>	<u>\$ 4,587</u>

The amount of unrealized gain on transactions with subsidiaries was \$3,107 thousand as of December 31, 2022.

The Company did not sell similar goods to non-related parties, so there was no transaction price of the same kind available for comparison. The payment term is not significantly different from that for non-related parties, which is net 30-140 days at the end of each month.

c. Purchase of goods

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2023	2022
Subsidiary - Wuxi Tsang Yow	\$ 2,286	\$ 2,047
Related party in substance	<u>34,380</u>	<u>40,613</u>
	<u>\$ 36,666</u>	<u>\$ 42,660</u>

The Company did not buy the same kind of goods from non-related parties, so there was no related transaction price available for comparison. The payment term is same as that for non-related parties, which is net 60 to 140 days at the end of each month.

d. Receivables from related parties and Payables to related parties (excluding loan to and loan from related parties)

Balance on the balance sheet date were as follows:

Line Item	Related Party Category/Name	<u>December 31</u>	
		2023	2022
Accounts receivable - related parties	Related party in substance	<u>\$ 553</u>	<u>\$ 1,965</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable - related parties	Subsidiary - Wuxi Tsang Yow	\$ -	\$ 1,673
	Related party in substance	<u>12,499</u>	<u>10,017</u>
		<u>\$ 12,499</u>	<u>\$ 11,690</u>
Other receivables - related parties (interest)	Subsidiary	<u>\$ -</u>	<u>\$ 182</u>
Other payable	Subsidiary	<u>\$ 364</u>	<u>\$ 182</u> (Concluded)

The outstanding payables to related parties are unsecured and will be settled in cash. The outstanding receivable from related parties are unsecured. For the years ended December 13, 2023 and 2022, no impairment losses were recognized for receivables from related parties.

e. Loans to related parties - only December 31, 2022

Related Party Category/Name	December 31, 2022
Subsidiary - Giant	\$ 76,652
Subsidiary - Wuxi Tsang Yow	<u>30,710</u>
	<u>\$ 107,362</u>

Interest income

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary	<u>\$ 230</u>	<u>\$ 1,735</u>

The company provided subsidiaries with unsecured short-term loans at December 31, 2023 and 2022. In addition to the interest-free to the subsidiary-Ginat, the annual interest rate for the loan to the subsidiary Wuxi Tsang Yow is 5%, but it has been adjusted to 3.5% since November 2022.

f. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Related party in substance	\$ 781	\$ -	\$ 781	\$ -
Subsidiary	<u>-</u>	<u>12,494</u>	<u>-</u>	<u>7,240</u>
	<u>\$ 781</u>	<u>\$ 12,494</u>	<u>\$ 781</u>	<u>\$ 7,240</u>

g. Remuneration of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 27,659	\$ 25,572
Post-employment benefits	<u>385</u>	<u>378</u>
	<u>\$ 28,044</u>	<u>\$ 25,950</u>

The remuneration of directors and other key management was determined by the remuneration committee based on the performance of individuals and market trends.

h. Guarantee

Part of the Company's financial loan facilities are jointly guaranteed by the chairman.

Related Party Category/Name	December 31	
	2023	2022
Chairman		
Amount guaranteed	\$ 1,055,000	\$ 1,055,000
Less: Amount utilized	<u>151,948</u>	<u>350,396</u>
	<u>\$ 903,052</u>	<u>\$ 704,604</u>

27. ASSETS PLEDGED AS COLLATERAL

The Company provided the following assets as collateral for borrowings and tariff guarantee for imported raw material:

	December 31	
	2023	2022
Property, plant and equipment	\$ 674,953	\$ 686,070
Other financial assets (current and non-current)	<u>10,181</u>	<u>10,140</u>
	<u>\$ 685,134</u>	<u>\$ 696,210</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Company as of December 31, 2023 and 2022 were as follows:

As of December 31, 2023 and 2022, the unrecognized commitments for acquisition of property, plant and equipment were \$16,205 thousand and \$5,865 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	Foreign Currency Amount	Exchange Rate		Carrying Amount
<u>December 31, 2023</u>				
Financial assets				
Monetary items				
USD	\$ 12,370	30.705	(USD:NTD)	\$ 379,821
Financial liabilities				
Monetary items				
USD	31	30.705	(USD:NTD)	952
<u>December 31, 2022</u>				
Financial assets				
Monetary items				
USD	14,790	30.71	(USD:NTD)	454,201
Nonmonetary items				
Investments accounted for using the equity method				
USD	14,908	30.71	(HKD:NTD)	454,426
Financial liabilities				
Monetary items				
USD	84	30.71	(USD:NTD)	2,580

The significant unrealized foreign exchange gains (losses) were as follows:

	Foreign currency	Exchange rate		Net exchange gain (loss)
2023				
USD		30.705	(USD:NTD)	<u>\$ (5,798)</u>
2022				
USD		30.71	(USD:NTD)	<u>\$ 8,136</u>

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held: Table 3
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
 - 10) Information on investees: Table 4
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 6
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 6
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None
 - e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

TABLE 1**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	The Company	Giant	Other receivables - related party	Y	\$ 122,820 (USD 4,000)	\$ -	\$ -	-	Note 1	\$ -	Short-term operating capital turnover	\$ -	-	\$ -	\$ 732,081	\$ 732,081
0	The Company	Wuxi Tsang Yow	Other receivables - related party	Y	92,115 (USD 3,000)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	732,081	732,081
1	Giant	Wuxi Tsang Yow	Other receivables - related party	Y	39,917 (USD 1,300)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	-	-
2	Business	Wuxi Tsang Yow	Other receivables - related party	Y	92,115 (USD 3,000)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	-	-

Note 1: There is need for short-term financial.

Note 2: 1. The Company

The total limit of loans to others shall be 40% of the Company's net shareholder's equity; the limit of loans to an affiliate shall not exceed 40% of the Company's net worth; the limit of loans to an enterprise shall not exceed 10% of the Company's non-shareholder's equity.

2. Giant, Business (the settlement has been liquidated from November to December 2023)

The total limit of loans to others shall be 40% of its net shareholder's equity; the limit of loans to an affiliate shall not exceed 40% of its net worth; the limit of loans to an enterprise shall not exceed 20% of its net shareholder's equity.

TABLE 2**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed /Guaranteed During the Year	Outstanding Endorsement /Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Wuxi Tsang Yow	Subsidiary	\$ 878,497	\$ 92,115 (USD 3,000)	\$ -	\$ -	\$ -	-	\$ 1,464,162	Y	N	Y

Note: The limit on endorsement/guarantee given on behalf of a single overseas enterprise shall not exceed 60% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 80% of the equity of the Company.

TABLE 3**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock Highwealth Construction Corp.	-	Financial assets at FVTPL - current	13,311	\$ <u>485</u>	-	\$ <u>485</u>	

TABLE 4**Tsang Yow Industrial Co., Ltd and Its Subsidiaries**

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Giant	Samoa	Reinvestment and interactional trading	\$ -	\$ 449,023	-	-	\$ -	\$ 154,490	\$ 154,794	Notes 1 and 2
	AAI	British Virgin Island	Reinvestment and interactional trading	-	1,621	-	-	-	<u>1,179</u>	<u>1,179</u>	
									<u>\$ 155,669</u>	<u>\$ 155,973</u>	
	YORU Tech SDN. BHD.	Malaysia	Manufacturing and selling of semiconductor and medical-related components	-	-	-	55	-	<u>\$ -</u>	<u>\$ -</u>	Note 3
Giant	Business	Samoa	Reinvestment and interactional trading	-	463,429	-	-	-	<u>\$ 169,653</u>	<u>\$ 169,653</u>	Note 2

Note 1: Unrealized gross losses have been realized.

Note 2: It was written off when the consolidated financial statements were prepared.

Note 3: The company was established and registered in September 2023 and its the capital was not verified at the end of the year.

TABLE 5**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Wuxi Tsang Yow	Research and development, design, and production of transmissions and accessories; hardware parts; sales of self-produced products; and provision of after sales services	\$ 392,246 (USD 12,000)	Indirectly investment in mainland China through companies registered in the third area	\$ 293,538 (USD 9,043)	\$ -	\$ 293,538 (USD 9,043)	\$ -	\$ (46,056)	-	\$ (45,752)	\$ -	\$ 493,073	Note 4

Investor	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Notes 1 and 2)
The Company	\$ -	\$ 467,399 (USD 14,484)	\$ 1,098,121

Note 1: The limit of Company's investment in China is as follows: $\$1,830,202 \times 60\% = \$1,098,121$

Note 2: As per the Principles for the Review of Investments or Technical Cooperation in the mainland China stipulated by the Investment Commission dated August 29, 2008, if the paid-in capital is NT\$80 million or more, the limit is 60% of the net worth.

Note 3: Recognized based on the audited financial reports of the investee company by the Company's certified public accountant for the same period.

Note 4: The Company signed a sale-of-share agreement with unrelated parties on May 31, 2023. The sale plan was completed with the equity transfer and change of registration in July 2023.

TABLE 6**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Relations Between The Company and Counterparty	Transaction Type	Amount	Payment Terms	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
					Unit Price	Comparison with Normal Transactions	Ending Balance	%	
Wuxi Tsang Yow	Subsidiary	Sales Purchase	\$ 16,091 2,286	T/T 140 days T/T 60 days	General Transactions General Transactions	General Transactions General Transactions	\$ - -	- -	\$ - -

TABLE 7**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Linesoon Investment Co., Ltd.	19,955,314	19.35
Rich Pool Investment Co., Ltd.	7,961,779	7.72
Golden Top Investment Co., Ltd.	7,427,058	7.20

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital indicated in the Company's parent company only financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

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STATEMENT 1

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Summary	Amount
Cash on hand and working capital	Including EUR 7 thousand, CNY 3 thousand, JPY 24 thousand, USD 5 thousand, MYR 9 thousand and NTD 111 thousand (Note 1)	\$ 618
Band deposit		
Checking accounts		3,626
Demand deposits		101,718
Foreign currency deposits	Including USD 637 thousand, EUR 151 thousand, JPY 90,997 thousand and CNY 564 thousand (Note 1)	46,900
		<u>152,244</u>
Cash equivalents		
Time deposits in bank (Note 2)	Including USD 7,013 thousand and CNY 113,504 thousand (Note 1)	707,387
		<u>\$ 860,249</u>

Note 1: Exchange rate:

JPY1=NTD0.2172
EUR1=NTD33.98
RMB1=NTD4.3352
USD1=NTD30.705
MYR1=NTD6.41

Note 2: It is bank time deposits with original maturities of three months or less, all due in March 2024, with an annual rate of interest of 2.68%-5.65%.

STATEMENT 2

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Related parties			
Other (Note)	<u>\$ 553</u>	<u>\$ -</u>	Sale of goods
Non-related parties			
Company A	34,843	-	Sale of goods
Company B	29,019	-	Sale of goods
Company C	26,099	17	Sale of goods
Company D	25,864	-	Sale of goods
Company E	22,859	-	Sale of goods
Company F	17,917	-	Sale of goods
Other (Note)	<u>48,885</u>	<u>58</u>	Sale of goods
	<u>205,486</u>	<u>75</u>	
Less: Allowance for losses	<u>900</u>	<u>75</u>	
	<u>204,586</u>		
	<u>\$ 205,139</u>	<u>\$ -</u>	

Note: The amount of individual clients that are included in others does not exceed 5% of the account balauce.

STATEMENT 3

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value (Note)
Finished goods	\$ 181,041	\$ 272,890
Work in process	128,776	146,559
Raw materials	41,388	41,455
Supplies	<u>17,846</u>	<u>18,193</u>
	<u>\$ 369,051</u>	<u>\$ 479,097</u>

Note: See Note 4 “Accounting policies” for the net realized value.

STATEMENT 4**TSANG YOW INDUSTRIAL CO., LTD.****STATEMENT OF OTHER FINANCIAL ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)**

Item	Interest Rates for the year (%)	Period	Amount
Current			
Pledged Time deposits			
Cathay United Bank	3.05	2023.12.15-2024.01.15	<u>\$ 9,681</u>
Non-current			
Time deposits			
Taiwan Cooperative Bank	1.58	2023.10.15-2024.10.15	500
(Note)			
Refundable deposits			<u>2,960</u>
			<u>3,460</u>
			<u>\$ 13,141</u>

Note: It is used as a guarantee for the tariff and will be automatically renewed when it matures.

STATEMENT 5**TSANG YOW INDUSTRIAL CO., LTD.****STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)**

Name	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Balance, December 31, 2023			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount (Note)	Shares	Amount	Shares	% of Ownership	Amount	Unit Price (NT\$)	Total Amount	
Giant	13,795,000	\$ 422,736	-	\$ 151,673	13,795,000	\$ 574,409	-	-	\$ -	\$ -	\$ -	None
AAI	50,000	<u>31,690</u>	-	<u>1,158</u>	50,000	<u>32,848</u>	-	-	<u>-</u>	-	<u>-</u>	None
		<u>\$ 454,426</u>		<u>\$ 152,831</u>		<u>\$ 607,257</u>			<u>\$ -</u>		<u>\$ -</u>	

Note: It includes the share of profit of subsidiaries using the equity method of \$155,972 thousand, a reduction of exchange differences on translating the financial statements of foreign operations of \$6,248 thousand and realized profits from the subsidiary of \$3,107 thousand.

STATEMENT 6

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2023	Additions	Balance of December 31, 2023
Cost			
Transportation equipment	\$ 9,166	\$ 4,207	\$ 13,373
Accumulated depreciation			
Transportation equipment	<u>(5,280)</u>	<u>(2,340)</u>	<u>(7,620)</u>
	<u>\$ 3,886</u>	<u>\$ 1,867</u>	<u>\$ 5,753</u>

STATEMENT 7

TSANG YOW INDUSTRIAL CO., LTD.

**STATEMENT OF CHANGES IN INTANGIBLE ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Items	Balance at January 1, 2023	Additions	Deductions	Balance of December 31, 2023
Computer software				
Cost	\$ 23,474	\$ 438	\$ (1,484)	\$ 22,428
Accumulated amortization	<u>(14,280)</u>	<u>(4,614)</u>	<u>1,484</u>	<u>(17,410)</u>
	<u>\$ 9,194</u>	<u>\$ (4,176)</u>	<u>\$ -</u>	<u>\$ 5,018</u>

STATEMENT 8

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Unrelated parties	
Company A	\$ 5,577
Company B	1,561
Company C	1,029
Company D	686
Company E	577
Other (Note)	<u>1,439</u>
	<u>\$ 10,869</u>

Note: The amount of individual vendors that are included in others does not exceed 5% of the account balance.

STATEMENT 9**TSANG YOW INDUSTRIAL CO., LTD.****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Jin Shiang	\$ 6,268
Sun	5,653
Linesoon	<u>578</u>
	<u>12,499</u>
Unrelated parties	
Company A	14,323
Company B	12,462
Company C	9,491
Company D	6,728
Company E	6,004
Company F	6,001
Others (Note)	<u>78,347</u>
	<u>133,356</u>
	<u>\$ 145,855</u>

Note: The amount of individual vendors that are included in others does not exceed 5% of the account balance.

STATEMENT 10

**TSANG YOW INDUSTRIAL CO., LTD.
TSANG YOW INDUSTRIAL CO., LTD.**

**STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Lease Term	Discount Rate (%)	Balance of December 31, 2023
Transportation equipment	2021.05-2026.10	1.37-1.84	\$ 5,690
Less: Lease liabilities - current			2,991
			<hr/>
Lease liabilities - non-current			<u>\$ 2,699</u>

STATEMENT 11

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Ending Balance	Period	Rate of annual interest (%)	Pledge/ Mortgage or Collateral
Unsecured borrowings				
E.SUN Bank	<u>\$ 20,000</u>	2023.12.28-2024.03.27	1.65	None

STATEMENT 12**TSANG YOW INDUSTRIAL CO., LTD.****STATEMENT OF LONG-TERM BORROWINGS****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Bank Name	Contract Period and Repayment Terms	Interest Rate (%)	Balance, December 31, 2023			Collateral	Remark
			Current	Non-current	Total		
Secured borrowings							
First Commercial Bank	It is amortized every six months in 12 installments, starting in June 2020.	1.84	\$ 20,000	\$ 51,000	\$ 71,000	Land and buildings	Note 27
E.SUN Bank	It is amortized in 156 monthly installments, starting in December 2020.	1.88	7,580	74,268	81,848	Land and buildings	Note 27
Mega international Commercial Bank	It is amortized in 120 monthly installments, starting in December 2018.	1.85	15,000	58,750	73,750	Land and buildings	Note 27
The Shanghai Commercial & Saving Bank Ltd.	It is amortized in 40 quarterly installments, starting in June 2018.	1.90	21,212	55,152	76,364	Land and buildings	Note 27
The Shanghai Commercial & Saving Bank Ltd.	It began in August 2022 with a grace period of one year and is amortized in 16 quarterly installments, starting in November 2023.	1.90	2,500	6,875	9,375	Land and buildings	Note 27
Unsecured borrowings							
E.SUN Bank	It is amortized in 36 monthly installments, starting in October 2021.	1.78	27,945	-	27,945	None	-
E.SUN Bank	It is amortized in 36 monthly installments, starting in January 2023.	1.73	14,996	15,258	30,254	None	-
			<u>\$ 109,233</u>	<u>\$ 261,303</u>	<u>\$ 370,536</u>		

STATEMENT 13**STATEMENT OF NET OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Quantities (In Thousands of PCS)	Amount
Automatic transmission components for automobiles	2,356	\$ 830,613
Clutch parts for heavy-duty trucks	464	132,088
Drivetrain parts for industrial machinery	105	61,509
Net energy vehicle motor components	55	39,548
Other (Note)	176	<u>140,079</u>
Sales revenue, net		1,203,837
Income from processing, net	3	318
Other operating revenue		<u>5,012</u>
Net operating revenue		<u>\$ 1,209,167</u>

Note: Each balance did not exceed 10% of the balance of this account.

STATEMENT 14

TSANG YOW INDUSTRIAL CO., LTD.

**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials at the beginning of the year	\$ 63,645
Purchases during this year	260,531
Less: Raw materials at the end of the year	<u>(41,388)</u>
Consumption of raw materials	282,788
Consumption of supplies	63,688
Direct labor	147,819
Overhead	<u>287,829</u>
Manufacturing cost	782,124
Add: Work in process at the beginning of the year	140,009
Less: Work in process at the end of the year	<u>(128,776)</u>
Cost of finished goods	793,357
Add: Finished goods at the beginning of the year	201,459
Purchase during this year	16,271
Less: Finished goods at the end of the year	(181,041)
Reclassified to operating expenses	(2,355)
Reclassified to other assets	(8,124)
Loss on obsolete inventory	(5,183)
Add: Gain on physical inventory	541
Others	<u>663</u>
Cost of production	815,588
Loss on obsolete inventory	5,183
Gain on physical inventory	(541)
Income from sales of scrap	<u>(10,570)</u>
Cost of goods sold	809,660
Other operating costs	<u>2,005</u>
	<u>\$ 811,665</u>

STATEMENT 15**TSANG YOW INDUSTRIAL CO., LTD.****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Developments Expenses	Total
Salary and wages	\$ 10,007	\$ 45,200	\$ 31,398	\$ 86,605
Travel expense	2,414	647	630	3,691
Import/export expense	18,043	-	-	18,043
Depreciation expense	1,877	6,589	3,892	12,358
Service expense	103	6,998	499	7,600
Insurance	2,475	3,205	3,040	8,720
Others (Note)	<u>7,443</u>	<u>16,264</u>	<u>7,643</u>	<u>31,350</u>
	<u>\$ 42,362</u>	<u>\$ 78,903</u>	<u>\$ 47,102</u>	168,367
Expected credit loss reversed on accounts receivable				<u>(754)</u>
				<u>\$ 167,613</u>

Note: Each balance did not exceed 5% of the balance of this account.

STATEMENT 16

TSANG YOW INDUSTRIAL CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit						
Salaries	\$ 158,805	\$ 73,733	\$ 232,538	\$ 176,760	\$ 70,551	\$ 247,311
Labor and health insurance	17,845	6,748	24,593	20,075	6,425	26,500
Pension	7,309	3,173	10,482	8,489	3,179	11,668
Remuneration of directors	-	12,872	12,872	-	12,009	12,009
Other	<u>10,301</u>	<u>2,932</u>	<u>13,233</u>	<u>11,246</u>	<u>2,943</u>	<u>14,189</u>
	<u>\$ 194,260</u>	<u>\$ 99,458</u>	<u>\$ 293,718</u>	<u>\$ 216,570</u>	<u>\$ 95,107</u>	<u>\$ 311,677</u>
Depreciation	\$ 69,944	\$ 12,358	\$ 82,302	\$ 76,579	\$ 12,096	\$ 88,675
Amortization	845	3,769	4,614	878	4,471	5,349

- Note :
1. The average number of the Company's employees was 384 and 424, including 8 non-employee directors in 2023 and 2022, respectively.
 2. The average employee benefits for the years ended December 31, 2023 and 2022 was \$747 thousand and \$720 thousand, respectively.
 3. The average salaries for the years ended December 31, 2023 and 2022 was \$618 thousand and \$594 thousand, respectively.
 4. The average salaries increased by 4% year-on-year.
 5. The Company has established an audit committee to replace supervisors, so it has no remuneration for supervisors.
 6. The Company's salary and remuneration policies (including directors, executive officers and employees) are as follows:

Compensation is provided based on comprehensive considerations to ensure fair remuneration, with periodic reviews and adjustments made in accordance with actual operating conditions and relevant regulations for directors, executives, and employees. The compensation committee references the overall competitiveness of the compensation market, regularly reviewing and evaluating the compensation policies, systems, standards, and structures for directors and executives. In addition, in accordance with the company's articles of association, if the company generates profits in a fiscal year, a minimum of 3% of the profits must be allocated for employee compensation. The distribution of this allocation is subject to approval by the board of directors. Furthermore, up to 5% of the profits may be allocated for director compensation, which must be reviewed by the compensation committee and approved by both the board of directors and

shareholders before distribution. The compensation for the Chairman and independent directors, who participate in the operation, is set at a fixed monthly amount. Additionally, directors receive an attendance fee of 3,000 yuan for each board meeting they attend. The compensation for directors and executives is determined through review by the compensation committee and approval by the board of directors.

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of affiliates of Tsang Yow Industrial Co., Ltd. for the year ended December 31, 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Tsang Yow Industrial Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Tsang Yow Industrial Co., Ltd.

By

Su, Chi-Tse
Chairman

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tsang Yow Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Tsang Yow Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2023. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of revenue from consignment warehouses

The Group mainly engages in the manufacturing and sales of automobiles and parts thereof. Warehouse consignment is one of the Group's important sales models. As the Group needed to regularly verify the quantity of the goods sold from the consignment warehouses to recognize the sales revenue, during which manual reconciliation was involved, the potential risk of error posed to the occurrence of the Group's sales revenue has increased. Therefore, in accordance with the Standards on Auditing of the Republic of China, where revenue recognition is presumed to have a significant risk, the occurrence of sales revenue from consignment warehouses is listed as a key audit matter.

Refer to Note 4 (11) for the accounting policy on revenue recognition.

We have implemented the corresponding audit procedures below for the specific aspects of the above key audit matter, including:

1. We obtained an understanding of and tested if the Group's internal control operations related to the sales were effective.
2. We selected samples from the statements of sales revenue from the consignment warehouses, verified the account reconciliation records between the Group and clients, shipping documents and payment collection documents, and we checked if the recipients were consistent with the transaction counterparties or reviewed the confirmation made by clients to confirm the occurrence of the sales.

Other Matter

We have also audited the parent company only financial statements of Tsang Yow Industrial Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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 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 maintain 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 Group's internal control.
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 Group's ability to continue as a going concern. 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group 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 the consolidated financial statements for the year ended December 31, 2023 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.

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Tsang Yow Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 860,249	33	\$ 458,717	16
Financial assets at fair value through profit or loss (Notes 4,7 and 27)	485	-	443	-
Notes receivable (Notes 4, 5, 8, 21 and 29)	-	-	2,489	-
Accounts receivable, net (Notes 4, 5, 8, 21 and 28)	205,139	8	430,974	15
Other receivables	1	-	18,931	1
Current tax assets (Notes 4 and 23)	937	-	431	-
Inventories (Notes 4, 5 and 9)	369,051	14	540,075	18
Other financial assets - current (Notes 10 and 29)	9,681	-	9,640	-
Other current assets (Note 15)	10,698	1	17,569	1
Total current assets	<u>1,456,241</u>	<u>56</u>	<u>1,479,269</u>	<u>51</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 13, 29 and 30)	1,108,920	43	1,350,037	46
Right-of-use assets (Notes 4 and 14)	5,753	-	15,297	1
Intangible assets (Note 4)	5,018	-	9,839	-
Deferred tax assets (Notes 4 and 23)	32,816	1	65,140	2
Prepayments for equipment	6,304	-	1,541	-
Other financial assets - non-current (Notes 10 and 29)	3,460	-	2,236	-
Other non-current assets (Note 15)	4,564	-	592	-
Total non-current assets	<u>1,166,835</u>	<u>44</u>	<u>1,444,682</u>	<u>49</u>
TOTAL	<u>\$ 2,623,076</u>	<u>100</u>	<u>\$ 2,923,951</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 20,000	1	\$ 100,000	4
Contract liabilities (Note 21)	7,885	-	18,387	1
Notes payable (Note 17)	10,869	-	7,709	-
Accounts payable (Notes 17 and 28)	145,855	6	285,653	10
Other payables (Notes 18 and 22)	105,810	4	125,166	4
Current tax liabilities (Notes 4 and 23)	78,158	3	41,012	1
Lease liabilities - current (Notes 4 and 14)	2,991	-	1,828	-
Current portion of long-term borrowings (Notes 16, 28 and 29)	109,233	4	133,611	5
Other current liabilities (Note 18)	43,184	2	64,444	2
Total current liabilities	<u>523,985</u>	<u>20</u>	<u>777,810</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 28 and 29)	261,303	10	495,178	17
Deferred tax liabilities (Notes 4 and 23)	-	-	4,590	-
Lease liabilities - non-current (Notes 4 and 14)	2,699	-	2,081	-
Net defined benefit liabilities (Notes 4 and 19)	4,787	-	5,845	-
Other non-current liabilities	100	-	100	-
Total non-current liabilities	<u>268,889</u>	<u>10</u>	<u>507,794</u>	<u>17</u>
Total liabilities	<u>792,874</u>	<u>30</u>	<u>1,285,604</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital	<u>1,030,865</u>	<u>39</u>	<u>1,030,865</u>	<u>35</u>
Capital surplus	<u>150,532</u>	<u>6</u>	<u>150,532</u>	<u>5</u>
Retained earnings				
Legal reserve	113,668	4	96,923	3
Special reserve	31,293	1	44,054	2
Unappropriated earnings	515,624	20	359,046	12
Total retained earnings	<u>660,585</u>	<u>25</u>	<u>500,023</u>	<u>17</u>
Other equity	-	-	(31,293)	(1)
Treasury Shares	(11,780)	-	(11,780)	-
Total equity	<u>1,830,202</u>	<u>70</u>	<u>1,638,347</u>	<u>56</u>
TOTAL	<u>\$ 2,623,076</u>	<u>100</u>	<u>\$ 2,923,951</u>	<u>100</u>

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

Tsang Yow Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 1,193,076	100	\$ 1,347,635	100
OPERATING COSTS (Notes 9, 22 and 28)	<u>791,631</u>	<u>66</u>	<u>975,146</u>	<u>72</u>
GROSS PROFIT	<u>401,445</u>	<u>34</u>	<u>372,489</u>	<u>28</u>
OPERATING EXPENSES (Notes 8 and 22)				
Selling and marketing expenses	42,362	3	64,287	5
General and administrative expenses	79,235	7	70,140	5
Research and development expenses	47,102	4	46,519	4
Expected credit gain	<u>(754)</u>	<u>-</u>	<u>(604)</u>	<u>-</u>
Total operating expenses	<u>167,945</u>	<u>14</u>	<u>180,342</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>233,500</u>	<u>20</u>	<u>192,147</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Interest income	7,964	1	3,022	-
Other income	6	-	46	-
Other gains and losses	18,644	1	64,366	5
Finance costs	<u>(10,402)</u>	<u>(1)</u>	<u>(12,341)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>16,212</u>	<u>1</u>	<u>55,093</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	249,712	21	247,240	18
INCOME TAX EXPENSE (Notes 4 and 23)	<u>53,120</u>	<u>4</u>	<u>42,367</u>	<u>3</u>
NET PROFIT FROM CONTINUING OPERATIONS	196,592	17	204,873	15
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 11)	<u>77,142</u>	<u>6</u>	<u>(39,483)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>273,734</u>	<u>23</u>	<u>165,390</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(739)	-	2,579	-
Income tax related to items that will not be reclassified subsequently to profit or loss	148	-	(516)	-

(Continued)

Tsang Yow Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 31,313	3	\$ 15,951	1
Income tax related to items that may be reclassified subsequently to profit or loss	(20)	-	(3,190)	-
Other comprehensive income for the year, net of income tax	<u>30,702</u>	<u>3</u>	<u>14,824</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 304,436</u>	<u>26</u>	<u>\$ 180,214</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 273,734</u>	<u>23</u>	<u>\$ 165,390</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 304,436</u>	<u>26</u>	<u>\$ 180,214</u>	<u>13</u>
EARNINGS PER SHARE (Note 24)				
From continuing and discontinued operations				
Basic	<u>\$ 1.92</u>		<u>\$ 2.00</u>	
Diluted	<u>\$ 1.91</u>		<u>\$ 1.99</u>	
From continuing operations				
Basic	<u>\$ 2.67</u>		<u>\$ 1.62</u>	
Diluted	<u>\$ 2.66</u>		<u>\$ 1.61</u>	

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

(Concluded)

Tsang Yow Industrial Co., Ltd. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings			
			Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2022	\$ 1,030,865	\$ 150,532	\$ 94,185	\$ 40,336	\$ 228,753	\$ (44,054)	\$ (11,780)	\$ 1,488,837
Appropriation of 2021 earnings (Note 20)	-	-	2,738	-	(2,738)	-	-	-
Legal reserve	-	-	-	-	(3,718)	-	-	-
Special reserve	-	-	-	3,718	(3,718)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(30,704)	-	-	(30,704)
	-	-	2,738	3,718	(37,160)	-	-	(30,704)
Net profit for the year ended December 31, 2022	-	-	-	-	165,390	-	-	165,390
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	2,063	12,761	-	14,824
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	167,453	12,761	-	180,214
BALANCE AT DECEMBER 31, 2022	1,030,865	150,532	96,923	44,054	359,046	(31,293)	(11,780)	1,638,347
Appropriation of 2022 earnings (Note 20)	-	-	16,745	-	(16,745)	-	-	-
Legal reserve	-	-	-	(12,761)	12,761	-	-	-
Reversal of special reserve	-	-	-	-	(112,581)	-	-	(112,581)
Cash dividends distributed by the Company	-	-	-	-	(112,581)	-	-	(112,581)
	-	-	16,745	(12,761)	(116,565)	-	-	(112,581)
Net profit for the year ended December 31, 2023	-	-	-	-	273,734	-	-	273,734
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	(591)	31,293	-	30,702
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	273,143	31,293	-	304,436
BALANCE AT DECEMBER 31, 2023	\$ 1,030,865	\$ 150,532	\$ 113,668	\$ 31,293	\$ 515,624	\$ -	\$ (11,780)	\$ 1,830,202

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

Tsang Yow Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 249,712	\$ 247,240
Income (loss) before income tax from discontinued operations	<u>87,769</u>	<u>(47,789)</u>
Income before income tax	<u>337,481</u>	<u>199,451</u>
Adjustments for:		
Depreciation expense	99,671	135,068
Amortization expense	4,673	5,478
Expected credit loss recognized (reversed)	(3,057)	585
Net loss (gain) on fair value changes of financial asset at fair value through profit and loss	(42)	66
Finance costs	10,503	13,037
Interest income	(11,063)	(3,962)
Dividend income	(6)	(46)
Loss (gain) on disposal of property, plant and equipment	(15,034)	1,390
Gain on disposal of subsidiary	(214,201)	-
Inventory loss	18,124	19,180
Changes in operating assets and liabilities		
Notes receivable	334	2,542
Accounts receivable	73,569	142,263
Other receivables	17,844	(17,003)
Inventories	79,827	(56,102)
Other current assets	4,780	(3,704)
Contract liabilities	(10,502)	13,893
Notes payable	3,160	(3,187)
Accounts payable	(43,260)	(96,781)
Other payables	37,228	8,060
Other current liabilities	(20,748)	24,421
Net defined benefit liabilities	<u>(1,797)</u>	<u>(1,374)</u>
Cash generated from operations	367,484	383,275
Interest received	11,063	3,962
Dividends received	6	46
Interest paid	(10,735)	(13,306)
Income tax paid	<u>(40,881)</u>	<u>(1,497)</u>
Net cash generated from operating activities	<u>326,937</u>	<u>372,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(48,576)	(64,645)
Proceeds from disposal of property, plant and equipment	39,626	34,312
Payments for intangible assets	(438)	(876)
Increase in other financial assets	(1,265)	(1,019)
Increase in other non-current assets	(3,972)	-
Proceeds from disposal of subsidiary	<u>477,784</u>	<u>-</u>

(Continued)

Tsang Yow Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022
Net cash generated from (used in) investing activities	\$ <u>463,159</u>	\$ <u>(32,228)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(80,000)	(121,520)
Proceeds from long-term borrowings	100,000	525,000
Repayment of long-term borrowings	(358,253)	(820,430)
Repayment of the principal portion of lease liabilities	(2,426)	(1,639)
Cash dividends	<u>(112,581)</u>	<u>(30,704)</u>
Net cash used in financing activities	<u>(453,260)</u>	<u>(449,293)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>64,696</u>	<u>13,318</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	401,532	(95,723)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>458,717</u>	<u>554,440</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 860,249</u>	<u>\$ 458,717</u>

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

Tsang Yow Industrial Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Tsang Yow Industrial Co., Ltd. (the “Company”) was incorporated in January 1985, and mainly engages in the business activities below:

- a. Manufacturing and wholesale of other machinery (automatic transmission and drivetrain systems).
- b. Manufacturing and wholesale of ships and parts.
- c. Manufacturing and wholesale of automobiles and parts.
- d. Manufacturing and wholesale of other machinery and devices (automatic transmission and drivetrain systems).

The Company’s shares have been listed on the Taiwan Stock Exchange since May 2014.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations would not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12, and Tables 4 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of weighted-average cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, Plant, and Equipment

Property, plant and equipment are initially measured at cost and subsequently measure at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27 Financial Instruments.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, accounts receivable (including related parties), other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for notes receivable and account receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default without taking into account any collateral held by the Group:

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of automatic transmission components. Sales of automatic transmission components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable is recognized concurrently.

Revenue is measured at the fair value of the consideration received or receivable, less estimated returns, discounts, and other similar discounts. Returns and discounts are recognized at reasonable estimates of the monetary amount of future returns based on the past experience and other relevant factors.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from processing on order is recognized as the Company fulfills their obligation over time.

l. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in fixed payments and a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

n. Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 618	\$ 570
Checking accounts and demand deposits	152,244	289,024
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>707,387</u>	<u>169,123</u>
	<u>\$ 860,249</u>	<u>\$ 458,717</u>

a. The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits (%)	2.68-5.65	1.45-4.80

b. The Group interacts with a variety of financial institutions with sound credit ratings to disperse credit risk; hence, the probability of default is expected to be low.

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets - current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets - domestic listed shares	<u>\$ 485</u>	<u>\$ 443</u>

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Note receivable - operating		
At amortized cost	<u>\$ -</u>	<u>\$ 2,489</u>
Accounts receivable - operating		
At amortized cost		
Gross carrying amount (including related parties)	\$ 206,114	\$ 436,363
Less: Allowance for impairment loss	<u>975</u>	<u>5,389</u>
	<u>\$ 205,139</u>	<u>\$ 430,974</u>

The credit period for sales of goods is 15-205 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of receivables based on the Group's provision matrix:

December 31, 2023

	Not Past Due	Past Due 1-30 Days	Past Due 31-90 Days	Past Due Over 91 Days	Total
Expected credit loss rate (%)	-	-	1-2	9-100	
Gross carrying amount	\$ 150,165	\$ 41,282	\$ 11,915	\$ 2,752	\$ 206,114
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(139)</u>	<u>(836)</u>	<u>(975)</u>
Amortized cost	<u>\$ 150,165</u>	<u>\$ 41,282</u>	<u>\$ 11,776</u>	<u>\$ 1,916</u>	<u>\$ 205,139</u>

December 31, 2022

	Not Past Due	Past Due 1-30 Days	Past Due 31-90 Days	Past Due Over 91 Days	Total
Expected credit loss rate (%)	-	1	5-25	50-100	
Gross carrying amount	\$ 381,257	\$ 42,049	\$ 8,421	\$ 7,125	\$ 438,852
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(405)</u>	<u>(1,373)</u>	<u>(3,611)</u>	<u>(5,389)</u>
Amortized cost	<u>\$ 381,257</u>	<u>\$ 41,644</u>	<u>\$ 7,048</u>	<u>\$ 3,514</u>	<u>\$ 433,463</u>

The movements of the loss allowance of receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 5,389	\$ 4,867
Impairment losses recognized (reversed)	(3,057)	585
Amounts written off	-	(106)
Foreign exchange translation differences	(55)	43
Less: Disposal of subsidiaries	<u>1,302</u>	<u>-</u>
Balance at December 31	<u>\$ 975</u>	<u>\$ 5,389</u>

9. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 181,041	\$ 240,296
Work in progress	128,776	168,993
Raw materials	41,388	84,775
Supplies	<u>17,846</u>	<u>46,011</u>
	<u>\$ 369,051</u>	<u>\$ 540,075</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 1,005,888	\$ 1,407,247
Inventory write-downs	12,034	15,013
Inventory obsolescence losses	6,631	5,331
Income from sale of scraps	(11,722)	(15,663)
Gains from physical counts	(541)	(1,164)
Less: From discontinued operations	<u>222,664</u>	<u>435,859</u>
	<u>\$ 789,626</u>	<u>\$ 974,905</u>

10. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Pledged time deposits (Note 29)	\$ 10,181	\$ 10,140
Refundable deposits	<u>2,960</u>	<u>1,736</u>
	<u>\$ 13,141</u>	<u>\$ 11,876</u>
Current	\$ 9,681	\$ 9,640
Non-current	<u>3,460</u>	<u>2,236</u>
	<u>\$ 13,141</u>	<u>\$ 11,876</u>

The market rate intervals of pledged time deposits at the end of the reporting period were as follows:

	December 31	
	2023	2022
Time deposits (%)	1.58-3.05	1.33-1.45

The Group interacts with a variety of financial institutions with sound credit ratings to disperse credit risk; hence, the probability of default is expected to be low.

11. DISCONTINUED OPERATIONS

In consideration of the overall strategic assessment and efficient recovery of investment resources for an investee company in mainland China, the board of directors resolved to dispose of all the equity interests of Wuxi Tsang Yow Auto Parts Co., Ltd. ('Wuxi Tsang Yow') for not less than RMB105,000 thousand on May 26, 2023. The sale contract was signed with unrelated parties on May 31, 2023. The equity transaction was completed in July 2023, with the final disposal proceeds amounting to RMB111,000 thousand fully received. Subsidiary Business International Corp. ('Business') repatriated all funds to subsidiary Giant Finance Inc. ('Giant') in November 2023, which, in turn, repatriated the funds to the Company in December 2023. Business and Giant completed the liquidation process in the fiscal year 2023.

Due to compliance with the provisions of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the above transactions classified Wuxi Tsang Yow, Business, and Giant as discontinued operations. To align with the presentation of discontinued operations in the comprehensive income statement for the period from January 1 to December 31, 2023, the Company reclassified the profit and loss

items of discontinued operations for the period from January 1 to December 31, 2022, to make the information of the two periods more relevant.

The profit and loss details, as well as the cash flow statement, for the discontinued operations are as follows:

	For the Year Ended December 31	
	2023	2022
Operating revenue	\$ 179,866	\$ 443,308
Operating cost	<u>222,664</u>	<u>435,859</u>
Gross profit (loss)	(42,798)	7,449
Selling and marketing expenses	4,406	6,412
General and administrative expenses	11,904	24,328
Research and development expenses	11,509	14,060
Expected credit loss (gain)	<u>(2,303)</u>	<u>1,189</u>
Net operating loss	(68,314)	(38,540)
Interest income	3,099	940
Other gains and losses	(4,438)	(9,493)
Finance costs	<u>(101)</u>	<u>(696)</u>
Net loss before tax	(69,754)	(47,789)
Income tax expense (benefit)	<u>10,627</u>	<u>(8,306)</u>
Net loss for the period	(80,381)	(39,483)
Gain on disposal (Note 25)	<u>157,523</u>	<u>-</u>
Profit (loss) from discontinued operations	<u>\$ 77,142</u>	<u>\$ (39,483)</u>
Profit (loss) from discontinued operations attributable to Owners of the Company	<u>\$ 77,142</u>	<u>\$ (39,483)</u>
Cash flows		
Operating activities	\$ 38,747	\$ 38,514
Investing activities	491,312	(1,312)
Financing activities	<u>-</u>	<u>(41,574)</u>
Net cash inflow (outflow)	<u>\$ 530,059</u>	<u>\$ (4,372)</u>

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31, 2023	December 31, 2022
The company	Giant	General investment business and international trade (Notes 1 and 3)	-	100
	All-Aspect International Corp. (AAI)	General investment business and international trade (Notes 1 and 3)	-	100
	YORU Tech SDN. BHD. (Malaysia)	Note 2	55	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31, 2023	December 31, 2022
Giant	Business	General investment business and international trade (Notes 1 and 3)	-	100
Business	Wuxi Tsang Yow (Note 11)	Development, production, distribution and provision of after-sales service for parts used in auto transmission device and related parts, molds used in automobiles and scooters, fixtures, fine blanking dies, precision cavity molds, mold standard parts and hardware parts (Note 1)	-	100

(Concluded)

Note 1: The financial statements of subsidiaries included in the consolidated financial statements have all been audited by certified accountants.

Note 2: On August 29, 2023, the board of directors approved the establishment of YORU Tech SDN. BHD., a joint venture in Malaysia, by the Company. The planned investment amount will be USD 6.6 million, with a 55% ownership stake. The registration process has been completed. As of the end of this year, the Company has invested USD 110,000, and the verification process is not yet complete. It is recorded as other non-current assets.

Note 3: In November 2023, the board of directors approved to liquidate Giant, Business, and AAI. The liquidation process was completed from November to December 2023.

13. PROPERTY, PLANT AND EQUIPMENT

a. The movement in costs and accumulated depreciation are as follows:

For the year ended December 31, 2023

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment to be Accepted and Unfinished Construction	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 317,004	\$ 705,063	\$ 1,111,901	\$ 182,667	\$ 17,816	\$ 2,334,451
Additions	-	-	14,613	33,983	(7,259)	41,337
Disposals	-	-	(25,465)	(44,235)	-	(69,700)
Effect of foreign currency exchange differences	-	(3,520)	(9,047)	(1,032)	-	(13,599)
Disposal of subsidiaries	-	(151,884)	(416,268)	(42,698)	-	(610,850)
Balance at December 31, 2023	<u>\$ 317,004</u>	<u>\$ 549,659</u>	<u>\$ 675,734</u>	<u>\$ 128,685</u>	<u>\$ 10,557</u>	<u>\$ 1,681,639</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 288,162	\$ 611,329	\$ 84,923	\$ -	\$ 984,414
Depreciation expense	-	14,388	63,189	19,571	-	97,148
Disposals	-	-	(23,810)	(21,298)	-	(45,108)
Effect of foreign currency exchange differences	-	(2,749)	(6,498)	(746)	-	(9,993)
Disposal of subsidiaries	-	(118,408)	(305,228)	(30,106)	-	(453,742)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 181,393</u>	<u>\$ 338,982</u>	<u>\$ 52,344</u>	<u>\$ -</u>	<u>\$ 572,719</u>
Carrying amount at December 31, 2023	<u>\$ 317,004</u>	<u>\$ 368,266</u>	<u>\$ 336,752</u>	<u>\$ 76,341</u>	<u>\$ 10,557</u>	<u>\$ 1,108,920</u>

For the year ended December 31, 2022

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment to be Accepted and Unfinished Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 317,004	\$ 702,668	\$ 1,230,425	\$ 172,457	\$ 34,172	\$ 2,456,726
Additions	-	-	7,873	75,331	(16,375)	66,829
Disposals	-	-	(135,409)	(65,979)	-	(201,388)
Effect of foreign currency exchange differences	-	2,395	9,012	858	19	12,284
Balance at December 31, 2022	<u>\$ 317,004</u>	<u>\$ 705,063</u>	<u>\$ 1,111,901</u>	<u>\$ 182,667</u>	<u>\$ 17,816</u>	<u>\$ 2,334,451</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 267,942	\$ 649,321	\$ 91,140	\$ -	\$ 1,008,403
Depreciation expense	-	18,543	90,895	23,607	-	133,045
Disposals	-	-	(135,283)	(30,403)	-	(165,686)
Effect of foreign currency exchange differences	-	1,677	6,396	579	-	8,652
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 288,162</u>	<u>\$ 611,329</u>	<u>\$ 84,923</u>	<u>\$ -</u>	<u>\$ 984,414</u>
Carrying amount at December 31, 2022	<u>\$ 317,004</u>	<u>\$ 416,901</u>	<u>\$ 500,572</u>	<u>\$ 97,744</u>	<u>\$ 17,816</u>	<u>\$ 1,350,037</u>

- b. Property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings of plants	50 years
Landscape engineering and fences	7-15 years
Machinery and equipment	3-15 years
Other equipment	3-15 years

Refer to Note 29 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

- c. Investing activities that affect both cash and non-cash items

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase in property, plant and equipment	\$ 41,337	\$ 66,829
Increase (decrease) in prepayments for equipment	4,763	(4,747)
Interest capitalization	(234)	(390)
Decrease in payables for machinery and equipment	<u>2,710</u>	<u>2,953</u>
Cash paid for purchase of property, plant and equipment	<u>\$ 48,576</u>	<u>\$ 64,645</u>

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount of right-of-use assets		
Land	\$ -	\$ 11,411
Transportation equipment	<u>5,753</u>	<u>3,886</u>
	<u>\$ 5,753</u>	<u>\$ 15,297</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,207</u>	<u>\$ 4,349</u>
Right-of-use assets depreciation expense		
Land	\$ 183	\$ 369
Transportation equipment	<u>2,340</u>	<u>1,654</u>
	<u>\$ 2,523</u>	<u>\$ 2,023</u>

The land of the right-of-use assets, located in mainland China, is amortized on a straight-line basis over the lease term of 50 years to 2054.

Except for Note 11 and the additions and recognition of depreciation expenses, there were no significant subleases or impairment of the right-of-use assets of the Group in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	<u>\$ 2,991</u>	<u>\$ 1,828</u>
Non-current	<u>\$ 2,699</u>	<u>\$ 2,081</u>

Range of discount rates (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Transportation equipment	1.37-1.84	1.37-1.38

c. Other leasing information

	For the Year Ended December 31	
	2023	2022
Expenses relating to low-value asset leases	<u>\$ 265</u>	<u>\$ 292</u>
Total cash outflow for leases	<u>\$ 2,761</u>	<u>\$ 1,981</u>

The Group's leases of photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these

leases.

15. Other assets

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Excess business tax paid	\$ 3,974	\$ 9,987
Prepaid expenses	3,339	2,335
Prepayments to supplies	878	1,000
Others	<u>2,507</u>	<u>4,247</u>
	<u>\$ 10,698</u>	<u>\$ 17,569</u>
<u>Non-Current</u>		
Prepayment for investment (Note 12)	\$ 3,972	\$ -
Other	<u>592</u>	<u>592</u>
	<u>\$ 4,564</u>	<u>\$ 592</u>

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
Unsecured borrowings	<u>\$ 20,000</u>	<u>\$ 100,000</u>

The annual interest rates of short-term borrowings were as follows:

	<u>December 31</u>	
	2023	2022
Unsecured borrowings in bank (%)	1.65	1.40-1.55

b. Long-term borrowings

	<u>December 31</u>	
	2023	2022
Secured borrowings (Note 28)	\$ 312,337	\$ 467,143
Unsecured borrowings	<u>58,199</u>	<u>161,646</u>
	370,536	628,789
Less: Current portion	<u>109,233</u>	<u>133,611</u>
Long-term borrowings	<u>\$ 261,303</u>	<u>\$ 495,178</u>

Details are as follows:

Borrowings	Due Date	Major Terms	Rate of Annual Interest (%)	December 31	
				2023	2022
Secured borrowings					
First Commercial Bank	2025.12	It is amortized every six months in 12 installments, starting in June 2020.	1.84	\$ 71,000	\$ 170,000
E.SUN Bank	2033.11	It is amortized in 156 monthly installments, starting in December 2020.	1.88	81,848	89,302
Mega International Commercial Bank	2028.11	It is amortized in 120 monthly installments, starting in December 2018.	1.85	73,750	88,750
The Shanghai Commercial & Saving Bank, Ltd.	2028.03	It is amortized in 40 quarterly installments, starting in June 2018.	1.90	76,364	89,091
The Shanghai Commercial & Saving Bank, Ltd.	2024.10	It is amortized in 20 quarterly installments, starting in January 2020, and it was paid off in full ahead of schedule in November 2023.	1.90	-	20,000
The Shanghai Commercial & Saving Bank, Ltd.	2027.08	It began in August 2022 with a grace period of one year and is amortized in 16 quarterly installments, starting in November 2023.	1.90	9,375	10,000
Unsecured borrowings					
Mega International Commercial Bank	2026.11	Revolving credit line	1.80	-	40,000
E.SUN Bank	2024.09	It is amortized in 36 monthly installments, starting in October 2021.	1.78	27,945	64,646
E.SUN Bank	2025.12	It is amortized in 36 monthly installments, starting in January 2023.	1.73	30,254	45,000
Taipei Fubon Bank	2023.06	It is amortized in 30 monthly installments, starting in January 2021.	1.81	-	12,000
				<u>\$ 370,536</u>	<u>\$ 628,789</u>

17. NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Notes payable	<u>\$ 10,869</u>	<u>\$ 7,709</u>
Accounts payable (including related parties)	<u>\$ 145,855</u>	<u>\$ 285,653</u>

The aforementioned amounts are all incurred due to business operations. The credit terms for purchasing raw materials range from 30 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Other payables</u>		
Payables for salaries or bonuses	\$ 42,770	\$ 49,898
Payables for annual leave	8,762	10,441
Payables for machinery and equipment	3,599	6,309
		(Continued)

	December 31	
	2023	2022
Payable for compensation of employees and remuneration of directors (Note 22)	\$ 22,218	\$ 18,312
Others	<u>28,461</u>	<u>40,206</u>
	<u>\$ 105,810</u>	<u>\$ 125,166</u>
Non-related parties	\$ 105,446	\$ 125,166
Related parties	<u>364</u>	<u>-</u>
	<u>\$ 105,810</u>	<u>\$ 125,166</u>
<hr/> Other current liabilities <hr/>		
Refund liabilities	\$ 666	\$ 904
Other advances receipts	42,022	63,234
Others	<u>496</u>	<u>306</u>
	<u>\$ 43,184</u>	<u>\$ 64,444</u>
		(Concluded)

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Wuxi Tsang Yow, a subsidiary of the Group, contributes to the pension insurance funds managed by relevant government departments based on local wages in accordance with the local laws and regulations. It is also a defined contribution pension plan. The remaining subsidiaries have not yet formulated a pension plan.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 10,791	\$ 14,079
Fair value of plan assets	<u>(6,004)</u>	<u>(8,234)</u>
Net defined benefit liabilities	<u>\$ 4,787</u>	<u>\$ 5,845</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 16,363</u>	<u>\$ (6,565)</u>	<u>\$ 9,798</u>
Net interest expense (income)	<u>110</u>	<u>(42)</u>	<u>68</u>
Recognized in profit or loss	<u>110</u>	<u>(42)</u>	<u>68</u>
Remeasurement			
Return on plan assets	-	(796)	(796)
Actuarial gain - experience adjustments	(941)	-	(941)
Actuarial gain - changes in financial assumptions	<u>(842)</u>	<u>-</u>	<u>(842)</u>
Recognized in other comprehensive income	<u>(1,783)</u>	<u>(796)</u>	<u>(2,579)</u>
Contributions from the employer	<u>-</u>	<u>(1,442)</u>	<u>(1,442)</u>
Benefits paid	<u>(611)</u>	<u>611</u>	<u>-</u>
Balance at December 31, 2022	<u>14,079</u>	<u>(8,234)</u>	<u>5,845</u>
Net interest expense (income)	<u>148</u>	<u>(81)</u>	<u>67</u>
Recognized in profit or loss	<u>148</u>	<u>(81)</u>	<u>67</u>
Remeasurement			
Return on plan assets	-	(84)	(84)
Actuarial loss - experience adjustments	727	-	727
Actuarial loss - changes in financial assumptions	<u>96</u>	<u>-</u>	<u>96</u>
Recognized in other comprehensive loss	<u>823</u>	<u>(84)</u>	<u>739</u>
Contributions from the employer	<u>-</u>	<u>(1,864)</u>	<u>(1,864)</u>
Benefits paid	<u>(4,259)</u>	<u>4,259</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 10,791</u>	<u>\$ (6,004)</u>	<u>\$ 4,787</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management.

However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate (%)	1.3	1.4
Expected rate of salary increase (%)	1.5	1.5

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (246)</u>	<u>\$ (330)</u>
0.25% decrease	<u>\$ 254</u>	<u>\$ 341</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 246</u>	<u>\$ 330</u>
0.25% decrease	<u>\$ (239)</u>	<u>\$ (321)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 5,796</u>	<u>\$ 2,133</u>
Average duration of the defined benefit obligation	10 years	11 years

20. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Amount of authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of issued and fully paid shares (in thousands)	<u>103,087</u>	<u>103,087</u>
Amount of issued and fully paid shares	<u>\$ 1,030,865</u>	<u>\$ 1,030,865</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Additional paid-in capital - issuance of ordinary shares	\$ 145,471	\$ 145,471
Treasury shares traded	<u>5,061</u>	<u>5,061</u>
	<u>\$ 150,532</u>	<u>\$ 150,532</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders.

In addition, in accordance with the Articles of the Company, the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash, and a report of such distribution should be submitted in the shareholders' meeting.

The Company will consider the industry condition and the growth stage of the Company to meet capital needs and cash flow demands from shareholders in alignment with the long-term financial plan. Therefore, a certain percentage of distributable earnings will be provided for shareholder dividends, of which the cash dividends shall not be lower than 10% of all dividends to be paid out. The types and percentages of such dividends may be adjusted depending on the year's profit and capital needs by the resolution of the shareholders' meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Legal reserve	\$ 16,745	\$ 2,738		
Special reserve (reversed)	\$ (12,761)	\$ 3,718		
Cash dividends to shareholders	\$ 112,581	\$ 30,704	\$ 1.10	\$ 0.30

The above appropriations for cash dividends were resolved by the Company's board of directors in March 2023 and March 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings in May 2023 and June 2022, respectively.

The appropriations of earnings for 2023 were proposed by the Company's board of directors in March 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 27,314	
Reversal of special reserve	\$ (31,293)	
Cash dividends to shareholders	\$ 137,144	\$ 1.34

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in May 2024.

d. Special reserve

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserves should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards, which was \$19,782 thousand. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items - exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (31,293)	\$ (44,054)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	-	15,951
Income tax related to exchange differences on translating the financial statements of foreign operations	-	(3,190)

(Continued)

	For the Year Ended December 31	
	2023	2022
Reclassification adjustment		
Disposal of foreign operations	\$ 31,313	\$ -
Income tax related to disposal of foreign operations	<u>(20)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ (31,293)</u> (Concluded)

f. Treasury shares

	Shares Transferred to Employees	
	In Thousands of	
	Shares	Amount
Balance as of January 1, 2023 and December 31, 2023	<u>740</u>	<u>\$ 11,780</u>
Balance as of January 1, 2022 and December 31, 2022	<u>740</u>	<u>\$ 11,780</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 1,367,612	\$ 1,772,202
Income from processing	318	17,411
Income from sales of electricity	5,012	1,330
Less: Attributable to the discontinued operations	<u>179,866</u>	<u>443,308</u>
	<u>\$ 1,193,076</u>	<u>\$ 1,347,635</u>

a. Refer to Note 4 (k) for information related to contracts with customers.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (Note 8)	<u>\$ 205,139</u>	<u>\$ 433,463</u>	<u>\$ 578,896</u>
Contract liabilities			
Sale of goods	<u>\$ 7,885</u>	<u>\$ 18,387</u>	<u>\$ 4,494</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. There were no significant changes for the years ended December 31, 2023 and 2022.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 10,199</u>	<u>\$ 3,682</u>

c. Disaggregation of revenue

Refer to Note 33 for information on the disaggregation of revenue.

22. NET PROFIT

The details of net profit were as follows:

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on disposal of property, plant and equipment	\$ 15,034	\$ (1,390)
Net foreign exchange gain (loss)	(12,716)	51,271
Grants	5,860	603
Compensation proceeds	671	-
Gain on disposal of investments (Note 25)	754	-
Others	4,603	4,389
Less: Attributable to the discontinued operations	<u>(4,438)</u>	<u>(9,493)</u>
	<u>\$ 18,644</u>	<u>\$ 64,366</u>

b. Financial costs

	For the Year Ended December 31	
	2023	2022
Interest on borrowings	\$ 10,667	\$ 13,377
Interest on lease liabilities	70	50
Less: Amount included in the cost of qualifying assets	234	390
Less: Attributable to the discontinued operations	<u>101</u>	<u>696</u>
	<u>\$ 10,402</u>	<u>\$ 12,341</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Amount of capitalized interest	<u>\$ 234</u>	<u>\$ 390</u>
Capitalized rate (%)	1.54-1.96	0.90-1.61

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 97,148	\$ 133,045
Right-of-use assets	2,523	2,023
Intangible assets	4,673	5,478
Less: Attributable to the discontinued operations	<u>17,963</u>	<u>46,646</u>
	<u>\$ 86,381</u>	<u>\$ 93,900</u>
 An analysis of depreciation by function		
Operating costs	\$ 83,867	\$ 114,140
Operating expenses	15,804	20,928
Less: Attributable to the discontinued operations	<u>17,904</u>	<u>46,517</u>
	<u>\$ 81,767</u>	<u>\$ 88,551</u>
 An analysis of amortization by function		
Operating costs	\$ 896	\$ 982
Operating expenses	3,777	4,496
Less: Attributable to the discontinued operations	<u>59</u>	<u>129</u>
	<u>\$ 4,614</u>	<u>\$ 5,349</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 359,021</u>	<u>\$ 379,806</u>
Severance benefits	<u>43,141</u>	<u>-</u>
Post-employment benefits		
Defined contribution plans	14,980	21,838
Defined benefit plans (Note 19)	<u>67</u>	<u>68</u>
	<u>15,047</u>	<u>21,906</u>
Less: Attributable to the discontinued operations	<u>123,491</u>	<u>90,035</u>
	<u>\$ 293,718</u>	<u>\$ 311,677</u>
 An analysis by function		
Operating costs	\$ 290,771	\$ 284,554
Operating expenses	126,438	117,158
Less: Attributable to the discontinued operations	<u>123,491</u>	<u>90,035</u>
	<u>\$ 293,718</u>	<u>\$ 311,677</u>

e. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at rates no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the

years ended December 31, 2023 and 2022, which were been approved by the Company's board of directors in March 2024 and March 2023, respectively, were as follows:

	For the Year Ended December 31			
	2023		2022	
	Accrual Rate (%)	Amount Cash	Accrual Rate (%)	Amount Cash
Compensation of employees paid in cash	4.0	\$ 14,812	5.4	\$ 12,208
Remuneration of directors paid in cash	2.0	7,406	2.7	6,104

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Net foreign exchange gain (loss)

	For the Year Ended December 31	
	2023	2022
Total foreign exchange gain	\$ 44,907	\$ 95,025
Total foreign exchange loss	(57,623)	(43,754)
Less: Attributable to discontinued operations	<u>(15,492)</u>	<u>(12,410)</u>
Net foreign exchange gain	<u>\$ 2,776</u>	<u>\$ 63,681</u>

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. The major components of income tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 55,956	\$ 41,276
Income tax on unappropriated earnings	1,531	-
Adjustments for prior years	<u>(1,109)</u>	<u>555</u>
	56,378	41,831
Deferred tax		
In respect of the current year	<u>(3,258)</u>	<u>536</u>
Income tax expense recognized in profit or loss	<u>\$ 53,120</u>	<u>\$ 42,367</u>

The reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	\$ 249,712	\$ 247,240
Income tax expense calculated at the statutory rate	\$ 51,283	\$ 49,628
Income included for tax	4,047	270
Deferred tax effect of earnings of subsidiaries	(2,631)	(8,077)
Tax-exempt income	(1)	(9)
Income tax on unappropriated earnings	1,531	-
Adjustments for prior years	(1,109)	555
Income tax expense recognized in profit or loss	<u>\$ 53,120</u>	<u>\$ 42,367</u>

b. Income tax benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Remeasurement of defined benefit plan	\$ 148	\$ (516)
Translation of foreign operations	(20)	(3,190)
	<u>\$ 128</u>	<u>\$ (3,706)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ 937	\$ 431
Current tax liabilities		
Income tax payable	\$ 78,158	\$ 41,012

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensi ve Income and Loss	Exchange Differences	Disposal of Subsidiary	Closing Balance
Deferred tax assets						
Temporary differences						
Defined benefit pension plan	\$ 1,191	\$ (354)	\$ 148	\$ -	\$ -	\$ 985
Exchange differences on translating the financial statements of foreign operations	20	-	(20)	-	-	-
Unrealized inventory loss	41,091	(5,582)	-	(67)	(11,131)	24,311

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Exchange Differences	Disposal of Subsidiary	Closing Balance
Unrealized exchange loss	\$ -	\$ 1,764	\$ -	\$ -	\$ -	\$ 1,764
Others	6,676	1,019	-	(16)	(1,923)	5,756
	48,978	(3,153)	128	(83)	(13,054)	32,816
Loss carryforwards	16,162	12,337	-	(104)	(28,395)	-
	<u>\$ 65,140</u>	<u>\$ 9,184</u>	<u>\$ 128</u>	<u>\$ (187)</u>	<u>\$ (41,449)</u>	<u>\$ 32,816</u>
<hr/>						
Deferred tax liabilities						
<hr/>						
Temporary differences						
Share of profit of subsidiaries	\$ 2,631	\$ (2,631)	\$ -	\$ -	\$ -	\$ -
Unrealized exchange gain	1,959	(1,959)	-	-	-	-
Others	-	-	-	-	-	-
	<u>\$ 4,590</u>	<u>\$ (4,590)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Exchange Differences	Closing Balance
<hr/>					
Deferred tax assets					
<hr/>					
Temporary differences					
Defined benefit pension plan	\$ 1,984	\$ (277)	\$ (516)	\$ -	\$ 1,191
Exchange differences on translating the financial statements of foreign operations	3,210	-	(3,190)	-	20
Unrealized inventory loss	43,240	(2,373)	-	224	41,091
Unrealized exchange loss	2,610	(2,610)	-	-	-
Others	5,587	1,054	-	35	6,676
	56,631	(4,206)	(3,706)	259	48,978
Loss carryforwards	9,696	6,457	-	9	16,162
	<u>\$ 66,327</u>	<u>\$ 2,251</u>	<u>\$ (3,706)</u>	<u>\$ 268</u>	<u>\$ 65,140</u>
<hr/>					
Deferred tax liabilities					
<hr/>					
Temporary differences					
Share of profit of subsidiaries	\$ 10,708	\$ (8,077)	\$ -	\$ -	\$ 2,631
Unrealized exchange gain	-	1,959	-	-	1,959
Others	386	(386)	-	-	-
	<u>\$ 11,094</u>	<u>\$ (6,504)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,590</u>

e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of EPS were as follows:

a. Net profit for the year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	\$ 273,734	\$ 165,390
Less: Profit (loss) for the year from discontinued operations used in the computation of basic and diluted earnings (loss) per share from discontinued operations	<u>77,142</u>	<u>(39,483)</u>
Profit for the year used in the computation of basic and diluted earnings per share for continuing operations	<u>\$ 196,592</u>	<u>\$ 204,873</u>

b. Weighted average number of ordinary shares outstanding (in thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic EPS	102,347	102,347
Effect of potentially dilutive shares Compensation of employees	<u>557</u>	<u>560</u>
Weighted average number of ordinary shares used in the computation of diluted EPS	<u>102,904</u>	<u>102,907</u>

The Company may settle the compensation of employees in cash or shares; thus, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

25. DISPOSAL OF SUBSIDIARIES

a. As stated in Note 12, the liquidation process of AAI and Giant was completed in December 2023, and the Group lost control of them.

1) Consideration received

	AAI	Giant
Total consideration received	<u>\$ 33,603</u>	<u>\$ 553,515</u>

2) Analysis of assets on the date control was lost

	AAI	Giant
Current assets		
Cash and cash equivalents	<u>\$ 33,603</u>	<u>\$ 553,515</u>
Net assets disposed of	<u>\$ 33,603</u>	<u>\$ 553,515</u>

3) Gain on disposal of the subsidiaries

	AAI	Giant
Consideration received	\$ 33,603	\$ 553,515
Net assets disposed of	(33,603)	(553,515)
The accumulated translation differences arising from the reclassification of the net assets of subsidiaries upon loss of control over the subsidiaries from equity	<u>754</u>	<u>(56,678)</u>
Gain (loss) on disposals	<u>\$ 754</u>	<u>\$ (56,678)</u>

The loss from the disposal of Giant, as mentioned above, along with the explanation below (items b-3) regarding the gain from the disposal of Wuxi Tsang Yow, is included in the profit or loss from discontinued operations, as detailed in Note 11.

4) Net cash inflow on the disposals of the subsidiaries

	AAI	Giant
Consideration received in cash and cash equivalents	\$ 33,603	\$ 553,515
Less: Cash and cash equivalents balances disposed of	<u>33,603</u>	<u>553,515</u>
	<u>\$ -</u>	<u>\$ -</u>

b. As mentioned in Note 11, the subsidiary Business of the Group completed the sale of equity transaction about Wuxi Tsang Yow in July 2023 and lost control of it. The disposal information is as follows:

1) Consideration received

	Wuxi Tsang Yow
Total consideration received	<u>\$ 493,073</u>

2) Analysis of assets and liabilities on the date control was lost

	Wuxi Tsang Yow
Current assets	
Cash and cash equivalents	\$ 15,289
Notes receivable	2,193
Net accounts receivable	157,980
Other accounts receivable	1,105
Inventory	72,382
Other current assets	2,128
Non-current assets	
Property, plant, and equipment	159,853
Right-of-use assets	11,165
Intangible assets	583
Deferred tax assets	41,449

(Continued)

	Wuxi Tsang Yow
Current liabilities	
Accounts payable	\$ (98,224)
Other payables	(54,817)
Other current liabilities	<u>(521)</u>
Net assets disposed	<u>\$ 310,565</u> (Concluded)

3) Gain on disposal of the subsidiary

	Wuxi Tsang Yow
Consideration received	\$ 493,073
Net assets disposed of	(310,565)
The accumulated translation differences arising from the reclassification of the net assets of subsidiary upon loss of control over the subsidiary from equity	<u>31,693</u>
Gain on disposal	<u>\$ 214,201</u>

4) Net cash inflow on the disposal of the subsidiary

	Wuxi Tsang Yow
Consideration received in cash and cash equivalents	\$ 493,073
Less: Cash and cash equivalents balance disposed of	<u>15,289</u>
	<u>\$ 477,784</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The group's overall strategy remains unchanged from the last 2 years.

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

- b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Domestic listed stocks	\$ 485	\$ -	\$ -	\$ 485
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Domestic listed stocks	\$ 443	\$ -	\$ -	\$ 443

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

- c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 485	\$ 443
Financial assets at amortized cost (Note 1)	1,078,530	922,987
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	653,070	1,147,317

Note 1: Including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets, etc.

Note 2: Including short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including current portion).

- d. Financial risk management objectives and policies

The Group's major financial instruments include notes receivable and accounts receivable, other financial assets, notes payable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The treasury function reports quarterly to the Group's management.

- 1) Market risk

The Group's activities expose it primarily to the financial risk of change in foreign currency exchange rate:

a) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk, and the carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated upon consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the function currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rate. The sensitivity analysis included only the outstanding foreign currency-denominated monetary items and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. The scope of the sensitivity analysis includes bank deposits, accounts receivable, and accounts payable. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars weakening 1% against the relevant currency. For a 1% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balance below would be negative.

	Influence of USD	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 3,789	\$ 3,531

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 500	\$ 500
Financial liabilities	5,690	3,909
Cash flow interest rate risk		
Financial assets	865,686	463,718
Financial liabilities	390,536	728,789

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have

increased/decreased by \$4,752 thousand and would have decreased/increased by \$2,651 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group is continuously monitoring and spreading the aggregate transactions to each credit – qualified counterparty. Credit exposure is controlled by counterparty limits that are reviewed and approved by the group annually.

The Group is exposed to credit risk from a relatively concentrated number of customers who mostly engage in similar business activities with similar economic characteristics. Credit risk concentration occurs when the impact of the economy and other factors on customers' abilities to fulfill their contract obligations is also similar. The accounts receivable balances of customers with credit risk concentration were as follows:

	December 31	
	2023	2022
Company A	\$ 34,843	\$ 11,836
Group B	29,019	70,633
Company C	26,116	44,111
Company D	25,864	13,551
Company E	22,859	23,640
Group F	<u>8,870</u>	<u>188,352</u>
	<u>\$ 147,571</u>	<u>\$ 352,123</u>

3) Liquidity risk

The ultimate responsibility for the Group's liquidity risk management lies with the board of directors, which has established an appropriate liquidity risk management framework to meet the Group's financing and liquidity management needs.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay and includes cash flows of the interests and principal.

	Repayment on Demand or Less than 1 Month	1-3 Months	3 Months-1 Years	1-5 Years
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Variable interest rate liabilities	\$ -	\$ 40,195	\$ 95,017	\$ 272,537
Lease liabilities	276	551	2,231	2,849
Non-interest-bearing liabilities	<u>59,743</u>	<u>180,462</u>	<u>22,329</u>	<u>-</u>
	<u>\$ 60,019</u>	<u>\$ 221,208</u>	<u>\$ 119,577</u>	<u>\$ 275,386</u>
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Variable interest rate liabilities	\$ -	\$ 133,932	\$ 109,050	\$ 513,882
Lease liabilities	156	311	1,401	2,099
Non-interest-bearing liabilities	<u>102,017</u>	<u>298,025</u>	<u>18,846</u>	<u>-</u>
	<u>\$ 102,173</u>	<u>\$ 432,268</u>	<u>\$ 129,297</u>	<u>\$ 515,981</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Su, Chi-Tse	Chairman
Sun Forging Industrial Co., Ltd. (Sun)	Related party in substance
Jin Shiang Forging Co., Ltd. (Jin Shiang)	Related party in substance
Linesoon Industrial Co., Ltd. (Linesoon)	Related party in substance

b. Operating revenues

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance	<u>\$ 3,814</u>	<u>\$ 3,250</u>

The Group did not sell similar goods to non-related parties, so there was no transaction price of the same kind available for comparison. The payment term is not significantly different from that for non-related parties, which is net 60 days at the end of each month.

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Related party in substance	\$ <u>34,380</u>	\$ <u>40,613</u>

The Group did not buy the same kind of goods from non-related parties, so there was no related transaction price available for comparison. The payment term is the same as that for non-related parties, which is net 60 to 120 days at the end of each month.

d. Receivables from related parties and payables to related parties

	December 31	
	2023	2022
<u>Accounts receivable - related parties</u>		
Related party in substance	\$ <u>553</u>	\$ <u>1,965</u>
<u>Accounts payable - related parties</u>		
Related party in substance	\$ <u>12,499</u>	\$ <u>10,017</u>

The outstanding accounts payable to related parties were unsecured and settled in cash. The outstanding accounts receivable from related parties were unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for accounts receivable from related parties.

e. Disposal of property, plant and equipment

	For the Year Ended December 31	
	2023	2022
<u>Gain on disposal of property, plant and equipment</u>		
Related party in substance	\$ <u>781</u>	\$ <u>-</u>

f. Remuneration of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 27,659	\$ 25,572
Post-employment benefits	<u>385</u>	<u>378</u>
	\$ <u>28,044</u>	\$ <u>25,950</u>

The remuneration of directors and other key management was determined by the remuneration committee based on the performance of individuals and market trends.

g. Guarantee

Part of the Group's financial loan facilities are jointly guaranteed by the chairman.

The information is as follows:

Related Party Category	December 31	
	2023	2022
Chairman		
Amount guaranteed	\$ 1,055,000	\$ 1,147,130
Less: Amount utilized	<u>151,948</u>	<u>350,396</u>
	<u>\$ 903,052</u>	<u>\$ 796,734</u>

29. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets as collateral for borrowings, tariff guarantee for imported raw material and issuance of acceptance bills:

	December 31	
	2023	2022
Property, plant and equipment	\$ 674,953	\$ 686,070
Other financial assets (current and non-current)	<u>10,181</u>	<u>10,140</u>
	<u>\$ 685,134</u>	<u>\$ 696,210</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments of the Group as of December 31, 2023 and 2022 were as follows:

As of December 31, 2023 and 2022, the unrecognized commitments for acquisition of property, plant, and equipment were \$16,205 thousand and \$5,865 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	Foreign Currency Amount	Exchange Rate	Carrying Amount
<u>December 31, 2023</u>			
Financial assets			
Monetary items			
USD	\$ 12,370	30.705 (USD:NTD)	\$ 379,821

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Financial liabilities				
Monetary items				
USD	\$ 31	30.705	(USD:NTD)	\$ 952
<u>December 31, 2022</u>				
Financial assets				
Monetary items				
USD	14,790	30.71	(USD:NTD)	454,201
USD	2,123	6.9646	(USD:CNY)	65,197
Financial liabilities				
Monetary items				
USD	84	30.71	(USD:NTD)	2,580
USD	5,331	6.9646	(USD:CNY)	163,715
				(Concluded)

The Group is mainly exposed to the USD. The below information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign currency exchange gains and losses are as follows:

Functional Currency	Functional Currency to Presentation Currency		Net Exchange Gains (Losses)
2023			
NTD	1	(NTD:NTD)	\$ 2,776
CNY	4.4240	(CNY:NTD)	1,719
USD	31.16	(USD:NTD)	<u>(17,211)</u>
			<u>\$ (12,716)</u>
2022			
NTD	1	(NTD:NTD)	\$ 63,681
CNY	4.4094	(CNY:NTD)	<u>(12,410)</u>
			<u>\$ (51,271)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held: Table 3

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
 - 10) Information on investees: Table 4
 - 11) Other: Intercompany relationships and significant intercompany transactions : Table 5
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None
 - e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8

33. SEGMENT INFORMATION

a. Operational segment information

Following the regular review by key operational decision-makers for resource allocation and performance assessment, it is noted that during this period, Wuxi Tsang Yow, Business, and Giant have ceased operations and are now classified as discontinued operations. For detailed information, refer to Note 11. Operational decision-makers consider the Group as a single operational department for organizational management and resource allocation; hence, there is no need to disclose financial information for individual operational departments.

b. Revenue from major products

The following is an analysis of the Group's revenue from its major products and services:

	For the Year Ended December 31	
	2023	2022
Automatic transmission components for automobiles	\$ 994,184	\$ 1,332,898
Clutch parts for heavy-duty trucks	132,088	166,591
Drivetrain parts for industrial machinery	61,545	102,340
Marine automatic transmission components	-	33,091
Automatic transmission components for air conditioner compressors	16,528	40,983
New energy vehicle motors	39,548	79
Processing	318	17,411
Others	128,731	97,550
Less: Attributable to the discontinued operations	<u>179,866</u>	<u>443,308</u>
	<u>\$ 1,193,076</u>	<u>\$ 1,347,635</u>

c. Geographical information

The Group's main operating sites are in Taiwan and mainland China, and the revenue is listed as follows, depending on client's locations.

	Revenue from External Clients			
	For the Year Ended December 31			
	2023		2022	
	Amount	As a % of the Operating Revenue	Amount	As a % of the Operating Revenue
The Americas	\$ 845,660	62	\$ 1,006,531	56
Asia	241,912	18	486,001	27
Others	<u>285,370</u>	<u>20</u>	<u>298,411</u>	<u>17</u>
	1,372,942	<u>100</u>	1,790,943	<u>100</u>
Less: Attributable to the discontinued operations	<u>179,866</u>		<u>443,308</u>	
	<u>\$ 1,193,076</u>		<u>\$ 1,347,635</u>	

The locations of the Group's non-current assets are listed as follows:

	For the Year Ended December 31	
	2023	2022
Non-current assets		
Taiwan	\$ 1,130,559	\$ 1,185,645
China	<u>-</u>	<u>191,661</u>
	<u>\$ 1,130,559</u>	<u>\$ 1,377,306</u>

Non-current assets exclude financial instruments and deferred tax assets.

d. Information on major customers

The revenues from a single customer that account for over 10% of the Group's net revenues are as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	As a % of the Operating Revenue	Amount	As a % of the Operating Revenue
Client A	\$ 186,756	14	\$ 281,806	16
Client B	178,429	13	283,787	16
Client C	174,477	13	266,093	15
Less: Attributable to the discontinued operations	<u>155,389</u>		<u>345,717</u>	
	<u>\$ 384,273</u>		<u>\$ 485,969</u>	

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	The Company	Giant	Other receivables - related party	Y	\$ 122,820 (USD 4,000)	\$ -	\$ -	-	Note 1	\$ -	Short-term operating capital turnover	\$ -	-	\$ -	\$ 732,081	\$ 732,081
0	The Company	Wuxi Tsang Yow	Other receivables - related party	Y	92,115 (USD 3,000)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	732,081	732,081
1	Giant	Wuxi Tsang Yow	Other receivables - related party	Y	39,917 (USD 1,300)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	-	-
2	Business	Wuxi Tsang Yow	Other receivables - related party	Y	92,115 (USD 3,000)	-	-	3.5	Note 1	-	Short-term operating capital turnover	-	-	-	-	-

Note 1: There is need for short-term financial.

Note 2: 1. The Company

The total limit of loans to others shall be 40% of the Company's net shareholder's equity; the limit of loans to an affiliate shall not exceed 40% of the Company's net worth; the limit of loans to an enterprise shall not exceed 10% of the Company's non-shareholder's equity.

2. Giant, Business (the settlement has been liquidated from November to December 2023)

The total limit of loans to others shall be 40% of its net shareholder's equity; the limit of loans to an affiliate shall not exceed 40% of its net worth; the limit of loans to an enterprise shall not exceed 20% of its net shareholder's equity.

Note 3: It was written off when the consolidated financial statements were prepared.

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed /Guaranteed During the Year	Outstanding Endorsement /Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Wuxi Tsang Yow	Subsidiaries	\$ 878,497	\$ 92,115 (USD 3,000)	\$ -	\$ -	\$ -	-	\$ 1,464,162	Y	N	Y

Note: The limit on endorsement/guarantee given on behalf of a single overseas enterprise shall not exceed 60% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 80% of the equity of the Company.

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock Highwealth Construction Corp.	-	Financial assets at FVTPL - current	13,311	<u>\$ 485</u>	-	<u>\$ 485</u>	

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022						
The Company	Giant	Samoa	Reinvestment and interactional trading	\$ -	\$ 449,023	-	-	\$ -	\$ 154,490	\$ 154,794	Notes 1 and 2
	AAI	British Virgin Island	Reinvestment and interactional trading	-	1,621	-	-	-	<u>1,179</u>	<u>1,179</u>	
									<u>\$ 155,669</u>	<u>\$ 155,973</u>	
	YORU Tech SDN. BHD.	Malaysia	Manufacturing and selling of semiconductor and medical-related components	-	-	-	55	-	<u>\$ -</u>	<u>\$ -</u>	Note 3
Giant	Business	Samoa	Reinvestment and interactional trading	-	463,429	-	-	-	<u>\$ 169,653</u>	<u>\$ 169,653</u>	Note 2

Note 1: Unrealized gross losses have been realized.

Note 2: It has been written off when the consolidated financial statements were prepared.

Note 3: The company was established and registered in September 2023 and its capital was not verified at the end of the year.

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

**BUSINESS RELATION AND IMPORTANT TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES AND AMONG SUBSIDIARIES AND AMOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

NO.	Name of Trader	Counterparty	Relation with Trader	Transaction detail (Note 3)			% of Total Consolidated Revenue or Total Assets
				Account Title	Amount	Transaction Conditions	
0	The Company	Wuxi Tsang Yow	Parent company to a subsidiary Parent company to a subsidiary	Sales revenue Interest income	\$ 16,091 230	Note 1 Note 2	1 -
2	Business	Wuxi Tsang Yow	A subsidiary to another subsidiary	Interest income	1,201	Note 2	-
3	Giant	Wuxi Tsang Yow	A subsidiary to another subsidiary	Interest income	323	Note 2	-
4	Wuxi Tsang Yow	The Company	A subsidiary to Parent company	Sales revenue	2,286	Note 1	-

Note 1: The transaction prices for sales revenue and payment terms are not significantly different from those for general contracts, and the payment term is about one to four months.

Note 2: Interest is accrued at an annual interest rate of 3.5%-5%.

Note 3: It was written off when the consolidated financial statements were prepared.

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Wuxi Tsang Yow	Research and development, design, and production of transmissions and accessories; hardware parts; sales of self-produced products; and provision of after-sales services	\$ 392,246 (USD 12,000)	Indirectly investment in mainland China through companies registered in the third area.	\$ 293,538 (USD 9,043)	\$ -	\$ 293,538 (USD 9,043)	\$ -	\$ (46,056)	-	\$ (45,752)	\$ -	\$ 493,073	Note 4

Investor	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Notes 1 and 2)
The Company	\$ -	\$ 467,399 (USD 14,484)	\$ 1,098,121

Note 1: The limit of Company's investment in China is as follows: $\$1,830,202 \times 60\% = \$1,098,121$

Note 2: As per the Principles for the Review of Investments or Technical Cooperation in mainland China stipulated by the Investment Commission dated August 29, 2008, if the paid-in capital is NT\$80 million or more, the limit is 60% of the net worth.

Note 3: Recognized based on the audited financial reports of the investee company by the Company's certified public accountant for the same period and offset upon preparation of the consolidated financial statements.

Note 4: The Company signed a sale-of-share agreement with unrelated parties on May 31, 2023. The sale plan was completed with the equity transfer and change of registration in July 2023.

Tsang Yow Industrial Co., Ltd and Its Subsidiaries

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Relation between The Company and counterparty	Transaction Type	Amount	Payment Terms	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
					Unit Price	Comparison with Normal Transactions	Ending Balance	%	
Wuxi Tsang Yow	Subsidiaries	Sales Purchase	\$ 16,091 2,286	T/T 140 days T/T 60 days	General Transactions	General Transactions	\$ -	-	\$ -
					General Transactions	General Transactions	-	-	-

TABLE 8**Tsang Yow Industrial Co., Ltd and Its Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Linesoon Investment Co., Ltd.	19,955,314	19.35
Rich Pool Investment Co., Ltd.	7,961,779	7.72
Golden Top Investment Co., Ltd.	7,427,058	7.20

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

Tsang Yow Industrial Co., Ltd.

Chairman: SU,CHI-TSE