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TA YIH INDUSTRIAL CO., LTD.

2022 ANNUAL REPORT

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Designated information reporting website : <https://sii.twse.com.tw>

Website for inquiry Annual Report :

Stock Exchange Public Information Observatory : <http://mops.twse.com.tw>

Company website : <http://www.tayih-ind.com.tw>

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6. Name of any exchanges where the company's securities are traded offshore : None

Method by which to access information on said offshore securities : None

7. Website of company : <http://www.tayih-ind.com.tw>

Table of Contents

1 • To the shareholders' report	1
2 • Introduction of the Company	4
2-1. Date of Establishment	4
2-2. Company milestones	4
3 • Corporate Governance Report	7
3-1. Organizational system	7
3-2. Information on the company's directors, supervisors, president, vice presidents, deputy assistant general managers, and the supervisors of all the company's divisions and branch units	8
3-3. Remuneration paid during the most recent fiscal year to directors, supervisors, president, and vice presidents	24
3-4. The state of the company's implementation of corporate governance	31
3-5. Information on CPA professional fees	71
3-6. Information on replacement of certified public accountant	71
3-7. Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm	72
3-8. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	72
3-9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another	74
3-10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company	76
4 • Information on capital raising activities	77
4-1. Company Capital and shares	77
4-2. The section on company debts	81
4-3. The section on preferred shares	81
4-4. The section on global depository receipts	81
4-5. The section on employee share subscription warrants	81
4-6. The section on "new restricted employee shares"	81
4-7. The section on issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies	81
4-8. The section on implementation of the company's capital allocation plans	81
5 • An overview of operations	82
5-1. A description of the business	82
5-2. An analysis of the market as well as the production and marketing situation	86
5-3. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels	93
5-4. Disbursements for environmental protection	93
5-5. Labor relations	93
5-6. Important contracts	96
6 • The company's financial status	98
6-1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years	98
6-2. Financial analyses for the past 5 fiscal years	100
6-3. Supervisors' report for the most recent year's financial statement	105

6-4. Consolidated Financial statement for the most recent fiscal year	105
6-5. A parent company only financial statement for the most recent fiscal year, certified by a CPA	105
6-6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation	105
7 • Analysis of its financial position and financial performance, and risks	106
7-1. Review and analysis of financial status	106
7-2. Review and analysis of financial performance	106
7-3. Analysis of cash flow	107
7-4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year	107
7-5. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year	107
7-6. Risk analysis and evaluation	108
7-7. Other important matters	111
8 • Special items	112
8-1. Information related to the company's affiliates	112
8-2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	113
8-3. The subsidiaries holding or disposal of the company's shares in the company during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	113
8-4. Additional description of other matters	113
9 • If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one	113
Appendix 1 2022 Consolidated Financial Statements	114
Appendix 2 2022 Individual Financial Statements	115

1 • The shareholders' report

1-1. Business results for 2022 :

1-1-1. Business Result :

The annual net operating revenue of the company for the fiscal year 2022 was NT\$4,746,405 thousands, which decreased by NT\$245,737 thousands compared to the fiscal year 2021 revenue of NT\$4,992,142 thousands. Additionally, the pre-tax net profit for fiscal year 2022 was NT\$84,755 thousands, which decreased by NT\$2,786 thousands compared to the fiscal year 2021 profit of NT\$87,541 thousands.

Comparison table of revenue and net profit after tax for the years 2022 and 2021:

Unit : NT\$ thousands

Year	2022	2021	Amount increasing / decreasing	Increase / Decrease %
Net operating revenue	4,746,405	4,992,142	(-) 245,737	(-) 4.9
Net operating income	55,550	127,211	(-) 71,661	(-) 56.3
Pre-tax income	84,755	87,541	(-) 2,786	(-) 3.2
Net income after tax	88,824	82,524	(+) 6,300	(+) 7.6
EPS after tax (NTD/share)	1.17	1.08	(+) 0.09	(+) 8.3

1-1-2. Budget implementation: no financial forecast was released for 2022.

1-1-3. Analysis of financial revenue and expenditure and profitability :

(1) Financial structure

Debt to assets ratio : 45.83%

Long-term capital accounted for real estate, plant and equipment ratio : 194.24%

(2) Profitability

Return on assets : 2.78%

Return on assets : 5.04%

Return on equity : 1.87%

Earnings per share : NT\$1.17

1-1-4. Status of research and development

(1) Research and development expenses for the past 2 years

In 2020, the expenses were NT\$178,836 thousands, which accounted for 3.73% of the net operating income.

In 2021, the expenses were NT\$154,030 thousands, which accounted for 3.09% of the net operating income.

In 2022, the expenses were NT\$147,122 thousands, which accounted for 3.10% of the net operating income.

(2) On-going research and development projects :

① Advanced Driver Assistance Touch Interior Light Research and Development.

② Matrix-type Multi-Light Source Intelligent Interactive Lighting System Research and Development.

③ Thin Composite Steering Illumination Motorcycle Headlight Research and Development.

④ Translucent Metal Coating Emissive Logo Light Research and Development.

⑤ Research and Development of Electronic ASPICE Lv1 Implementation.

⑥ Continued Research and Development of Track Vehicle Special Composite LED Lighting Products.

⑦ Autonomous Design and Special Process Research and Implementation of Aviation Lighting at Different Levels.

⑧ Continued Design and Development of 600Watts Lighting Fixtures for Fishing Boats.

1-2. Overview of Business Plan of 2023:

1-2-1. Business strategy

(1) Satisfying customer needs and generating values as an enterprise

- (2) Mastering technological trends, enhancing design and development.
- (3) Building plants with automation feature to pursue optimized inventory management.
- (4) Mastering technological trends, strengthening design and development.
- (5) Perfecting talent incubation and cultivating successor echelons.
- (6) Promoting a safe and friendly workplace, enhancing green energy utilization and waste reduction management.

1-2-2. Expected Sales Volume and Ground for the Expectation

- (1) Expected sales volume : About 470 ~ 480 thousand automobiles to be sold domestically.
- (2) Ground : As planned based on the plan of the plant.

1-2-3. Important Production and Marketing Policies

- (1) Ensure domestic four-wheel orders, actively expand the two-wheel market and export market.
- (2) Monitor raw material, logistics costs, and exchange rate fluctuations, and adjust inventory timely.
- (3) Promote post-supplement production system TPS (Toyota Production System), TPM (Total Productive Management) planned maintenance and self-maintenance activities to build a zero waste production management system.
- (4) Continue to improve energy conservation, waste reduction, pollution prevention, etc., and ensure that restricted substances harmful to the environment are not used in the design and manufacturing process.

1-3. Future Corporate Development Strategies :

- 1-3-1. Mastering the trend and styles of electric car lighting fixtures, and conducting early technological research and development to meet future automotive industry demands.
- 1-3-2. Introducing new information technology, enhancing operational efficiency and information security through IoT and Industry 4.0 systems.
- 1-3-3. Implement the resource and energy management mechanism as well as sustainable use of resources to gradually root the concept of green environmental protection in the planning and manufacturing of products.

1-4.Influence of External Competition, Legal Requirements and Overall Business Environment :

Looking back at the 2022 the global automotive industry faced challenges due to factors such as the pandemic, logistics issues, chip shortages, the Russia-Ukraine conflict, and US-China tensions, remaining in a difficult situation. Problems such as shortages of automotive chips, rising raw material costs, and global inflation suppressing consumer demand in the automotive market, along with the impact of the appreciation of the New Taiwan Dollar, ultimately had a negative impact on the performance of the 2022.

Prospecting the year 2023, due to the expected increase in the price of domestically produced cars, extension of excise tax subsidy policy that stimulate consumers to purchase a car in advance and replacement of old cars, and the projected recovery of our major export market in the Middle East, the annual sales volume of Taiwan's automobiles is estimated to be 470~480 thousand vehicles. In terms of export sales, the Company will continue to develop new customers in the North American market, meanwhile actively launching new technologies to domestic and foreign customers so as to gain more orders of lamps for new car models and their molds. Furthermore, the Company has taken various cost rationalization improvement to improve production efficiency and reduce production costs.

In the coming future, the Company will implement an austere corporate governance, promote sustainable development, fulfill corporate social responsibility and invest in research and development consistently. In addition, with the corporate philosophy of sincerity and sustainable development, the Company, supported by all shareholders like you and mutual struggle in full force by employees in solidarity, guarantees its stable growth and will create reasonable profits and values for shareholders, employees and the society. We hope that all of you as shareholders can support, encourage and direct us as usual.

We wish you, ladies and gentlemen, good health and the best of luck.

Chairman : Wu Chun-I

2 • Introduction of the Company

2-1.Date of Establishment : January 28, 1976

2-2.Company milestones :

- 2-2-1.Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company's merger and acquisition :
None.
- 2-2-2.Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the reinvestment in subsidiaries : please refer to page 112~113 for details.
- 2-2-3.Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company's merger and acquisition :
re-organization of the company : None.
- 2-2-4.Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands : None.
- 2-2-5.Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity : None.
- 2-2-6.Other information :
- | | | |
|------|-----------|---|
| 1976 | | The company established Da Yih Industrial Co., Ltd. in 1964. Due to business expansion, it was renamed Da Yih Industrial Co., Ltd. in 1976, with its capital increased to NT \$10,000,000 and employs 200 employees. |
| 1979 | | The new Anping plant was completed and production, and entered the domestic auto parts OEM market. |
| 1980 | | The capital was increased to NT\$ 50,000,000. |
| 1981 | | Signed a technical cooperation treaty with Japan's Stanley Electric Co., Ltd. |
| 1982 | | The capital was increased to NT\$ 105,000,000. |
| 1983 | February | The construction of the new office building was completed and the capital was further increased to NT\$135,000,000. |
| 1984 | | Achieved the CNS mark from Bureau of standards, Metrology and Standards, Ministry of Economic Affairs. |
| 1985 | | The capital was further increased by NT\$ 165,000,000. |
| 1986 | | In cooperation with Yulon Motor Co., which developed the Feeling X-101 car model, the Company designed the car lights for Feeling X-101. |
| 1987 | | The technical cooperation with Japan's Stanley Electric Co., Ltd. terminated. |
| 1988 | May | Joint venture with Japan Koito Manufacturing Co., Ltd., the capital was increased to NT\$ 220,000,000. |
| 1989 | | Designed the car lights for Yulon Motors' 303 series. |
| 1990 | May | Integrate the Toyota Production System (TPS) with the Corporate Synergy Development Center and Kuozui to reduce costs and improve production methods, and inventories were reduced by 47%. |
| | July | The expansion of the investment plant was set up at No. 9 Xinxin Road, and the headlamp factory was rationalized with consistent operations was re-established and incorporated into the BMC mirror production. |
| | September | The plastics factory is completed with rapid change of molding machine and the operation of one person handling three machines. |
| 1991 | February | Established a painting factory. |
| | August | The capital was expanded to NT\$268,000,000. |
| | December | The mold NC EDM equipment was introduced to improve the precision of mold processing. Another 3,100 sq ft of land and factory were purchased for the headlight factory. |
| 1992 | May | Multi-color forming machine is integrated into the rear lamp production factory, and the development of the multi-color mold.
Established Chao Wei company with Nanzhong Company to produce mirrors for headlights. |
| | September | It participated in the National Unity Circle event organized by the Corporate Synergy Development Center and was awarded the Excellent Organization Award and Golden Tower Award for both the Production and Non-Production Cooperation Group. The capital was expanded to NT\$289,180,000. |

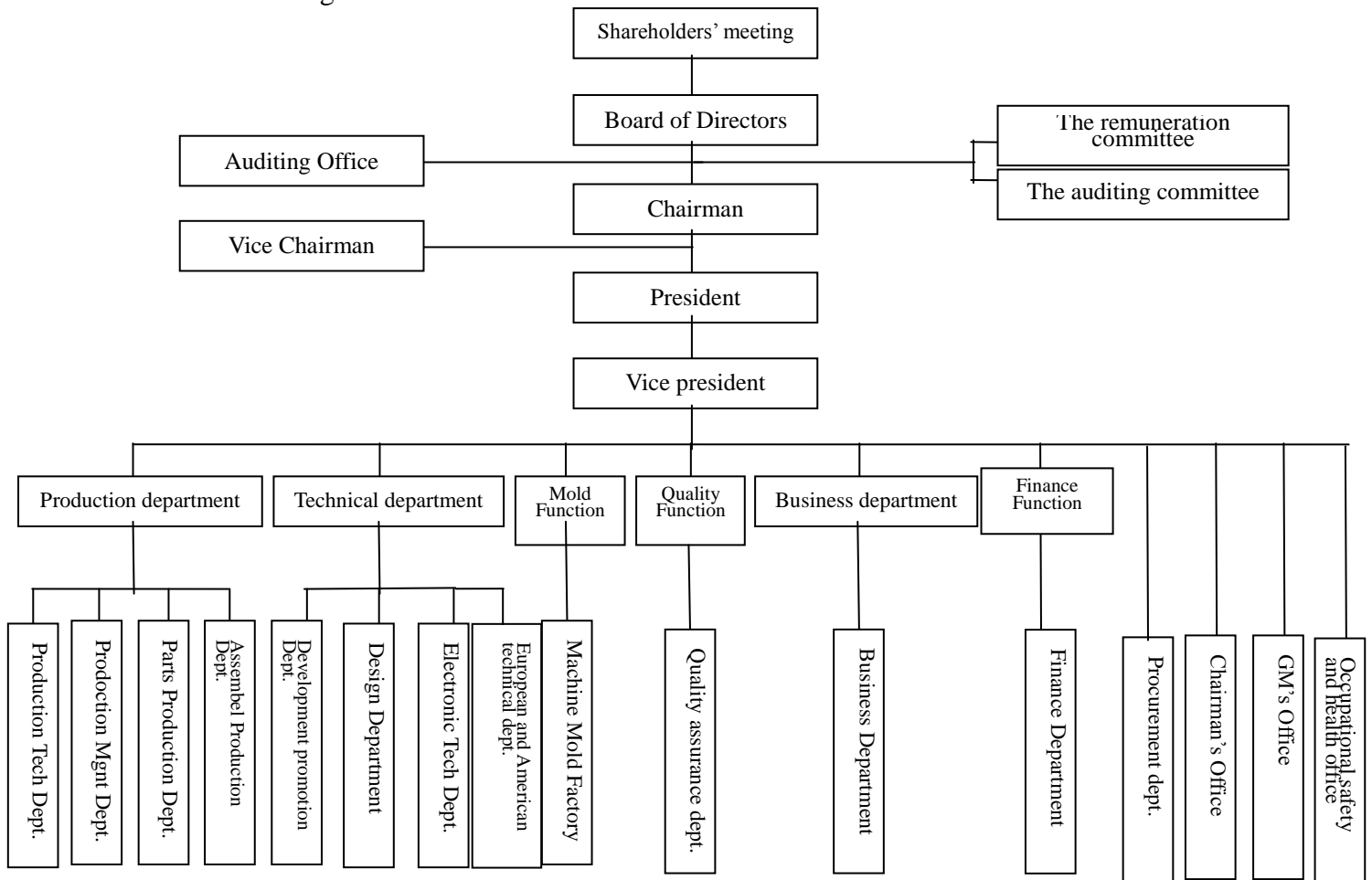
1993	October	Won the "Q1 Quality Award" from Ford Lio Ho Motor Company. The second set of BMC forming equipment was imported and the capital was expanded to NT\$450,000,000.
1994	April	The Securities and Exchange Commission approved the public offering of shares, and the capital was expanded to NT\$500,000,000 in September.
1995	September	The cash increase of NT\$49,000,000 for employees to subscribe for the shares, the amount of capital increased to NT\$630,000,000.
	October	Received the Labor Safety and Health Automatic Inspection Excellence Award from the provincial government and the Industry Bureau awarded the 84th National Quality Month Quality Manufacturer Award.
1996	February	Obtained ISO 9002 International Quality Assurance System certification from the Bureau of Standards, Metrology & Inspection, M.O.E.A.
	March	Signed a technical cooperation contract with VALEO from France.
	June	Signed a technical cooperation contract. With BOSCH from Germany.
1997	January	Acquired the highest honor of the Sanyang System, " Top Ji-Jun Memorial Award ".
	March	It has been certified by Aerospace Industrial Development Corporation and Corporate Synergy Development Center and has officially become a cooperative factory of Aerospace Industry.
	October	The company's stock is listed on the market. Signed the technical cooperation with the US LUMINATOR company and the agency contract in Asia.
1998	March	Achieved the German TUV QS 9000/ISO 9001 International Quality Assurance System Certification.
	July	The capital was expanded to NT\$693,000,000.
	October	The headlamp factory is included in the automated BMC mirror clean room production line, which greatly increases the mirror production capacity.
1999	July	Signed a technical cooperation contract with the LUMINATOR company in the United States.
	August	The capital was expanded to NT\$762,300,000.
2000	January	Received the Best Presentation Award for Revitalizing Competitive Advantage of China Motor Corporation.
2001	February	Established the Optoelectronics department for research and develop optical components.
2002	July	Become a qualified supplier of track lamps by Siemens (SIEMENS).
	December	Achieved the German TUV ISO 14001 and OHSAS 18001 Certified Occupational Safety certification.
2003	May	Established a demonstration machine and began to import qualified track lighting suppliers.
2004	December	Achieved the German TUV TS 16949 Quality certification.
2005	March	Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	November	Introduce the headlights store design and promote the rear lead production system.
2006	January	Won the 2005 best performance award from the China Motor Corporation.
	February	Won the overall cost advantage award of the excellent manufacturer of Yulon Nissan Automobile Cooperation Factory System.
	April	Won the 2006 Special Contribution award from Ford Lio Ho Motor Company Auto 2006 and the 2005 Output Excellence Award from Kuozui Motors.
	August	Achieved the 3C certification of the mainland regulations.
	September	Certified as a qualified supplier by Daimler-Chrysler's Northeast Asia.
	November	Achieved the Japanese JIPM TPM Awards.
2007	March	Won the overall cost advantage award of the excellent manufacturer of Yulon Nissan Automobile Cooperation Factory System. Received the Excellent Supplier Award from Ford Lio Ho Motor Company.
	April	Won the Kuozui Motors Original Price Plan award.
2008	January	Won the VA/VE and the excellent supplier of China Motor Corporation.
	February	Awarded the Excellent Performance Award by Yulon Nissan Motor Co., Ltd.
	March	Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
	April	Started to resell automotive lamps to Suzuki, Mitsubishi and Mazda in Japan.
2009	February	Introduce an automatic steering headlamp (AFS) production line.
	December	It was awarded the A-level manufacturer by the third-party safety and health management system of the Kuozui Motors.
2010	January	Won the excellent supplier of China Motor Corporation.
	February	Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	March	Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
	April	Won the Kuozui Motors Original Price Plan award.

	August	Sales of remote flashlight to the United States started.
2011	January	Won the excellent supplier of China Motor Corporation.
	February	Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	April	Won the Kuozui Motors Original Price Plan award.
		Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
2012	February	Won the excellent supplier of China Motor Corporation.
		Won the VA/VE and the excellent supplier of China Motor Corporation.
	April	Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
		Won the first quality award from Luxgen, Yulon Motor Company.
	November	Registered as a traffic safety and health family of the Ministry of Labor.
2013	January	Received the energy-saving model award of China Motor Corporation.
	March	Won the 2012 Kuozui Motors Original Price Plan award.
	April	Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
	October	Production of LED headlights.
	November	Appraised as the senior store over 30 years by the Tainan City Business Association.
2014	February	Won the excellent supplier of China Motor Corporation.
	April	Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
		Production of LED fog light and resale to Japan.
2015	February	Won the excellent supplier of China Motor Corporation.
		Won the A-level rating of TQ Evaluation of China Motor Corporation.
	March	Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	April	Won the 2014 Kuozui Motors Original Price Plan award.
		Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
	November	Won the best supplier for electric equipment of FCA..
2016	March	Won the excellent supplier of China Motor Corporation.
		Won the AA-level rating of TQ Evaluation of China Motor Corporation..
		Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	April	Won the Kuozui Motors Best quality award
		Won the Kuozui Motors VA best performance award.
		Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
2017	February	Awarded the Excellent Design and Development Award of Yulon Nissan Motor Co., Ltd.
	April	Won the Kuozui Motors Best quality award
		Won the Kuozui MotorsTTT best performance award.
		Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
	July	Won Nissan Motor Company Taiwan Regional Quality Award.
2018	February	WonReceived Toyota Motor Company Taiwan Regional Contribution Award.
	March	Won the excellent supplier of China Motor Corporation.
		Received the Yulon Nissan Motor Company's Design and Development Excellence Award and the Improved Skills Award
	March	Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
2019	March	Won the excellent supplier of China Motor Corporation.
	April	Won the Kuozui Motors VA best performance award.
		Won the Kuozui Motors' original price improvement award.
		Won the YAMAHA Technology Development Excellence Global Award.
	November	Won the best supplier of FCA
2020	January	Passed the French AFNOR AS9100 aviation quality certification
	March	Won the excellent supplier and Design and Development Excellence Award of China Motor Corporation.
		Received the Yulon Nissan Motor Company's Supplier of the Year and the Excellent Quality Award
2021	March	Received the Yulon Nissan Motor Company's overall outstanding performance award and the Design and Development Excellence Award
2022	November	Obtained TUV NORD ISO 26262 Road Vehicle Functional Safety Certification.
2023	January	Received SYM Motorcycle Original Price Reduction Award.
	April	Received Yulon Nissan Motor Company Overall Excellence Award and Improvement Method Excellence Award.

3 • Corporate Governance Report

3-1. Organizational system

3-1-1. Organization



3-1-2. Businesses of major departments

Department	Major businesses
The remuneration committee	Establishing the performance goals and salary of directors, supervisors and managers and regularly reviewing
The auditing committee	Assisting the board of directors to improve corporate governance performance and strengthening internal control system
Auditing Office	Ensuring that the internal control system can operate efficiently and continuously and strengthening corporate governance
General manager office	Planning and implementation of management policies, implementation of IT, human resource, training, and general administrations
Chairman office	The preparation of the board of directors' meeting and the translation of foreign documents
Occupational safety and health office	Employee safety and health-related management matters.
Finance department	Planning and execution of accounting operations, cost management, fund scheduling and budget control
Procurement department	Procurement of production materials
Finance function	Planning and execution of accounting operations, cost management, fund scheduling, budget control, etc.
Business department	Development of domestic and foreign markets
Quality assurance function	Quality target planning and execution
Machine mold function	Development and production of mold and frames
Technical Department	New product development and design
Production department	Product production, material requirements and production scheduling, planning and introduction of new equipment, new technology and new construction methods

3-2.Information on the company's directors, supervisors, president and vice president, deputy assistant general managers, and the supervisors of all the company's divisions.

3-2-1.Information of directors and supervisors

April 15, 2023

Title (Note 1)	Nationality or place of registration	Name	Gender/Age	Elect Date	Term	First time When elected Date (Note 2)	Shares holding when elected		Current Number of shares held		Shares held by spouse and minor children currently		Shares held under other's name		Major experience (education) (Note 3)	Holding a concurrent post The Company or the other company Position	For those who are the spouses of or are supervisors within the second degree of kinship.			Notes (4)
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Title	Name	Relation	
Director	Republic of China	Ding wan Investment Industrial Co., Ltd.		June 12,2020	3 years	June 12, 2014	10,000	0.01%	10,000	0.01%	—	—	—	—	—	—	—	—	—	—
Chairman	Republic of China	Wu Chun-I (Representative of Dinwan)	Male/ 71-80	June 12,2020	3 years	June 15, 1988	1,254,488	1.65%	1,254,488	1.65%	396,821	0.52%	—	—	Pei-men Senior Agricultural and Industrial Vocational School	Tayih Kenmos Auto Parts Co., Ltd. Chairman. Fuzhou Koito Tayih Automotive Lamp Co., Ltd. Vice Chairman. TYC Brother Industrial Co., Ltd. Director.	director	Wu Yu-Hsien	Father and son	—
Director	Japan	Koito Manufacturing Co., Ltd.		June 12,2020	3 years	June 15, 1988	24,774,750	32.50%	24,774,750	32.50%	—	—	—	—	—	—	—	—	—	—
Vice chairman (note 5)	Japan	Masami Watanabe (Representative of Koito Manufacturing Co., Ltd.)	Male/ 61-70	June 12,2020	3 years	April 01,2004	—	—	—	—	—	—	—	—	Vice President of the Company. Applied Chemistry Department, University of Yamanashi.	—	—	—	—	—
Vice chairman (註 6.)	Japan	Iwanabe Megumi (Representative Koito)	Male 51-60	January 01,2023	3 years	January 01,2023	—	—	—	—	—	—	—	—	VP of our Company Faculty of Engineering, Osaka Electro-Communication University, Japan	—				
Director	Japan	Yamamoto Kakuya (Representative of Koito Manufacturing Co., Ltd.)	Male/ 51-60	June 12,2020	3 years	August 08, 2019	—	—	—	—	—	—	—	—	Department of Industrial Chemistry, Faculty of Engineering, Shizuoka University, Japan	Director, Hubei Koito Automotive Lamp Co., Ltd. Chairman, Fuzhou Koito Tayih automotive Lamp Co., Ltd. Director,Guangzhou Koito Automotive Lamp Co., Ltd. Vice Assistant Manager, Koito Manufacturing Co., Ltd.	—	—	—	—
Director	Japan	Konagaya Hideharu (Representative of Koito Manufacturing Co., Ltd.)	Male/ 51-60	June 12,2020	3 years	June 12,2020	—	—	—	—	—	—	—	—	Faculty of Science and Engineering, Waseda University, Japan	General Manager of Management Headquarters, Koito Manufacturing Co., Ltd.	—	—	—	—
Director	Republic of China	Wu Yu-Hsien	Male/ 41-50	June 12,2020	3 years	June 12, 2014	25,101	0.03%	25,101	0.03%	—	—	—	—	Supervisor of the Company Loyola Marymount University MBA	Vice Chairman of Tayih Kenmos Auto Parts Co., Ltd.	Chairman	Wu Chun-I	Father and son	—
Director	Republic of China	Wu Cheng-Yuan	Male/ 31-40	June 12,2020	3 years	June 14, 2017	—	—	—	—	—	—	—	—	Vice President of the company Special assistant of the company Master of Economics, University of South California	—	—	—	—	—

Independent director	Republic of China	Wu Wan-I	Male/ 61-70	June 12,2020	3 years	June 14, 2017	—	—	—	—	—	—	—	—	Vice President of Ken-Hama Co., Ltd. Director and Vice President of Toyota Tsusho Corporation. Department of Labor Relations, Cultural University.	Director and Manager of Ken-Hama Co., Ltd.	—	—	—	—
Independent director	Republic of China	Chen Hsiu-Fon	Female/ 71-80	June 12,2020	3 years	June 14, 2017	—	—	—	—	—	—	—	—	Associate Professor, Chang Jung Christian University Master of Laws, University of Washington, USA Master of Laws, University of Tokyo, Japan	Partner, Chienyeh Law Office Member of the Appeal Review Committee of Tainan City Government Member of the State Compensation Incident Handling Review Subcommittee of the Ministry of the Interior	—	—	—	—
Independent director	Republic of China	Ting Ze-Xiang	Male/ 61-70	June 12,2020	3 years	June 12,2020	—	—	—	—	—	—	—	—	Supervisor of Ya Hong Electronics Technology Co., Ltd. Director of CPA Associations R.O.C. Department of Finance and Taxation, Chung Hsing University	Partner Accountant of Nan Tai CPAs & Co.. Independent director of TEKOM Technology Co.,LTD. Director of CPA Associations R.O.C.	—	—	—	—

Note 1 : The institutional shareholder shall list the name and representative of the institutional shareholder (as a representative of the institutional shareholder, the name of the institutional shareholder shall be indicated) and shall be listed in the following table 1.

Note 2 : When filling in as the first timer serving as a director or supervisor of the company, do remark if there is any interruption.

Note 3 : The experience related to the current position, if it has been with the certification accounting firm or related company during the pre-existing period, should state the title and responsibilities.

Note 4 : The chairman and the general manager or equivalent (the top management) of the company are the same person, or are first-degree relatives of each other, such as spouse, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, or more than half of the directors do not serve as employees or managers, etc.).

Note 5: Chairman Masami Watanabe retired on December 31, 2022.

Note 6: Corporate director of Koito Manufacturing Co., Ltd. was replaced by Mr. Iwanabe Megumi, and was elected as the Vice Chairman of the Company at the board meeting on January 10, 2023.

3-2-1.(1)Table 1 : Major shareholders of institutional shareholders

April 15, 2023

Name of institutional shareholders	Major shareholders of institutional shareholders	Shareholding ratio
Ding wan Investment Industrial Co.,	Wu Ma Hui-Er	Shareholding more than 10%
	Wu Yu-Hsien	
	Wu Chen-Yi	
Koito Manufacturing Co., Ltd.	Toyota Motor Corporation	Top 10 share holders
	Japan Master Trust Bank, Ltd. (trust account)	
	Custody Bank of Japan, Ltd.. (trust account)	
	Sumitomo Mitsui Banking Corporation	
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	STATE STREET BANK AND TRUST COMPANY 505223	
	Nippon Life Insurance Company	
	Dai-ichi Life Insurance Co., Ltd.	
	Aioi Nissay Dowa Insurance Co., Ltd.	
	JP MORGAN CHASE BANK 385632	

Note 1 : If the directors and supervisors are representatives of institutional shareholders, the name of the institutional shareholder shall be filled in.

Note 2 : The name of the principal shareholder of the institutional shareholder (whom holds the top ten shareholding) and its shareholding ratio. If the majority shareholders are institutional shareholders, they should fill in table 2.

3-2-1.(2)Table 2 : Major shareholders of institutional shareholders

April 15, 2023

Name of the Institution (note 1)	Major shareholder of Institutions (note 2)	Note
Toyota Motor Corporation	Japan Trustee Services Bank, Ltd.	Top 10 shareholders
	Toyota Industries Corporation	
	Japan Master Trust Bank, Ltd.	
	Nippon Life Insurance Company	
	JP Morgan Morgan Chase Bank (Standing Attorney Mizuho Bank, Ltd. Settlement Sales Department)	
	DENSO CORPORATION	
	State Street Bank & Trust Company (Standing Attorney, Inc. Mizuho Bank, Settlement Sales Department)	
	Mitsui Sumitomo Insurance Co., Ltd	
	The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders (Standing Proxy, Mitsui Sumitomo Banking Corporation)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	
Japan Master Trust Bank Co., Ltd. (Trust account)	Unable to provide due to local practice restrictions	—
Japan Trustee Services Bank, Ltd. (trust account)	Unable to provide due to local practice restrictions	—
Sumitomo Mitsui Banking Corporation	Stock companyMitsui Sumitomo Finance Co., Ltd.	100%
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mitsubishi UFJ Finance Corporation	100%
STATE STREET BANK AND TRUST COMPANY 505223	Unable to provide due to local practice restrictions	—
Nippon Life Insurance Company	Unable to provide due to local practice restrictions	—
Dai-ichi Life Insurance Co., Ltd.	Unable to provide due to local practice restrictions	—
Aioi Nissay Dowa Insurance Co., Ltd.	Unable to provide due to local practice restrictions	—
JP MORGAN CHASE BANK 385632	Unable to provide due to local practice restrictions	—

Note 1 : If the main shareholder of the above table is an institutional shareholder, then name of the institutional shareholder should be filled in.

Note 2 : The name of the main institutional shareholder (whom holds the top ten shareholding) and its shareholding ratio.

3-2-1.(3)Information on directors

①Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
Chairman	Wu Chun-I	Has over five years of relevant work experience, currently the Chairman of Ta Yih Industrial Co., Ltd.	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>③Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>④Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑤Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑥Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	0
Vice-chairman	Watanabe Masami (note 1)	Has over five years of relevant work experience, was previously Manager of Manufacturing of Koito Manufacturing Co., Ltd.	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director or supervisor of the Company or its affiliated companies.</p> <p>③Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>⑤Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p>	0

Job Title	Condition	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
	Name			
			<p>⑥ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦ Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</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 auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑨ Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑩ Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑪ Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Vice-chairman	Iwanabe Megumi (Note 2.)	Having more than five years of work experience required in corporate operations, formerly served as the Chief of the Production Technology Department at Koito	<p>① Employees who are not from this company or affiliated enterprises.</p> <p>② Directors or supervisors who are not from this company or affiliated enterprises.</p> <p>③ Natural person shareholders who are not the individual, spouse, minor children, or individuals holding more than 1% of the total issued shares or within the top ten shareholders of this company under another person's name.</p> <p>④ Managers not listed in (1) or spouses of personnel listed in (2), immediate relatives up to the second degree, or direct blood relatives up to the third degree of personnel listed in (2).</p> <p>⑤ Directors, supervisors, or employees of other companies who control over half of the voting rights or director positions in this company.</p> <p>⑥ Directors (trustees), supervisors (auditors), or employees of other companies or institutions who are the same person or spouse of the chairman, general manager, or equivalent positions in this company.</p> <p>⑦ Directors (Supervisors), supervisors, executives, or shareholders holding more than 5% of shares in specific companies or institutions that do not have financial or business transactions with the company.</p>	0

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
		Manufacturing Co., Ltd.	<p>⑧Professionals, sole proprietors, partners, owners, directors (supervisors), supervisors, executives, and their spouses who have not provided audit or related services such as business, legal, financial, accounting, etc., to the company or related enterprises, and have not received cumulative remuneration exceeding NTD 500,000 in the past two years. However, members of the Compensation Committee, Public Acquisition Review Committee, or Merger Special Committee who perform their duties in accordance with the Securities and Exchange Act or relevant laws related to corporate mergers are not subject to this restriction.</p> <p>⑨There is no spousal or immediate family relationship within the second degree of consanguinity with other directors.</p> <p>⑩None of the circumstances specified in Article 30 of the Company Act apply.</p> <p>⑪Not elected as a representative of the government, legal entity, or their representative in accordance with Article 27 of the Company Act.</p>	
Director	Wu Yu-Hsien	Has over five years of relevant work experience, currently the Vice-Chairman of Ta Yih Industrial Co., Ltd.	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director or supervisor of the Company or its affiliated companies.</p> <p>③Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④Not 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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p>	0

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
			<p>⑤ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑥ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦ Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑧ Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑨ Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Director	Konagaya Hideharu	Has over five years of relevant work experience, currently the General Manager of Management Headquarters, Koito Manufacturing Co., Ltd.	<p>① Not an employee of the Company or its affiliated companies.</p> <p>② Not a director or supervisor of the Company or its affiliated companies.</p> <p>③ Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④ Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>⑤ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑥ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an</p>	0

Job Title	Condition	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
	Name			
			<p>independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑨Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑩Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑪Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Director	Yamamoto Kakuya	Has over five years of relevant work experience, currently Deputy Manager of the International Headquarters of Koito Manufacturing Co., Ltd.	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director or supervisor of the Company or its affiliated companies.</p> <p>③Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>⑤Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑥Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent</p>	0

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
			<p>company according to this law or local laws).</p> <p>⑦Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑨Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑩Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑪Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Director	Wu Cheng-Yuan	Has over five years of relevant work experience, holds M.A. in Economics from University of Southern California,	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director or supervisor of the Company or its affiliated companies.</p> <p>③Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>⑤Not 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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>⑥Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson,</p>	0

Job Title	Condition	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
	Name			
			<p>president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧ Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑨ Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑩ Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑪ Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑫ Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Independent Director	Wu Wan-I	Has over five years of relevant work experience, previously Director and Vice President of Toyota Tsusho Corporation, currently Vice President of Ken-Hama Co., Ltd.	<p>① Not an employee of the Company or its affiliated companies.</p> <p>② Not a director or supervisor of the Company or its affiliated companies.</p> <p>③ Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④ Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>⑥ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person</p>	0

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
			<p>is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑨Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑩Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑪Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑫Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Independent Director	Chen Hsiu-Fon	Professional and technical personnel who has passed the National Examination for Lawyers and obtained the relevant certificates,	<p>①Not an employee of the Company or its affiliated companies.</p> <p>②Not a director or supervisor of the Company or its affiliated companies.</p> <p>③Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>⑤Not 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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company</p>	0

Job Title	Condition	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
	Name			
		previously Associate Professor of Chang Jung Christian University, currently Partner at Chienyeh Law Office	<p>Act.</p> <p>⑥ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧ Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑨ Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑩ Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑪ Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑫ Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
Independent Director	Ting Ze-Xiang	Professional and technical personnel who have passed the national examination for accountants and	<p>① Not an employee of the Company or its affiliated companies.</p> <p>② Not a director or supervisor of the Company or its affiliated companies.</p> <p>③ Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④ Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p>	1

Job Title	Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
		obtained the relevant certificates, previously Supervisor of Ya Hong Electronics Technology Co., Ltd., currently Partner Accountant of Nan Tai CPAs & Co.. Independent director of TEKOM Technology Co.,LTD. Director of CPA Associations of R.O.C.	<p>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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>⑥ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧ Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑨ Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑩ Has no relationship with other directors within the scope of spouse or second degree of kinship.</p> <p>⑪ Not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>⑫ Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	

Note 1: Vice Chairman Masami Watanabe retired on December 31, 2022.

Note 2: Corporate Director Koito Manufacturing Co., Ltd. appointed the representative Iwanabe Megumi and elected him as Vice Chairman of the company at the board meeting on January 10, 2023.

3-2-1.(4) Diversity and Independence of Directors

① Diversity of Directors

Based on the diversification policy and strengthening corporate governance, the company promotes the development of the composition and structure of the board of directors. To measure professional background, integrity or relevant professional qualifications, etc., after the resolution of the board of directors is passed, it will be sent to the shareholders' meeting for election. The composition of the board of directors shall not exceed one-third of the number of directors, except for directors who also serve as managers of the Company, and shall formulate appropriate diversification policies according to their own operation, operation type and development needs, including but not limited to the following:

① Basic conditions and values: gender, age, nationality and culture.

② Professional knowledge and skills: operational judgment, operational management, industry knowledge, international market outlook, accounting and financial analysis, and financial law.

The current board of directors of the company consists of nine directors. The specific management objectives and achievement of the board diversity policy are as follows:

Management Objectives	Status
The number of independent directors reaches (inclusive) one third of the total number of directors	Achieved
Directors who also serve as company managers should not exceed one-third of the number of directors	Achieved
The time in office of independent directors has not exceeded 3 terms	Achieved
Adequate and diverse professional knowledge and skills	Achieved

The implementation of the Board Diversity Policy is as follows:

Core of Diversity		Basic Information									Professional Knowledge and Skills							
		Nationality	Gender	Has Employee Status	Age					Years as independent director (under 3 sessions)	Operation Judgment	Accounting and financial analysis	Management	Crisis handling	Industry knowledge	International market view	Leadership capability	Decision-making ability
31-40	41-50				51-60	61-70	71-80											
Job Title	Name																	
Director	Wu Chun-Yi	R.O.C.	Male						V		V	V	V	V	V	V	V	V
	Watanabe Masaki(Note)	Japan	Male					V			V	V	V	V	V	V	V	V
	Iwanabe Megumi	Japan	Male				V				V	V	V	V	V	V	V	V
	Wu Yu-Hsien	R.O.C.	Male			V					V	V	V	V		V	V	V
	Konagaya Hideharu	Japan	Male				V				V	V	V	V	V	V	V	V
	Yamamoto Kakuya	Japan	Male				V				V	V	V	V	V	V	V	V
	Wu Cheng-Yuan	R.O.C.	Male		V						V	V	V	V	V	V	V	V
Independent Director	Wu Wan-I	R.O.C.	Male					V		V	V		V	V	V	V	V	V
	Chen Hsiu-Fon	R.O.C.	Female						V	V	V		V	V	V	V	V	V

Ting Ze-Xiang	R.O.C.	Male						V		V	V	V	V	V	V	V	V	V
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Note : Vice Chairman Masami Watanabe retired on December 31, 2022.

②Independence of the Board of Directors

There are currently 9 members of the board of directors of the company, including 3 independent directors and the number of independent directors accounts for one-third (inclusive) of the total seats. As of the end of 2022, all independent directors were in compliance with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors, and there were no matters 3 and 4 stipulated in Article 26-3 of the Securities and Exchange Act between the directors and independent directors. For the independence situations of the board of directors of the company maintain independence, please refer to pages 12-21 of this annual report - information disclosure of directors' professional qualifications and independence of independent directors, and for each director's education background, gender and work experience, please refer to pages 8-9 of this annual report - director information.

3-2-2. Information on the company's president, vice presidents, assistant general managers, and the managers of all the company's divisions and branches April 15, 2023

Job title (Note 1)	Nationality	Name	Gender	Elect Date	Holding shares		Shares held by spouse and minor children		Shares held under other nominees		Major work experience (educational background) (Note 2)	Holding a concurrent post in other companies	For those who are the spouses of or are managers within the second degree of kinship.			Note (Note 3)
					Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Title	Name	Relation	
President	Republic of China	Chuang Chi-Ching (Note 4)	Male	2023.03.08	—	—	—	—	—	—	Deputy-manager of the company Chungwon University Chemistry	None	—	—	—	—
Vice President	Japan	Yamamoto Hidetsugu	Male	2016.04.01	—	—	—	—	—	—	Master of Mechanical Engineering, Meiji University, Japan.	None	—	—	—	—
Senior Assistant Manager	Republic of China	Wang Hung-Chi (Note 5)	Male	2016.01.01	—	—	—	—	—	—	Department of Accounting, Tunghai University.	Supervisor of Fuzhou Koito Tayih automotive Lamp Co., Ltd.	—	—	—	—
Senior Assistant Manager	Republic of China	Chang Chao-Wen Co-manager (Note 5) of the company	Male	2016.01.01	—	—	—	—	—	—	Masters of Electro-optical, National Formosa University.	None	—	—	—	—
Assistant Manager	Republic of China	Chen Chun-Hung (Note 5)	Male	2016.01.01	—	—	—	—	—	—	Department of Mechanical engineering, National Pingtung University of Science and Technology.	None	—	—	—	—

Assistant Manager	Republic of China	Wang Chun-Hao (Note 5)	Male	2016.01.01	—	—	—	—	—	—	Japanese Culture and Language Institute.	None	—	—	—	—
Assistant Manager	Republic of China	Chuang Chao-Ching (Note 5)	Male	2016.01.04	730	0.00	—	—	—	—	Department of Mechanical engineering, Southern Taiwan University of Science and Technology.	None	—	—	—	—
Assistant Manager	Republic of China	Wang Chiung-Lun (Note 5)	Female	2020.08.26	—	—	—	—	—	—	Assistant Sales Manager of Juoku Technology Co., Ltd. Sales Department Manager of Ta Yih Industrial Co., Ltd. Tokyo Cosmo Gakuen	None	—	—	—	—

Note 1 : The information including president, vice presidents, associates, department and branch directors, and where the position is equivalent to the general manager, deputy general manager or associate, regardless of the title, should be disclosed.

Note 2 : The experience related to the current position, if it has been with the certification accounting firm or related company during the pre-existing period, should state the title and responsibilities.

Note 3 : Where the chairperson of the board of directors and president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response. (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers of the Company, etc.)

Note 4 : Feng Shih-Chung, the President, retired and dismissed on March 31st, 2023. The board of directors appointed Wu Cheng-Yuan (director and former vice president) as the new president set effectively on April 1, 2023.

Note 5 : Wang Hung-Chi, Senior Manager, resigned and was dismissed on March 31, 2023. Chang Chao-Wen, Senior Manager, Wang Chun-Hao, Manager, and Wang Chiung-Lun, Manager, resigned and were dismissed on January 31, 2023.

Note 6: Chuang Chao-Ching, Manager, retired and was dismissed on March 31, 2023.

3-3.Remuneration paid during the most recent fiscal year to directors, supervisors, president, and vice presidents :

3-3-1.Remuneration of directors (including independent directors) (with any one of the following circumstances, name and gratuities should be disclosed) :

- (1)Those who have suffered after-tax losses in individual financial reports in the recent three years; but those who have generated net profits after-tax in the most recent annual individual financial reports and are sufficient to make up for accumulated losses are not subject to this limit : the Company's individual financial reports on 2020, 2021 and 2022 have no after-tax losses.
- (2)In recent years, the number of stocks holding by directors has been insufficient for more than three consecutive months : the Company did not have this situation in 2022.
- (3)A company that has had an average ratio of share pledging by directors exceeding 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director : there is no such situation in the Company in 2022.
- (4)All directors receive the directors' remuneration of all companies in the financial report accounting for more than 2% of the net profit after tax, and individual directors receive remuneration exceeding NT \$ 15 million : the directors' remuneration in 2022 accounted for 9.25% of the net profit after tax, but the individual director's remuneration did not exceed NT \$ 15 million.

(5) A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation : the Company did not have this situation in 2022.

(6) The average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000 : the Company did not have this situation in 2022.

3-3-2. Remuneration of directors (including the independent directors) (aggregate remuneration information with the names indicated for each remuneration range):
December 31, 2022 Unit: NT\$ thousands

Title	Name	Remuneration of directors								The ratio of the summation of A, B, C and D to the net profit after tax. (Note 10)		Part-time employees receive relevant remuneration								The ratio of the summation of A, B, C ,D, E, F and G to the net profit after tax. (Note 10)		Whether a remuneration is received from a subsidiary company (Note 11)
		Remunerati on (A) (Note 2)		Resignatio n Pensions (B)		Remunerat ion of directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Compensation and bonuses payable and special allowances (E) (Note 5)		Resignation Pensions (F)		Employee compensation (G) (Note 6)						
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)			
Chairman	Wu Chun-I (Representative of Din Wan)	0	0	0	0	0	0	120	120	0.14%	0.14%	7,968	7,968	128	128	0	0	0	0	9.25%	925%	None
Vice chairman	Watanabe Masami (Representative of Koito Manufacturing Co., Ltd.)																					
Director	Wu Yu-Hsien																					
Director	Yamamoto Kakuya (Representative of Koito Manufacturing Co., Ltd.)																					
Director	Konagaya Hideharu (Representative of Koito Manufacturing Co., Ltd.)																					
Director	Wu Cheng-Yuan																					
Independent director	Wu Wan-I	0	0	0	0	0	0	820	820	0.92%	0.92%	0	0	0	0	0	0	0	0.92%	0.92%	None	
Independent director	Chen Hsiu-Fon																					

Independent director	Ting Ze-Xiang																		
<p>1.Please state the policy, system, standards and structure of independent directors' remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks and time invested : The remuneration of independent directors of the company is fixed by the board of directors' meeting. Independent directors do not participate in the distribution of remuneration when the company makes profits.</p> <p>2.Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to the Company in the most recent fiscal year : None</p>																			

Director (including independent directors) remuneration level table

Range of remuneration paid to each director of the company	Name of directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial report (Note 9)	The Company (Note 8)	All companies in the financial report (Note 9)
Under 1,000,000	Wu Chun-I, Watanabe Masami, Wu Yu-Hsien, Yamamoto Kakuya, Konagaya Hideharu, Wu Cheng-Yuan, Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang	Wu Chun-I, Watanabe Masami, Wu Yu-Hsien, Yamamoto Kakuya, Konagaya Hideharu, Wu Cheng-Yuan, Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang	Watanabe Masami, Wu Yu-Hsien, Yamamoto Kakuya, Konagaya Hideharu, Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang	Watanabe Masami, Wu Yu-Hsien, Yamamoto Kakuya, Konagaya Hideharu, Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang
NT\$ 1,000,000(included) ~ NT\$ 2,000,000 (excluded)	—	—	—	—
NT \$ 2,000,000(included) ~ NT\$ 3,500,000 (excluded)	—	—	-	-
NT \$ 3,500,000(included) ~ NT\$ 5,000,000 (excluded)	—	—	Wu Cheng-Yuan; Wu Chun-I	Wu Cheng-Yuan; Wu Chun-I
NT \$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)	—	—	—	—
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)	—	—	—	—
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)	—	—	—	—
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)	—	—	—	—
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)	—	—	—	—
Over NT\$ 100,000,000	—	—	—	—
Total	9	9	9	9

Note 1 : The names of the directors shall be separately listed (the institutional shareholder shall list the names of the institutional shareholders and the representative separately), and the amount of each payment shall be disclosed. If the director is also the general manager or deputy general manager, this form and the table 3 should be filled out. (5) or 3. (6).

Note 2 : Refers to the remuneration of directors in the most recent fiscal year (including directors' remuneration, job allowance, severance pay, various bonuses, and awards etc.).

- Note 3 : To fill in the amount of directors' remuneration distributed by the board of directors in the most recent year.
- Note 4 : Refers to the relevant business execution expenses of the directors in the most recent fiscal year (including transport expenses, special expenses, various allowances, lodging, company car and other supplies, etc.). In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals' expenses, the nature and cost of the assets provided, the actual or at a fair market price, rent, petrol and other payments should be disclosed. If driver is provided, take note to state the salary of the driver paid by the company, and this payment shall not be included in the remuneration.
- Note 5 : Refers to the salary of the directors who are also an employees(including president, vice presidents and other managers and employees) in the most recent fiscal year, which includes the salary, job allowance, severance payment, various bonuses, incentives, transport expenses, special expenses, subsidies, dormitories, company car rentals and so on. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals expenses, the nature and cost of the assets provided, the actual or at a fair market price, rent, petrol and other payments should be disclosed. If driver is provided, take note to state the salary of the driver paid by the company, and this payment shall not be included in the remuneration. According to IFRS 2 "Share-based Payment", the salary expenses recognized should include obtaining employee stock option certificate, restricted employee share and participating in capital increase shares, etc. Those payment should also be included in the remuneration.
- Note 6 : Refers to the director, also an employee, (including president, vice presidents, other managers and employees) who has obtained employee compensation (including stocks and cash) in the most recent fiscal year, and should disclose the amount of compensation paid by the board of directors in the most recent fiscal year. For those who are not able to make an estimation, shall propose the calculation based on the actual distribution of the preceding year, and fill up table 3. (7).
- Note 7 : The total amount of remuneration paid by all companies shown in the consolidated report (including the Company) to the directors of the Company should be disclosed.
- Note 8 : The total amount of remuneration the company paid to each director, the names of the directors should be revealed in the respective range of remuneration.
- Note 9 : The total amount of remuneration paid by all companies shown in the consolidated report (including the Company) to the directors of the Company should be disclosed.
- Note 10 : The 'Net profit after tax' refers to net profit after tax in the most recent individual or individual financial reports.
- Note 11 : (1) This column should clearly state the amount of remuneration the directors received from the transfer of investment in the subsidiary.
 (2) If a director of a company receives remuneration from a subsidiary other than an investment enterprise, the remuneration received should be merged into column I of the remuneration table, and rename that column as "all investment business".
 (3) Remuneration refers to the remuneration and compensation (including remuneration of employees, directors or supervisors) paid to the directors who are also the directors, supervisors or other managers of the investment business other than its subsidiary, and business execution expenses of the directors, supervisors or managers.

3-3-3.Remuneration of supervisors (with any one of the following circumstances should be disclosed individually for the name and the remunerations) : Not applicable; The Remuneration Committee was established on June 12th, 2020 to replace the supervisor.

3-3-4. Remuneration of supervisors (aggregate remuneration information with the names indicated for each remuneration range):
 Not applicable; The Remuneration Committee was established on June 12th, 2020 to replace the supervisor.

3-3-5. Remuneration of President and Vice president (aggregate information with names indicated for each remuneration range) :

December 31, 2022 Unit : NT\$ thousands

Title	Name	Salary		Retirement allowance		Bonuses and special allowances		Employee compensation				The ratio of the summation of A, B, and D to the net profit after tax.		Is there any remuneration from other invested businesses apart from subsidiaries (Note 9)
		(A) (Note 2)		(B)		(C) (Note 3)		(D) (Note 4)					(Note 8)	
			All companies in the financial report (Note 5)		All companies in the financial report (Note 5)		All companies in the financial report (Note 5)		The Company		All companies in the financial report (Note 5)		The Company	
President(note)	Feng Shih-Chung	3,974	3,974	118	118	45	45	—	—	—	—	4.66% 4,137	4.66% 4,137	None
President(note)	Wu Cheng-Yuan													
Vice president	Hidetsugu Yamamoto													

Note : Feng Shih-Chung, president, retired and dismissed on March 31st, 2022. The board of directors appointed Wu Cheng-Yuan as the new president and he resign on March 31st 2023.

Range of remuneration paid to President and vice president :

Range of remuneration paid to president and vice president	Names of President and vice president	
	The Company (note 6)	All companies in the financial report (Note 6)
Under NT\$ 1,000,000	Yamamoto Hidetsugu; Feng Shih-Chung	Yamamoto Hidetsugu; Feng Shih-Chung
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	—	—
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)	Wu Cheng-Yuan	Wu Cheng-Yuan
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)	—	—
NT\$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)	—	—
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)	—	—
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)	—	—
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)	—	—
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)	—	—
Over NT\$ 100,000,000	—	—
Total	3	3

- Note 1 : The names of president and vice presidents should be separately listed, and disclose the summarized the amount of each payment. If the director is also president or vice president, this form and the table 3 should be filled out. (1) or 3. (2).
- Note 2 : To fill in the remuneration, job allowance and severance allowance of president and vice presidents.
- Note 3 : To list of the various bonuses, incentives, transport allowances, special allowances, various allowances, dormitory, car and other supplies and other remuneration of president and vice president of the most recent fiscal year. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individuals 'expenses, the nature and cost of the assets, the actual or at a fair market price, rent, petrol and other payments should be disclosed. If driver is provided, take note to state the salary of the driver paid by the company, and this payment shall not be included in the remuneration. According to IFRS 2 "Share-based Payment", the salary expenses recognized should include obtaining employee stock option certificate, restricted employee share and participating in capital increase shares, etc. Those payments should also be included in the remuneration
- Note 4 : To list the amount of compensation (including stocks and cash) assigned to president and vice president by board of directors in the most recent fiscal year. For those who are not able to make an estimation, shall propose the calculation based on the actual distribution of previous year, and fill up table 11-3.
- Note 5 : The total amount of remuneration paid by all companies shown in the consolidated report (including the Company) to president and vice president of the Company should be disclosed.
- Note 6 : The total amount of remuneration the company paid to president and vice president, the names of the general manager and the deputy general manager should be revealed in the respective range of remuneration.
- Note 7 : The total amount of remuneration paid by all companies shown in the consolidated report (including the Company) to president and vice president of the Company should be disclosed.
- Note 8 : After-tax net profit refers to the net profit after tax in the most recent fiscal year; if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of individual or individual financial report in the most recent fiscal year.
- Note 9 : (1) This column should clearly state the amount of remuneration president and vice president received from the transfer of investment in the subsidiary or the parent company. (If there is no such situation, please fill in "none").
 (2) If president and vice president of a company receive remuneration from a subsidiary other than an investment enterprise or the parent company, the remuneration received should be merged into column I of the remuneration table, and rename that column as "parent company and all investment business".
 (3) Remuneration refers to the remuneration and compensation (including remuneration of employees, directors or supervisors) paid to president and vice president who are also the directors, supervisors or other managers of the parent company and the investment business and other subsidiary, and business execution expenses of the directors, supervisors or managers.
- 3-3-6. Disclosure of the remuneration of the top five executives individually : The Company does not have such situation of (1) of 3-3-1 and (5) of 3-3-1 in 2022, so no disclosure is required.

3-3-7. The 2022 employee profit sharing granted to the management team.

December 31, 2022 NT\$ thousands

	Title	Name	Stock dividends Amount	Cash: dividends Amount	Total	Proportion of total amount to net profits after tax (%)
Managers	President	Feng Shih-Chung	0	0	0	0.00%
	General Manager	Wu Cheng-Yuan				
	General Manager	Chuang Chih-Ching				
	Deputy General Manager	Hidetsugu Yamamoto				
	Senior Associate Director	Chen Chin-Wen				
	Senior Associate Director	Chang Chao-Wen				
	Associate Director	Chen Chun-Hung				
	Associate Director	Wang Chun-Hao				
	Associate Director	Chuang Chao-Ching				
	Associate Director	Wang Chiung-Lun				
Financial officer	Senior Assistant General Manager	Wang Hung-Chi				

Note: Feng Shih-Chung, the President, retired and dismissed on March 31st, 2023. The board of directors appointed Wu Cheng-Yuan (director and former vice president) as the new president.

Note: General Manager Chuang Chih-Ching was appointed by the board of directors on March 8, 2023 and assumed office on April 1, 2023

Note: Assistant Managers Chuang Chih-Ching and Chuang Chao-Ching resigned on March 31st, 2022 and October 13th, 2021, respectively.

Note: Senior Assistant Manager Wang Hung-Chi retired and dismissed on January 31st, 2022., Senior Associate Chang Chao-Wen, Associate Director Wang Chun-Hao, and Associate Director Wang Chiung-Lun resigned on January 31, 2023.

3-3-8. Compare and analyze the total remuneration as a percentage of net income stated in the parent company only financial reports or individual financial reports, paid by this company and by all consolidated entities (including this company) for the most recent 2 fiscal years to each of this company's directors, supervisors, President, and Vice Presidents, and describe the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure :

NT\$ thousands

Year of occurrence	Item	The Company	Consolidated report	Comparative analysis and explanation
2021	Remuneration - Director	8,601	8,601	In the fiscal year 2022, the remuneration of the directors, supervisors, general manager, and deputy general manager accounted for 14.83% of the net income after taxes, which is lower than the 18.87% in the previous year 2021. The main reason for this decrease is due to the reduction in the remuneration payment of one deputy general manager in 2022 (as the former deputy general manager was appointed as the general manager).
	Supervisor	0	0	
	President and Vice president	6,969	6,969	
	Total	15,570	15,570	
	Proportion of total remuneration to net profit after tax	18.87	18.87	
2022	Remuneration - Director	9,036	9,036	
	Supervisor	0	0	
	President and Vice president	4,137	4,137	
	Total	13,173	13,173	
	Proportion of total remuneration to net profit after tax	14.83	14.83	
Differences		Decrease 4.04%	Decrease 4.04%	

Policies, standards and combinations for payment of emoluments, procedures for setting emoluments, and correlations with business performance and future risks :

The remuneration of the directors and supervisors of the Company shall be determined by the board of directors in accordance with the provisions of Article 26 of the Articles of Incorporation and in accordance with the general standards of the industry. The directors of the Company are paid for the execution of the company's business. The amount depends on the value of the company's participation in the operation and the value of the contribution. As for the independent directors, the directors' meeting will set a fixed remuneration, and all directors and supervisors will not participate in the company's profit distribution. The standard of manager's remuneration payment depends on the performance of the individual's performance and the contribution to the overall operation of the company, taking into account the market rate. The procedures for paying salary, besides considering the overall operational performance, future industry business risks and development trends, the individual participation and the contribution of the individual performance and contribution to company performance, will be given reasonable compensation. Relevant performance appraisal and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at times, depending on the actual operating conditions and relevant laws and regulations, in order to balance the company's sustainable management and risk control.

3-4. The state of the company's implementation of corporate governance :

3-4-1. The operation of Board of Directors :

(1) There are five board of directors' meeting(A) held in 2022 The attendance of the directors and supervisors is as follows :

Title	Name	Actual attendance B	By proxy Actual attendance	Actual Rate of Attendance B/A	Note
Chairman	Wu Chun-I (Representative of Din Wan)	5	0	100%	
Vice chairman	Watanabe Masami (Representative of Koito Manufacturing Co., Ltd.)	5	0	100%	
Director	Wu Yu-Hsien	1	2	20%	
Director	Konagaya Hideharu (Representative of Koito Manufacturing Co., Ltd.)	2	0	40%	
Director	Yamamoto Kakuya (Representative of Koito Manufacturing Co., Ltd.)	2	0	40%	
Director	Wu Cheng-Yuan	5	0	100%	
Independent director	Wu Wan-I	5	0	100%	
Independent director	Chen Hsiu-Fon	4	1	80%	
Independent director	Ting Ze-Xiang	4	1	80%	

The attendance of the independent directors attending the board of directors' meeting in 2022 :

Date of Board of Directors' meeting	Wu Wan-I	Chen Hsiu-Fon	Ting Ze-Xiang
2022.03.25	Attended in person	Attended in person	Attended in person
2022.05.12	Attended in person	By proxy	Attended in person
2022.06.21	Attended in person	Attended in person	By proxy
2022.08.10	Attended in person	Attended in person	Attended in person
2022.11.08	Attended in person	Attended in person	Attended in person

(2) Other noteworthy matters :

① If the board of directors operates under any of the following circumstances, it shall state the date, period, content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors :

① Matters listed in Article 14.3 of the Securities and Exchange Act :

Board of Directors Date and session	Article 14.3 of the Securities and Exchange Act Matters as listed	Independent director opinion	The Company's response to the opinions of independent directors
March 25, 2022 (16th meeting, 9th session)	1.Salary and Remuneration Committee proposal recognition 2.Donation of related party. 3.Revision of "Acquisition or Disposal of Asset Processing Procedures" 4.Acquisition of Assets with Usage Rights from Related Parties 5.Managerial Dismissal and Appointment Case	1.No objection or reserved opinion 2. No objection or reserved opinion 3. No objection or reserved opinion 4. No objection or reserved opinion 5. No objection or reserved opinion	1. Not applicable 2. Not applicable 3. Not applicable 4. Not applicable 5. Not applicable
May 12, 2022 (16th meeting, 10th session)	1. Salary Compensation Committee Proposal Recognition	No objection or reserved opinion	Not applicable
June 21, 2022 (16th meeting, 11th session)	None	None	Not applicable
August 10, 2022 (16th meeting, 12th session)	None	None	Not applicable
November 8, 2022 (16th meeting, 13th session)	None	None	Not applicable

② Other than the preceding matters, written record of the objection or retained opinion of the independent directors : No such situation.

② When the directors evade due to conflict of interests, the directors shall state the name of the directors, the content of the proposal, the reasons for the avoidance of interests and the participation in the voting, as shown in the following table.

If the motion concerns the interest of any directors present during the meeting of the board, the master of ceremony will once again remind the involved parties to evade the meeting (the directors, independent directors, managers and other attendees and those present) before the motion is read out.

Board of Directors Date and session	Content of Motion	Name of directors	Reason for avoidance	Participation in voting
March 25, 2022 (16th Session, 9th Time)	Discussion on the directors' and managers' FY2021 year-end bonuses and FY2022-year salaries.	Wu Chun-I, Wu Cheng-Yuan, Wu Yu-Hsien	The content of the motion involves the annual salary of 2 persons, and the director Wu Yu-Hsien and the chairman Wu Chun-I are second-degree relatives.	Three individuals abstained from the discussion and voting, and they did not act as proxies for other directors to exercise voting rights. The chairman consulted with all attending directors, excluding those directors who were required to abstain according to regulations, and there were no objections from the remaining directors present. Therefore, the motion was passed.
	Donation to the Wu Jinmao Memorial Cultural and Educational Foundation, a related party.	Wu Chun-I, Wu Yu-Hsien	The chairman of the related party is the same person as Mr. Wu Chun-I, and Director Wu Yu-Hsien is a second-degree blood relative to Chairman W Wu Chun-I.	Both persons have evaded during discussion and voting, and have not acted as an agent to exercise voting rights. The case was approved by the chairman of the company, except for the other directors who evaded during the discussion and voting.

	Acquisition of assets with usage rights from related parties.	Wu Chun-I, Wu Yu-Hsien	The chairman of the related party is the same person as Wu Chun-I, and the director Wu Yu-Hsien and the chairman Wu Chun-I are second-degree relatives.	Both persons have evaded during discussion and voting, and have not acted as an agent to exercise voting rights. The case was approved by the chairman of the company, except for the other directors who evaded during the discussion and voting.
	Manager's dismissal and appointment case.	Wu Cheng-Yuan,	Proposal Content Involving Director Wu Cheng-Yuan 's Self-Appointment Case	Director Wu Cheng-Yuan recused himself during the discussion and voting. Upon consultation with the chairman, the remaining attending directors, excluding those required to recuse themselves according to regulations, unanimously agreed to proceed with the case as planned.
May 12, 2022 (16th Session, 10th Time)	None	None	None	Not applicable
June 21, 2022 (16th Session, 11th Time)	None	None	None	Not applicable
August 10, 2022 (16th Session, 12th Time)	None	None	None	Not applicable
November 8, 2022 (16th Session, 13th Time)	None	None	None	Not applicable

- ③Public listing and OTC companies should disclose information on the evaluation on the board of directors, such as the evaluation cycle, period, scope, methods, and contents. The executed situations should be listed in the attached table 2-2 :

The Company passed the performance evaluation method for the board of directors in the board of directors' meeting on November 12, 2020. In the first quarter of 2022, the Company handled the self-evaluation or peer evaluation for board members and committee. The 2022 results were reported on the board of directors' meeting on March 08, 2023.

Item	Description	Note
Evaluation cycle	Once every year	
Evaluation period	From January 1, 2022 to the end of December 31	
Evaluation scope	Evaluation for the overall board of directors and individual board member	
Evaluation method	Including self-evaluation or peer evaluation for board members and committee	

Evaluation content	<p>Overall board of directors:</p> <ol style="list-style-type: none"> 1.Participation in the company's operations 2.Quality of the board's decision-making 3.Composition and structure of the board 4.Election of the board directors and continuing education 5.Internal control <p>Individual board member:</p> <ol style="list-style-type: none"> 1.Understanding of company's goals and tasks 2.Awareness of directors' duties 3.Participation in the company's operations 4.Internal relationship management and communication 5.Expertise of the board directors and continuing education 6.Internal control <p>The functional committees:</p> <ol style="list-style-type: none"> 1. Participation in the company's operations 2. Cognition of the responsibilities of the functional committee 3. Improve the decision-making quality of functional committees 4. Composition of functional committees and selection of members 5. Internal Control 	
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④ Evaluation of the implementation of the objectives in strengthening the functions of the board of directors in the current year (such as the establishment of an auditing committee, improving information transparency, etc.) :

① Strengthening the functions of the board of Directors

- a.The company provides real time information on various courses (such as corporate governance studies) organized by the China Corporate Governance Association or relevant organizations to the board of directors for further study, so as to enhance their professional skills for corporate governance.
- b.The Company established the Code of Practice for Corporate Governance and the Code of Practice for Corporate Social Responsibility in March 2017.
- c.In order to strengthen the independence operation of the Board of Directors, the Company has established three independent directors and consisting the auditing committee in June 2020, namely Mr. Wan-I Wu, Mrs. Hsiu-Fon Chen and Mr. Ze-Xiang Ting. The three independent directors all have relevant professional knowledge of accounting and financial analysis and can give advice to the Board regarding business, internal control and finance.
- d.The Company established organization regulations for the auditing committee in June 2020.
- e.The Company established performance evaluation method for the board of directors in November 2020.

② To improve information transparency :

- a.The Company entrusts Deloitte Touche Tohmatsu Limited to certify on a regular basis. The information required by the decree can be disclosed in a correct and timely manner, and a designated person is responsible for the collection and disclosure of company information.
- b.The Company has established a spokesperson and acting spokesperson system to ensure that all major information can be promptly disclosed.
- c.The Company's website has set up a stakeholder area which links to the public information observatory for shareholders and stakeholders to refer to the financial business of the company.

3-4-2A.The operation of the Auditing Committee :

(1)Information regarding the operation of the Auditing Committee:

① Authorities and annual work tasks of the Auditing Committee.

- a.Adoption or amendment of an internal control system pursuant to Article 14-1.
- b.Assessment of the effectiveness of the internal control system.
- c.Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others,

- or endorsements or guarantees for others.
- d.A matter bearing on the personal interest of a director.
- e.A material asset or derivatives transaction.
- f.A material monetary loan, endorsement, or provision of guarantee.
- g.The offering, issuance, or private placement of any equity-type securities.
- h.The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- i.The appointment or discharge of a financial, accounting, or internal auditing officer.
- j.Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- k.Any other material matter so required by the company or the Competent Authority.

②The auditing committee held 4 meetings(A) in 2022 and the attendance is as follows :

Title	Name	Actual attendance B	By proxy Times	Actual Rate of Attendance B/A	Note
Independent director	Wu Wan-I (convener)	4	0	100%	
Independent director	Chen Hsiu-Fon	3	1	75%	
Independent director	Ting Ze-Xiang	4	0	100%	

③Other noteworthy matters :

①If the operation of the auditing committee encounters one of the following circumstances, the date, session, content of the proposal, the resolution of the audit committee, and the company's handling of the audit committee's opinions shall all be stated.

a.Matters listed in Article 14-5 of Securities and Exchange Act.

From January 1, 2022 to the end of December 31, four meetings of auditing committee were held. The contents of the resolutions are as in below chart.

The auditing committee passed without objection to the matters listed in Article 14-5 of the Securities and Exchange Act.

Auditing Committee's meeting Date and session	Content of proposal	Listed in Article 14-5 of the Securities and Exchange Act.	Auditing Committee The resolution of the proposal	The company's handling of the auditing committee's opinion.	Board of Directors' meeting Date and session	Board of Directors The resolution of the proposal.
Mar 25, 2022 (1st session the 7 th meeting)	1. Discussion on internal auditing report	No	Passed without objection after the chairman's consultation	Report to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Not applicable
	2. Discussion on 2021 Internal Control System Statement	Yes	Passed without objection after the chairman's consultation	Discuss to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Passed without objection after the chairman's consultation
	3. 2021 Financial Statements and Profit Distribution	Yes	Passed without objection after the chairman's consultation	Admit to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Passed without objection after the chairman's consultation
	4. 2022 Evaluation of Independence of CPAs	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Passed without objection after the chairman's

						consultation
	5. Donations of related parties	Yes	Passed without objection after the chairman's consultation	Discuss to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Passed without objection after the chairman's consultation
Mar 25, 2022 (1st session the 7 th meeting)	6.Acquiring the right to use assets from related parties.	Yes	Passed without objection after the chairman's consultation	Discuss to the board of directors	Mar 25,2022 (16th session the 9th meeting)	Passed without objection after the chairman's consultation
	7.Amending the "Acquisition or Disposal of Assets Processing Procedure."	Yes	Passed without objection after the chairman's consultation	Discuss to the board of directors	Mar 25, 2022 (16th session the 9 th meeting)	Passed without objection after the chairman's consultation
May 12, 2022 (1st session the 8 th meeting)	1. Discussion on Q1 financial statements	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	May 12, 2022 (16th session the 10 th meeting)	Not applicable
	2. Discussion on internal auditing report	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	May 12, 2022 (16th session the 10 th meeting)	Not applicable
Aug 10, 2022 (1 st session the 9 th meeting)	1. Discussion on Q2 financial statements	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	Aug 10, 2022 (16th session the 11 th meeting)	Not applicable
	2. Discussion on internal auditing report	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	Aug 10, 2022 (16th session the 11 th meeting)	Not applicable
Nov 8 th , 2022 (1 st session the 10 th meeting)	1. Discussion on Q3 financial statements	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	Nov 8 th , 2022 (16th session the 12 th meeting)	Not applicable
	2. Discussion on internal auditing report	No	Passed without objection after the chairman's consultation	Discuss to the board of directors	Nov 8 th , 2022 (16th session the 12 th meeting)	Not applicable
	3.Internal Audit Plan Discussion for the Year 2023	Yes	Passed without objection after the chairman's consultation	Discuss to the board of directors	Nov 8 th , 2022 (16th session the 12 th meeting)	Passed without objection after the chairman's consultation
	4.Company Internal Rules Amendment Proposal	No		Discuss to the board of directors	Nov 8 th , 2022 (16th session the 12 th meeting)	Passed without objection after the chairman's consultation

b.Other than the above matters, other matters that have not been approved by the auditing committee but have been approved by more than two-thirds of the directors : No such situation.

- ② Implementation of independent directors' avoidance of interest-related proposals, the name of the independent director, content of proposals, reasons for avoidance, participation of the voting shall be stated : No such situation.
- ③ The communication between independent directors and internal audit supervisors and accountants (including the discussion, methods, and results of the company's financial and business condition) :
a.Summary of the communication between independent directors and internal

audit supervisors (discussion when submitting the internal audit reports,
frequency : once a month, 12 times in 2022)

Date of communication	Method	Topics for communication	Advice from independent directors	The company's handling results	Participants
2022.01.03 2022.01.10 2022.01.05	Discussion	Report on internal audit results of Dec 2021.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.02.08 2022.02.14 2022.02.10	Discussion	Report on internal audit results of Jan 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.03.01 2022.03.09 2022.03.07	Discussion	Report on internal audit results of Feb 2022. Self-evaluation on internal audit in 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.04.06 2022.04.13 2022.04.06	Discussion	Report on internal audit results of Mar 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.05.04 2022.05.10 2022.05.12	Discussion	Report on internal audit results of Apr 2022.	No advice	No comments	Independent directors : Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang. Internal audit supervisor : Chen. Chia-Jhen
2022.06.08 2022.06.13 2022.06.09	Discussion	Report on internal audit results of May 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.07.05 2022.07.11 2022.07.07	Discussion	Report on internal audit results of June 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.05.04 2022.05.10 2022.05.12	Discussion	Report on internal audit results of July 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2022.08.03 2022.08.08 2022.08.04	Discussion	Report on internal audit results of Aug 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Ting Ze-Xiang, Wu Wan-I. Internal audit supervisor : Chen Chia- Chen
2022.09.06 2022.09.12 2022.09.07	Discussion	Report on internal audit results of Sep 2022.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Ting Ze-Xiang, Wu Wan-I. Internal audit supervisor : Chen Chia- Chen
2022.10.11 2022.10.17 2022.10.13	Discussion	Report on internal audit results of Oct 2022. Description on internal audit plan in 2023.	No advice	No comments	Independent directors : Chen Hsiu-Fon, Ting Ze-Xiang, Wu Wan-I. Internal audit supervisor : Chen Chia- Chen
2022.11.02	Discussion	Report on internal audit	No advice	No comments	Independent directors :

2022.11.07 2022.11.03		results of Nov 2022			Chen Hsiu-Fon, Ting Ze-Xiang, Wu Wan-I. Internal audit supervisor : Chen Chia- Chen
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b.Summary of the communication between independent directors and accountants (discussion on the meeting of board of directors, frequency : once every six months, 2 times in 2022)

Date of communication	Method	Topics for communication	Advice from independent directors	The company's handling results	Participants
2022.03.25	Discussion	1.Review the results of the consolidated and individual financial statements in 2021. 2.Summary of audit discrepancies. 3.Summary of key audit matters. 4.Summary of the review on internal control.	No advice	No comments	Independent director : Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang Accountant : Li Chi-Chen, Yang Chao-Chin Financial officer : Wang Hung-Chi
2022.11.08	Discussion	1.Review the results of the consolidated financial statements for Q3 2022. 2.Summary of audit discrepancies.	No advice	No comments	Independent director : Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang Accountant : Li Chi-Chen, Yang Chao-Chin Financial officer : Wang Hung-Chi

3-4-3.Taiwan Corporate Governance implementation as required by the Taiwan Financial Supervisory Commission :

Items	Implementation status			Taiwan Corporate Governance implementation as required by the Taiwan Financial Supervisory Commission:
	Yes	No	Description of summary	
1.Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	V		The company has established a code of practice for corporate governance in March 2017 and disclosed it on the company's website.	There is no significant difference from the Code of Practice for Corporate Governance.
2.Shareholder structure and shareholders’ right. (1) Does the company have Internal Operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	V		(1) In order to ensure the interests of shareholders, the company has a spokesperson and acting spokesperson system to handle the shareholders' suggestions, concerns and disputes. The litigation matters are referred to the company's legal counsel.	(1) There is no significant difference from the Code of Practice for Corporate Governance.
(2) Does the company possess a list of the major shareholders and beneficial owners of these major shareholders?	V		(2) The major shareholders are in a position to inform the Company of the increase or decrease of equity, pledge and decontamination according to the regulations. The Company also regularly updates the information of the ultimate controller of the major shareholders and keeps abreast of its final controller list.	(2) There is no significant difference from the Code of Practice for Corporate Governance.
(3) Has the company built and execute a risk management system and “firewall” between the Company and its affiliates?	V		(3) The Company has established appropriate internal risk control mechanisms and firewalls, pursuant to the rules for specific companies or groups related business operations and financial transactions, supervision measures for subsidiaries, rules of endorsement and guarantee, loans to others and guidelines for acquisition or disposition of assets. Business relations between affiliated enterprises have been evaluated by an independent third party to prevent violations of unlawful transactions.	(3) There is no significant difference from the Code of Practice for Corporate Governance.

(4) Has the company established internal rules prohibiting insider trading on undisclosed information?	V		(4) Besides the internal control system, the Company has established operating procedures for the prevention of insider trading, and has established an ethical code of conduct in March, 2016, which prohibits insiders from making personal gains through the use of company property, information or by virtue of their position.	(4) There is no significant difference from the Code of Practice for Corporate Governance.
<p>3.Composition and responsibilities of Board of Directors</p> <p>(1) Has the Company established a diversification policy for the composition of its board of Directors and has it been implemented accordingly?</p> <p>(2)Has the Company establish other functional committees besides the Remuneration Committee and Auditing Committee?</p>	V	V	<p>The Company has clearly specified the diversity policy for the composition of the Board of Directors in Article 20 of the "Code of Practice on Corporate Governance". The composition of the Board of Directors of the Company is based on the scale of the company's operation and development and the shareholding situation of its major shareholders. When screening director candidates, based on the policy of diversification, the professional background, academic (experience), integrity or relevant professional qualifications are measured. At present, all directors and independent directors of the company have complete and rich academic experiences and diverse composition. The number of director seats is 9, including 3 independent directors; the number of independent directors has reached more than one-third (inclusive), and the specific management goal of "the director who concurrently serves as the company's manager does not exceed one-third of the directors' seats" has driven the company to achieve full play to the functions of business decision-making and supervision. Please refer to page 22 for details on the implementation of board members' diversification.</p> <p>(2) The Company has set up a remuneration committee in December 2011 and established the Auditing Committee in June 2020. The other functional committees will be set up depending on future needs.</p>	<p>(1)There is no significant difference from the Code of Practice for Corporate Governance.</p> <p>(2) The Company has not set up any other functional committee except the remuneration committee. It is under planning and discussion.</p>

<p>(3) Has the Company set performance assessment rules and methods for the BOD and does it perform this evaluation every year?</p>	<p>V</p>	<p>(3) The company formulated the performance evaluation method for board of directors in November 2020. The performance review for board of directors was conducted in Q1 2021 and the evaluation results were reported to the board meeting in March 2021. The performance evaluation for 2022 was implemented in Q1 2023 and the evaluation results were reported to the board meeting in March 2022. In addition, the evaluation results will be applied to individual directors' remuneration and nomination renewal reference.</p>	<p>(3) There is no significant difference from the Code of Practice for Corporate Governance.</p>
<p>(4) Does regularly evaluate the independence of the Certified Public Accountant?</p>	<p>V</p>	<p>(4) According to the provisions of Article 29, Paragraph 3 of the “Corporate Governance Best Practice Principles for TWSE/TPEX”, in December 2022, the Finance Department of the Company referred to the independence of Article 47 of the “Certified Public Accountant Act” and set up an independent evaluation project for accountants, which includes whether the accountant has direct or significant indirect financial interest relationship with the company base on the “Integrity, Justice, Objectivity and Independence” of the Bulletin 10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, whether the accountant has financing or guarantee behavior with the company or the directors of the company, whether the accountant has close business relationship with the company and potential employment relationship, etc., reviewing the independence of the company's appointed Certified public accountants on different aspects and the evaluation is found in line with the criteria as set by the company. This proves that the Certified Public Accountant is able to serve as the independent accountant for the company, and the results of this assessment together with the accountant's resume and independence statement (not violated The Ethics Code of Bulletin No. 10) is first reported, proposed 2023 and approved to the Auditing committee then reported to the Board of Directors in March of 2023.</p>	<p>(4) There is no significant difference from the Code of Practice for Corporate Governance.</p>

<p>4.Does the company have a dedicated unit/staff member in charge of the Company' corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for/change company registry, and producing meeting minutes of board/shareholder meetings)?</p>	<p>V</p>	<p>The chairman's office, general manager's office and finance department of the company are responsible for handling and promotion of corporate governance related business, and the function is managed by the finance manager. The main responsibilities are as follows :</p> <ol style="list-style-type: none"> (1) Comprehensively handling all works related to Board of Directors' meeting and remuneration Committee's meeting, including providing the information needed by the directors to perform their business, scheduling of the agenda, sending of meeting notices, production of meeting affairs and meeting minutes to facilitate the process of the meeting. (2) Handling the shareholder's meeting related issues : the annual registration date of the shareholders' meeting shall be made according to the law and the notice of the meeting, the handbook and the proceedings shall be filed before the deadline, and any changes must be registered after any amendments of the Articles of Incorporation or the re-election of the directors. (3) Assist directors on board and continuing education, provide information necessary for directors to perform business, assist directors to follow laws and other matters stipulated by laws and regulations, articles of association or contracts, etc. (4) Evaluate and purchase the appropriate "Liability Insurance for Directors, Supervisors and Managers". (5) Maintain the investor relationship section of the company's website. (6) The company also stipulates standard operating procedures for “handling the requirements of directors” to follow. (7) Review the annual corporate governance evaluation indicators issued by the Corporate Governance Center. 	<p>There is no significant difference from the Code of Practice for Corporate Governance.</p>
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5.Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	V		In addition to maintaining good communication with investors, employees, consumers, suppliers, and distributors through the Chairman's mailbox, labor conferences, procurement, finance, and other dedicated units, the company has set up stakeholder areas on the company's website. It serves as a conduit for communication with stakeholders (see note 1) and is appropriately responded to by the spokespersons on important corporate social responsibility issues of concern to stakeholders.	There is no significant difference from the Code of Practice for Corporate Governance.
6.Has the company appointed a professional stock affairs agency for shareholders affairs?	V		The Company authorized China Trust as stock service agency to handle shareholder transactions since 1997.	There is no significant difference from the Code of Practice for Corporate Governance.
7.Information disclosure (1) Has the Company established a corporate website to disclose information regarding its finance, business and corporate governance status? (2) Does the Company use other information disclosure to channels (e.g. Maintaining an English website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc)?	V V		(1) The Company discloses its financial, business and corporate governance information on its website. (2) The company adopts other methods of information disclosure : ①The company has set up an English website. ②The Company has dedicated a person responsible for the collection and disclosure of company information. ③The Company has established the spokesperson system, one spokesperson and an acting spokesperson as required by the regulations. The communication channel of the spokesperson is very smooth, and the shareholders can call or write to express their opinions or inquiries about the company's business.	(1)There is no significant difference from the Code of Practice for Corporate Governance. (2)There is no significant difference from the Code of Practice for Corporate Governance.

<p>(3) 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 financial reports and the monthly operating results within the prescribed time limit?</p>		V	<p>④Has disclosed the information of the investor conference on the website.</p> <p>(3) The Company publishes and declares relevant financial reports and operating conditions for each month in accordance with the relevant regulations of the competent authority. It is also expected that through the coordinated efforts of various departments and the strong cooperation of accounting firms, the announcement and declaration of the annual financial report within two months after the end of the fiscal year will be the main goal of the Company. It is expected to give shareholders and investors transparent and rapid financial information.</p>	<p>(3)There is no significant difference from the Code of Practice for Corporate Governance.</p>
<p>8.Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?</p>	V		<p>Other important information for better understanding the company governance :</p> <p>(1)Maintenance the Interests and rights of employees :</p> <p>①Handle employee health insurance and labor insurance, and provide group insurance for employees (medical insurance and accident insurance) at no cost.</p> <p>②In 2022, provided the staff with free health checkups and arranged inspection at the factory by the Tainan Municipal Hospital.</p> <p>③Provide relevant medical counseling to employees by arranging doctors to station in the factory on a monthly basis.</p> <p>④Establish a staff welfare committee to handle various employee benefits (such as emergency assistance, wedding and funeral celebrations, and bonuses for three festivals).</p> <p>⑤Funding for the activities of the Colleague Badminton and Basketball Club in 2022.</p> <p>⑥Provide the colleagues free flu vaccine injection.</p> <p>⑦Sign up special domestic stores and to provide complete and high-quality consumer information to the colleagues.</p> <p>⑧A monthly pension is provided in accordance with the law.</p>	<p>There is no significant difference from the Code of Practice for Corporate Governance.</p>

			<p>⑨ Enhance the professional knowledge of employees and provide on-the-job training for employees.</p> <p>⑩ To avoid the hardships of travelling, free dormitory are provided for employees whom stay far away.</p> <p>⑪ To guarantee the basic human rights of female employees, measures for sexual harassment prevention, appeal and punishment were set up in 2004.</p> <p>⑫ To create a friendly workplace environment, a special room is allocated for breast feeding (or collection milk) for female employees.</p> <p>⑬ To uphold the health of non-smoking colleagues, smoking is completely banned in the factory, and only designated places are allowed for smoking.</p> <p>⑭ A labor-management meeting is held every three months in 2022 to coordinate labor-management relations and to promote labor-management cooperation.</p> <p>(2) Investor Relations: Establish an investor section on the company website, providing shareholders with various corporate information, and assign dedicated personnel to handle shareholders' suggestions.</p> <p>(3) Supplier Relationship: good relations with suppliers are maintained at all times, no disputes and no litigations. It also has a friendship club for organizing fellowships, dinners and golf every year.</p> <p>(4) Relations with stakeholders: stakeholders shall communicate with the Company and put forward proposals to protect their due legal rights and interests.</p> <p>(5) Status of the annual training for directors and supervisors in 2022: please see note 2 for details.</p> <p>(6) Execution of risk management policy and risk measuring standards : various internal regulations are established legally for various risk management and evaluation.</p> <p>(7) Execution of customer policies : stable and good relations with customers are maintained with the view of creating profits.</p>	
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			(8)Liability insurance for the Company’s directors and supervisors : liability insurance for directors and supervisors will be covered by end of June, 2022.	
9. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved :				
(1)Improved situation in 2022 TWSE Evaluation results:				
Indicator	Content		Explanation	
1.9	Did the company simultaneously provide the Chinese and English versions of the meeting notice 30 days prior to the day of the AGM?		The Company simultaneously provided the Chinese and English versions of the meeting notice 30 days prior to the day of the AGM in 2022.	
2.20	Were at least two independent directors personally in attendance at each board meeting of the company?		The were at least two independent directors personally in attendance at each board meeting in 2022.	
2.25	Did all of the company's independent directors complete the number of hours of continuing education required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies?		The Company's independent directors completed the number of hours of continuing education required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.	
(2)Suggestions and measures for priority improvement				
Indicator	Content		Explanation	
2.2	Does the company formulate a policy on diversity of board members, and disclose the specific management objectives and implementation of the diversity policy on the company's website and annual report?		In 2023, the Company will disclose the specific management objectives and implementation of the diversification policy on the company's website and annual report.	
2.15	Does the company disclose the separate communication between independent directors, internal audit supervisors and accountants (such as the methods, events and results of communication on the company's financial report and financial business status) on the company's website?		In 2023, the Company will disclose the communicattion between independent directors, internal audit supervisors and accountants separately on the company website.	
2.24	Does the company establish an information security risk management framework, formulate information security policies and specific management plans, and disclose them on the company's website or annual report?		In 2023, the company will disclose the information security risk management framework established on the company's website or annual report, and formulate information security policies and specific management plans.	

Note 1: Stakeholder communication

Identification	Important issues	Communication channels, response methods and communication frequency	Unit responsible for feedback
Shareholders/investors	Corporate Governance Investment plan Shareholder participation Operational performance	1. Announce revenue monthly and financial status quarterly. 2. Regularly conduct legal person briefing sessions or online legal briefing sessions 3. Hold annual shareholders' meeting and publish annual report 4. Irregularly receive visits from domestic and foreign legal persons and analysts 5. Set up stock affairs and investor relations windows for communication	Spokesperson: Cheng Ching-Siang Senior Manager Telephone: 06-2615151 # 225 Email: joanc@tayih-ind.com.tw
Employees	Living environment Working environment Labor-employer Relations Physical and mental health	1. Human Resource Department (irregularly) 2. The Staff Welfare Committee meeting and the Safety and Health Committee meeting (once every 2 months) 3. Company internal website (irregularly) 4. Company assembly (once a quarter) 5. Set up emergency relief funds, marriage and funeral / hospitalization condolence funds, etc. on the employee welfare committee to release the interaction and caring with employees.	HR manager: Tien Pei-Yu, Manager Telephone: 06-2615151 # 213 Email: hayley@tayih-ind.com.tw
Customers	Product and service quality Product price competitiveness Fulfillment on the delivery date Customer relationship management Customer privacy protection	1. Telephone (not regular) 2. Email(not regular) 3. Customer visit or factory audit)(not regular)	Sales manager: Lin Huan-Ting, Assistant Director Telephone: 06-2615151 # 455 Email: daniel_lin@tayih-ind.com.tw
Supplier	Management of Suppliers Product quality and safety Operational status	1. Customer visit or factory audit)(not regular) 2. Telephone (not regular) 3. Email(not regular) 4. Yi-you Club Conference and Collaborative Factory Symposium (Once every year)	Procurement manager: Gong Min-long, Manager Telephone: 06-2615151 # 250 Email: evan@tayih-ind.com.tw

Note 2 : Status of education and training for directors and supervisors:

Name of director/supervisor	Date	Organizer	Course	Hours
Chairman : Wu Chun-I	2022/03/18	Foundation for the Development of Securities and Futures Markets, Republic	Corporate Governance and Recent Securities and Exchange Law Updates	3.0
Director : Wu Yu-Hsien	2022/03/18	Foundation for the Development of Securities and Futures Markets, Republic of China	Corporate Governance and Recent Securities and Exchange Law Updates	3.0
Director: Wu Cheng-Yuan	2022/06/10	Securities and Futures Markets Development Foundation	Prevention of Insider Trading Awareness Seminar for the Year 2022	3.0
	2022/07/13	Taiwan Stock Exchange Corporation Limited	Sustainability Pathway Map Industry Theme Awareness Seminar	2.0

Name of director/supervisor	Date	Organizer	Course	Hours
	2022/10/07	Taiwan Directors Association	ESG Discussion on Tax Governance and Risk Management	3.0
Independent director : Wu Wan-Yi	2022/07/13	Stock Exchange	Sustainability Pathway Map Industry Theme Awareness Seminar	2.0
	2022/10/11	Stock Exchange	Release of Guidelines for Independent Directors and Audit Committee Exercise of Duties and Directors and Supervisors Awareness Seminar	3.0
Independent director : Chen Hsiu-Fon	2022/07/20	Taiwan Stock Exchange	Sustainability Pathway Map Industry Theme Awareness Seminar	2.0
	2022/10/07	Taiwan Stock Exchange	Release of Guidelines for Independent Directors and Audit Committee Exercise of Duties and Directors and Supervisors Awareness Seminar	3.0
Independent director : Ting Ze-Xiang	2022/06/10	Foundation for the Development of Securities and Futures Markets	Prevention of Insider Trading Awareness Seminar for the Year 2022	3.0
	2022/06/22	Corporate Governance Association of the Republic of China	Global Trends and Business Opportunities in 2022 for Low-carbon Economy and Corporate Low-carbon Innovation	3.0
	2022/06/22	Corporate Governance Association of the Republic of China	ESG-related Legal Issues to be Considered by the Board of Directors	3.0
	2022/06/27	Corporate Governance Association of the Republic of China	Evaluation of Investment and Mergers and Acquisitions from a Legal Perspective	3.0
	2022/08/05	Corporate Governance Association of the Republic of China	Company's Compliance with Laws and Directors' Supervisory Duties.	3.0

3-4-4. The duties, operation and composition of the remuneration committee :

(1) Establishment of the committee : The Company has set up a remuneration committee on December 26, 2011, and has adopted the “Regulations for the Organization of Salary Compensation Committee”.

(2) Information on the members of the 4th Committee :

Identity (Note 1)	Condition Name	Professional qualifications and experiences (Note 2)	Independence Situations (Note 3)	The number of public companies the member of the remuneration committee is concurrently serving	Note
Independent director	Wu Wan-I (Convener)	Please see pp. 12-13.	Please see pp. 12-13.	0	
Independent director	Chen Hsiu-Fon	Please see pp. 13.	Please see pp. 13.	0	
Other	Zhou Mei-Ling	EMBA, National Cheng Kung University, previously director of I-Shun Investing Co., Ltd., has many years of relevant work experience	<p>① Not an employee of the Company or its affiliated companies.</p> <p>② Not a director or supervisor of the Company or its affiliated companies.</p> <p>③ Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>④ Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) above or any of the persons in the preceding subparagraphs (2) or (3).</p> <p>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 ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>⑥ Not a director, supervisor, or employee of that other company if a majority of the company's director seats or voting shares and those of any other company are controlled by the same person. (it does not apply in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑦ Not a director (or governor), supervisor, or employee of that other company or institution if the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. (it does not apply in case where the person is an independent director of the</p>	0	

Identity (Note 1)	Condition Name	Professional qualifications and experiences (Note 2)	Independence Situations (Note 3)	The number of public companies the member of the remuneration committee is concurrently serving	Note
			<p>Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑧Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company ((but it does not apply to specific companies hold 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and in case where the person is an independent director of the Company and its parent company, subsidiary company or subsidiary of the same parent company according to this law or local laws).</p> <p>⑨Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of 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 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition.</p> <p>⑩Not been a person of any conditions defined in Article 30 of the Company Act.</p>		

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the compensation committee. Please fill in the identity as an independent director or others (if it is the convener, please add a note)

Note 2: Professional qualifications and experience: describe the professional qualifications and experience of individual compensation committee members.

Note 3: Independence situation: state that the members of the Compensation and Remuneration Committee meet the conditions of independence, including but not limited to whether the person, spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the company or related enterprises; the holding shares and proportion of shares of the Company held by person, spouse or relatives within the second degree of kinship (or in the name of others); whether they act as a member of the remuneration committee of a company that has a specific relationship with the Company (refer to Article 6 of the Measures for the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed on Stocks or Trading at the Business Office of a Securities Firm) A director, supervisor or employee who is a director, supervisor or employee specified in Paragraph 1, Subparagraphs 5-8); the amount of remuneration received for providing services such as business, legal, financial

accounting and other services to the company or its affiliated companies in the last two years.

(3)Committee duties :

- ① Establish and regularly review the policies, systems, standards and structures for performance evaluation and salary remuneration of directors, supervisors and managers.
- ② Regularly assess and determine the salary remuneration of directors, supervisors and managers.

(4)Information regarding the operation of the Remuneration Committee :

- ① The remuneration committee comprised of 3 members.
- ② The term of office of the current members: June 22, 2020 to June 11, 2023.
- ③ The remuneration committee held 2 meetings (A), the qualifications and the attendance is as follows :

Title	Name	Actual attendance B	By proxy	Actual Rate of Attendance B/A (Note)	Note
Convener	Wu Wan-I	3	0	100%	
Committee member	Chen Hsiu-Fon	3	0	100%	
Committee member	Zhou Mei-Ling	3	1	67%	

(5)Other noteworthy matters :

- ① When the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date and time of the Board of Directors, the content of the proposal, the results of the resolutions of the Board of Directors and the company's handling of the opinions of the Remuneration Committee (e.g. the salary remuneration approved by the Board of Directors is better than the recommendations of the Remuneration Committee) , should explain the difference and the reasons) :

Board of Directors Date and session	The Remuneration Committee	Content of Motion and the follow up	The resolution of the proposal.	The salary passed by the board of directors is better than the recommendations made by the remuneration committee.
2022.03.25 (16th session the 9 th meeting)	2022.01.27 (4th session the 5 th meeting)	1. Discussion of the year-end bonuses for the directors and managers for 2021 and the annual remuneration for 2022. 2. Discussion of the distribution of compensation for 2021	1. Wu Chun-I, and Wu Cheng-Yuan have their own interests in this case. In addition, director Wu Yu-Hsien and Chairman Wu Chun-I are the second-degree blood relatives. All three of them avoided participating during discussion and voting, and did not act as proxy for other directors. The Committee chairman consulted the presenting directors, except for abstaining directors, and passed the case without objection. 2. The Committee chairman consulted the presenting directors and passed the case without objection.	No differences
2022.05.12 (16th session the 10 th meeting)	2022.05.12 (4th session the 5 th meeting)	Manager's retirement benefit payment case.	The Committee chairman consulted the presenting directors and passed the case without objection.	No differences
2023.03.08 (16th session the	2023.01.17 (4th session the	1. Discussing the 2022 year year-end bonus and the 2023	Two individuals, Wu Junyi and Wu Chengyuan, have a	No differences

14 th meeting)	6 th meeting)	salary for directors and managers. 2. Discussing the 2022 year employee compensation distribution case.	personal interest in this case. In addition, Director Wu Yuxian and Chairman Wu Junyi are second-degree relatives by blood. All three individuals abstained from discussion and voting and did not act as proxies for other directors to exercise voting rights. After consulting the chairman, all attending directors, excluding those who were required to abstain according to the regulations, unanimously passed the case. 2. After consulting the chairman, all directors present reached a unanimous agreement and the case was approved.	
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②The resolution of the Remuneration Committee, if the member has objections or reservations and has a record or written statement, shall state the date, session, content of the proposal, the opinions of all members and the treatment of the members' opinions :

The remuneration committee Date and session	Content of Motion and the follow up	The resolution of the proposal.	The Company's response to the opinions of remuneration committee
2022.01.27 (4th session the 5 th meeting)	1. Discussion of the year-end bonuses for the directors and managers for 2021 and the remuneration for 2022. 2. Discussion of the distribution of compensation of employees for 2021.	When discussing and voting for this case, the general manager and chief financial officer have been asked to leave the meeting first, and then after discussion by all the presenting directors, the Committee chairman consulted the presenting directors again and passed the case without objection.	Brought to the board of directors and all directors passed the proposal.
2023.01.17 (4th session the 6 th meeting)	1. Discuss the 2022 year-end bonus for directors and managers, as well as the 2023 salary. 2. Discuss the employee compensation distribution plan for 2022.	When discussing and voting for this case, the general manager and chief financial officer have been invited to leave the meeting first, and then after discussion by all the presenting directors, the Committee chairman consulted the presenting directors again and passed the case without objection.	Brought to the board of directors and all directors passed the proposal.

Note :

- (1) If the any member of the remuneration committee quit before the end of the year, the date of resignation shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the remuneration committee during their employment and their actual attendance.
- (2) Before the end of the year, if the remuneration committee is re-elected, the members of the new and old remuneration committees shall be filled in, and indicate the member is new or old, and also indicate if the member is newly elected or re-elected and the re-election date. The actual attendance rate (%) shall be calculated based on the number of meetings of the remuneration committee during their employment and their actual attendance.

3-4-5.The implementation of the promotion of sustainable development and the differences and reasons from the code of practice for sustainable development of listed and OTC companies:

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		<p>The company has long been committed to safeguarding the rights and interests of all stakeholders, and at the same time incorporates the practice of sustainable development into the company's daily operation and management to fulfill its corporate social responsibility. The company has formulated the "Sustainable Development Code of Practice" as the basis for promoting sustainable development operations.</p> <p>The promotion of the company's sustainable development is mainly composed of three units: the general manager's office, the chairman's office, and the safety and hygiene office, and is organized by the chief financial officer. Their duties include planning out work safety, environmental protection, energy saving measures, and overseeing the implementation progress and promote performance of the government's relevant energy saving and carbon saving plans.</p> <p>The specific promotion plan and implementation results of sustainable development in 2022:</p> <ol style="list-style-type: none"> 1.Strengthen corporate governance, improve the company's operating performance and enhance shareholders' rights and interests. 2. Commit to the research and development of green design products, and the development and use of low-polluting raw materials to reduce the impact on the environment. 3. Save energy, recycle and effectively use energy, and prevent pollution. 4. Actively enhance the environmental awareness and ability of employees and suppliers. 5. Protect employees' rights and benefits, and encourage employees to participate in social welfare activities. 	There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		The company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulates relevant risk management policies or strategies (Note 1) ◦	There is no major difference from the code of practice on sustainable development for listed companies.
3.Environmental issues : (1) Whether the company establishes an appropriate environmental management system according to its industrial characteristics	V		(1)In terms of promoting environmental safety and health activities, the Company complies with the domestic environmental safety and health regulations. In addition, it is also in line with international standards to implement of environmental safety and health management system. The Company obtained ISO14001 certificates for environmental management system and OHSAS18001 certificates for occupational safety and health management system in December 31, 2002. In August 2020, the company obtained ISO45001 certificates , the newly revision of OHSAS18001. Both certificates (ISO14001 and ISO45001) are valid until December 31, 2023. The Company established an environmental committee in 2018 to integrate and promote the Company's environmental protection, safety and hygiene, energy conservation, water saving and greenhouse gas management related work to enhance sustainable competitiveness. The activity principle for 2021 is to implement pollution management and resource conservation as a means to implement energy management mechanisms and improve the environment. The company also has an environmental and safety as follows : Established on 1964, the Company is engaged in the	(1) There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
			<p>production of headlights for automobiles and motorcycles. It mainly supplies domestic and foreign major automobile and motorcycle factories. Since its inception, it has been adhering to the business philosophy of "contributing to society, seeking the common interests of customers, employees, all cooperators and shareholders, and achieving coexistence and common prosperity for sustainable management" and the business policy of "continuous improvement, enhancement of international competitiveness, and full satisfaction of customers." to produce high-quality products to meet customer needs.</p> <p>In order to protect the environment, employee health and fulfill social responsibilities, under the guidelines of the environment and safety and health management system, we are committed to :</p> <p>①Follow the regulations : Ensure that the company's business and production activities comply with environmental protection, safety and health laws and other related regulations.</p> <p>②Continuous improvement : ①Continue energy conservation, waste reduction, pollution prevention and other improvement work, and ensure that no banned substances harmful to the environment are used in the design and manufacturing process. ②Continuously implement the improvement work such as disease and injury prevention, workplace health management to create a safe, bright, healthy and comfortable workplace.</p> <p>③Full participation : It engaged in all employees, customers, contractors, suppliers and the outside world to create a win-win</p>	

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
<p>(2)Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental loadings.</p> <p>(3)Does the company assess the potential risks and opportunities for the current and future climate change, and take measures to address climate-related issues?</p> <p>(4)Has the Company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?</p>	V		<p>relationship to jointly protect the environment and reduce the risk of occupational disasters.</p> <p>④Sustainability : Implement the energy management mechanism and sustainable use of resources, and gradually build the concept of green and environmental protection in product planning and manufacturing.</p> <p>(2)The company has established an environmental committee dedicated to improving the efficiency of the use of various resources, reducing energy and resource consumption, and actively reducing raw materials and waste to reduce the impact on the environment.</p> <p>(3) The company has assessed the potential risks and opportunities for the present and future of the enterprise regarding climate change and has taken measures to respond to climate-related issues. We plan to complete the internal verification of greenhouse gas inventory in accordance with ISO14064-1 in 2023 and external verification in 2025.</p> <p>(4) Since 2018, our company has established an Environmental Management Committee, which has improved and demonstrated our environmental management performance through organizational operations and self-improvement. Our activities aim to continuously save energy, reduce waste, prevent pollution, implement energy and resource management mechanisms, and promote sustainable resource utilization. Since 2009, our company has annually launched activities to reduce CO2, VOCs, waste, and industrial water usage. Please refer to Note 2 for our 2022 activity targets and achievements.</p>	<p>(2) There is no major difference from the code of practice on sustainable development for listed companies.</p> <p>(3) There is no major difference from the code of practice on sustainable development for listed companies.</p> <p>(4) There is no major difference from the code of practice on sustainable development for listed companies.</p>

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
4.Social issues (1)Has the company formulated relevant management policies and procedures in accordance with relevant international human rights convention?	V		(1)①Human rights policies : The company's human rights policy is to abide by the local laws and regulations of Taiwan, and to abide by the core labor standards of the basic conventions of the International Labor Organization. It treats and respects current colleagues, contract and temporary staff and interns. ②Human rights concerns and practices : ①Provide a safe and healthy working environment : ①aThe management goal is zero disaster. ①bAnalyze the results of health examinations and work-related factors to track and manage specific ethnic groups to prevent potential health risks. ①cGuided by the needs of employees, promote healthy activities, encourage employees to participate independently, to pursuit a healthy life. ②Eliminate unlawful discrimination to ensure equal job opportunities : Abide by Taiwan laws, international norms and company human rights policies, and implement relevant internal regulations ③Child labor is forbidden to be used : The company only accepts applicants who have reached the age of 18. When hiring the employees, double check their ID's to ensure that there is no omission. ④Prohibition of forced working : Do not force or threaten any unwilling person to perform labor services. ⑤To help employees maintain physical and mental health and work-life balance : Provide diverse activities such as arts, sports, family	(1)There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
(2) Does the company formulate and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and appropriately reflect the operating performance or results in employee compensation?	V		<p>participation and parent-child interaction, and also expand the interpersonal interaction of colleagues through community participation.</p> <p>③ Actions to reduce the risk of human rights : In order to reduce human rights risks, the company has actively implemented specific improvement plans in recent years to create a high-quality, safe and bright working environment.</p> <p>④ Education and training practices on human rights protection : ① Provide compliance and promotion of relevant regulations during the education and training of newcomers. ② To establishment and promote sexual harassment prevention standards. ③ Provide a complete series of occupational safety training.</p> <p>(2) ① Employee Compensation Article 30-1 of the company's articles of association clearly states that if there is a profit in the current year, no less than 1% shall be set aside as employee compensation. The company has established work rules and related personnel management regulations, covering the base wages, working hours, vacations, retirement benefits, labor and health insurance benefits, occupational disaster compensation, etc. ② Employee welfare measures: The company has set up an employee welfare committee. The company allocates nearly NT\$12 million in employee welfare every year. It plans and provides various high-quality benefits for employees, such as birthday bonuses, wedding and funeral</p>	(2) There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	V		<p>allowances, maternity/paternity allowances, etc., and provides employees with free medical examinations; as for the vacation system, on the basis of fixed two-day weekends and national holidays, the number of special vacation days stipulated by the Labor Standards Act is given.</p> <p>③ Workplace Diversity and Equality: Realize equal pay for equal work and equal promotion opportunities for men and women, and maintain more than 10% of female supervisor positions (12.2% in 2021), and promote sustainable and inclusive economic growth. The average proportion of female employees in 2022 is 33%, of which female supervisors accounted for 11.8%.</p> <p>④ Operational performance is reflected in employee remuneration: The company's rules and regulations clearly stipulate that employees' salaries include the company's operational performance bonus. The calculation of the bonus is based on the company's monthly operational performance. In addition, the annual year-end bonus is also calculated according to the profit status of the company, and is paid according to the employee's performance and rank in the company.</p> <p>(3) The company has long been committed to providing employees with safety and health working environment by set up a comfortable and bright workplace. In addition, the Company has received the certificate of OHSAS 18001 (the occupational safety and health management system, later obtained the newly revised version ISO45001) and ISO14001(the environmental management system) :</p>	(3) There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies									
	Yes	No	Description of summary										
(4)Does the company establish an effective career development training program for employees?	V		<p>①For the physical health, regular employee health examinations are held every year. Through various health education and information providing, employees are able to understand their own health status and have better knowledge for self-health management.</p> <p>②Arrange physicians to be stationed in the factory every month to provide consulting services related to employee health.</p> <p>③For the mental health, the company occasionally organizes various educational and training courses related to spiritual replenishment to help adjust the work pressure of employees.</p> <p>④For the work safety, the company has proactively discovered and improved potential safety problems in the workplace through activities such as danger prediction and false alarm proposal.</p> <p>⑤In addition, through education and training and case publicity, the Company will develop employees' emergency response capabilities and safety concepts, strengthen employees' cognitive ability, and reduce the occurrence of accidents caused by unsafe behavior.</p> <p>⑥In 2021 years and 2022 years, the number of injuries was 0, and the goal of 0 injuries in the year was achieved.</p> <p>⑦In the past two years, industrial safety education, training and publicity:</p> <table><tr><th>Year</th><th># of classes</th><th># of attendees</th></tr><tr><td>2021</td><td>29</td><td>1,222</td></tr><tr><td>2022</td><td>30</td><td>3327</td></tr></table> <p>(4)The company's education and training committee sets up a complete training plan for the development of colleagues' careers every year, so as to ensure that colleagues can perform tasks in existing positions, and</p>	Year	# of classes	# of attendees	2021	29	1,222	2022	30	3327	(4) There is no major difference from the code of practice on sustainable development for listed companies.
Year	# of classes	# of attendees											
2021	29	1,222											
2022	30	3327											

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
(5)With regard to customer health and safety, customer privacy, marketing and labeling products and services, has the company complied with relevant laws and international standards, and formulated relevant consumer protection policies and appeal procedures?	V		<p>acquire the skills required for promotion and work.</p> <p>(5)The Company's products all meet the international safety regulations such as VSTD in Taiwan, UNECE in Europe, FMVSS in America, JIS in Japan, 3C in Mainland China, AIS in India, and ADR in Australia so as to effectively maintain and guarantee the driving safety of vehicles. In the event of a customer complaint, first at all to provide free product replacement, and then strive to solve the customer's problems within the shortest time. The privacy of customers is subject to be confidential according to relative agreements and personal data protection laws. There is a special stakeholders area set up as stakeholders communication and a complaint channel.</p>	(5) There is no major difference from the code of practice on sustainable development for listed companies.
(6)Does the company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor human rights, and their implementation situations?	V		(6)In order to enable suppliers to work together to enhance corporate social responsibility, the Company has included relevant corporate social responsibilities such as environmental protection, occupational safety and health or labor human rights compliance in evaluating the qualification of new suppliers, Suppliers who violate the corporate social responsibility policies and have a significant impact on the environment and society may be terminated for the supply contract at any time.	(6) There is no major difference from the code of practice on sustainable development for listed companies.
5.Does the company make reference to internationally report preparation standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the company's non-financial information? Did the above-mentioned report been ascertained		V	The company currently does not fall within the scope of the law stipulating that the corporate social responsibility report should be prepared, so the report has not been prepared. The report will be prepared in the future according to the laws or regulations.	There is no major difference from the code of practice on sustainable development for listed companies.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
or verified by third-party verification units?				
6.If the company has established its sustainable development code of practice according to “Sustainable Development Practice Principles for TWSE/GTSM Listed companies ” please describe the operational status and differences : The Company has established a Code of Practice for Sustainable Development and the overall operation has not much difference from the Code.				
7.Other important information to facilitate better understanding of the company’s implementation of sustainable development: please refer to Note 3 for details.				

Note : The principle of materiality refers to those who have a significant influence on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note 1 : according to the principle of materiality, the relevant strategies for corporate social responsibility and risk management policies :

Major issues	Item for risk assessment	Risk management policy or strategy
Environment	Environmental protection	The company is committed to environmental protection and green production. Through the implementation of process safety management and PDCA management cycle, it has effectively reduced the emissions of pollution and the impact on the environment. Implementation plans and policies are set annually. Regular track and review the progress to make sure those relevant goals are achieved.
Social responsibilities	Product safety	All products of the company are in compliance with the government regulations the EU ROHS regulations without any hazardous substances. Through rigorous quality system management, we provide customers with stable product quality. At the same time, in order to ensure customer service quality and improve customer satisfaction, we regularly send staff to visit customers every year, and strengthen cooperation with customers. Relationships have become the cornerstone of the company's sustainable development.
Corporate Governance	Regulatory compliance	Through the internal regulations of relevant governance and the implementation of internal control mechanisms, we ensure that all personnel and operations of the company truly comply with relevant laws and regulations.

Note 2 : Energy conservation and carbon reduction performance and target

Items	Performance of 2021	Performance of 2022	Higher (Lower) than the previous period	Plans of 2023	Higher (Lower) than the previous period	Methods of achieving the goal:
Production of business waste	40.77Kg /million revenue	30.12Kg /million revenue	(26.1%)	29.82Kg /million revenue	(1.0%)	1. Strengthen the inspection of waste recycle condition. 2. Study the greatest defects and work on the original source to reduce the defect cause so as to reduce the amount of waste.
Reduction of CO2 emission	2,399Kg /million revenue	2,550Kg /million revenue	6.3%	2,473Kg /million revenue	(3.0%)	1. Improve the performance of various types of electrical equipment, and review the discontinuation or abolition of non-essential equipment to reduce electricity consumption. 2. Continue to inspect electricity usage and pick out unreasonable power for improvement.
Reduction of VOC volatile organic emissions	4.42Kg /million revenue	4.18Kg /million revenue	(5.4%)	4.14Kg /million revenue	(1.0%)	Strengthen inspection to avoid improper use and dispersion of volatile organic solvents. 1.New development parts without painting design 2.Reduction of poor painting project 3.Improve spraying technology
Amount of water consumption	10.39mt /million revenue	10.91mt /million revenue	5%	10.9mt /million revenue	(0.1%)	1. Survey and analysis of water consumption throughout the plant and implementation of reduction measures. 2. Regularly conduct water inspection and improvement of abnormal throughout the whole plant area.

Note 3 : The sustainable development specific promotion plan and implementation results in 2021 :

Item	Project Name	Implementation Results
1	Staff education and training: (1)To organize various trainings inside and outside the factory to improve the quality of human resources, (2)English and Japanese language training to improve the language ability and human resource quality of all colleagues.	1.A total of 10 in-plant education and training courses were held, with 90 hours of training and a total of 557 participants in 2022. A total of 16 people participated in 5 training courses outside the factory in 2022. 2.A total of 3 classes on English and Japanese were held in 2022.
2	Employee health check: Organize employee health checks. Provide health related education and information to improve employees' understanding on their health status, and have knowledge and methods of self-health management.	In 2022, the Tainan Municipal Hospital was arranged to carry out regular health examinations for 343 employees in the factory.
3	Energy conservation and waste reduction: (1)Reduction of business waste	The actual performance for 2022 as follows : (1) 40.77→30.12Kg/million revenue : annual reduction 26.1%

Item	Project Name	Implementation Results
	(2)Reduction of CO2 emission (3)Reduction of Voc volatile organic emissions (4)Reduction on water consumption	(2) 2,399→2,550Kg/million revenue : annual increment 6.3% (3) 4.42→4.18Kg/million revenue : annual reduction 5.4% (4) 10.39→10.91liter/million revenue : annual increment 18.1%
4	Sponsor various charity activities:	The actual donation performance for 2022 as follows : (1) Donation to Ming Hui Social Welfare Charity Foundation. (2) Sponsored the 2021 Golf team of Yizai Association. (3) Sponsored the Friends of the Police Association of the Republic of China (4) Sponsored the Ghost Festival praying ceremony in the An-Ping Industry Zone.

3-4-6.Fulfilling the integrity management situation and adopting measures :

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
<p>1.Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1)Does the company set up the integrity policies approved by the board of directors. The integrity policies should be expressed in its regulations and external correspondence, as well as the commitment of the board of directors and high management to actively implement business policies?</p> <p>(2)Whether the company has established risk assessment mechanisms against unethical conduct, regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis. And at least cover the preventive measures for the conduct of the of Article 7 second paragraph of the code of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>		V	<p>(1)The Company did not set up the integrity policies approved by the board of Directors. However, the contracts signed by the Company in the course of its operation are based on the principle of good faith and mutual benefit to sign a reasonable contract and actively fulfill the contractual commitments. The Company has set up in the rules of procedure of the Board of Directors that the directors may not participate in the discussion and voting and should evade when the content of discussion is harmful to the interests of the company.</p> <p>(2)The company's internal regulations "Prevention of Bribery and Acceptance of Bribes" have clearly prohibited unscrupulous acts such as bribery, acceptance of bribes, illegal political contributions, improper donations or sponsorships, offering or accepting unreasonable gifts, hospitality and other improper benefits. The regulation stipulates the handling procedures when accepting unfair benefits, the disciplinary punishment and appeal system, and regularly assess the risk of dishonesty behavior for business activities with high dishonesty behavior within the business scope, and accordingly revise the plan to prevent dishonesty behavior and related internal control system.</p>	<p>(1)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies</p> <p>(2)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies</p>

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
(3)Does the company clearly specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, implement it, regularly review and revise the plan	V		(3)In order to prevent dishonest behaviors, the Company clearly stated that directors, managers and employees shall not have dishonest behaviors in the "Code of Ethical Conduct" and "Provisions on Preventing Bribery and Acceptance of Bribes", and actively promote them. In addition, the company and its subsidiaries have rigorous accounting systems, internal control and audit systems to prevent dishonesty. A reporting system has been established to encourage internal and external personnel to report illegal and dishonest behavior. The Company regularly evaluates the implementation situation.	(3)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
2. Corporate Conduct and Ethics Implementation				
(1)Does the company assess the integrity record of the transaction party and specify the terms of good faith in the contract with the transaction partner?	V		(1)The company will consider the legality of the business party and whether there is a record of dishonesty before having contacts with the business party, and avoid trading with those who have dishonest records.	(1)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
(2)Does the company set up a special full-time unit that promotes the integrity management of the company under the board of directors, and regularly reports its implementation (at least once a year) to the board of directors?	V		(2)The operation of integrity management related affairs is operated by the general manager's office and the audit office. The responsible units will report to the board of directors for the plans and implementation situation on the integrity management and the prevention of dishonesty behavior, if necessary,	(2)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
(3)Does the company set up a policy to prevent conflicts of interest, provide a proper complaint channel, and its implementation?	V		(3)The company's "Rules for Board of Directors' meeting Procedures" stimulates a system for avoiding directors' conflict of interests. Those who are interested in the bills listed by the board of directors and their own legal persons, may express the opinions and answer questions, but may not join the discussion and voting, and shall not act on behalf of other directors to exercise their voting rights.	(3)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
<p>(4)Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit formulates the relevant audit plan based on the assessment results of the risk of dishonesty, and checks the compliance with the plan to prevent dishonesty. Or entrust a CPA to perform the audit?.</p> <p>(5)Does the company regularly hold education training internally and externally of the corporate integrity management?</p>	V		(4)The Company carries out the inspection of the accounting and the internal control system through the internal auditors, certified public accountant, and self-evaluation in accordance with the law, and reports the results to the Board of Directors.	(4)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
	V		(5)The integrity management has been included in the education and training for the new comer.	(5)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
3.Status of implementation of reporting of malpractices				
(1)Does the company provide incentives and means for employees to report malpractices and provide channels for reporting malpractices? Does the company assign designated personnel to investigate the report malpractice?	V		(1)The Company's "Employee Code of Conduct" and the "Provisions to prevent bribery" have clearly defined the reward and discipline system, and the personnel unit and the audit office will handle the related matters.	(1)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
(2)Has the company established the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		(2)The Company's "Employee code of conduct", "Provisions to prevent bribery" and "internal control system" have included the relevant procedures and confidentiality mechanisms for investigations of reported malpractices.	(2)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
(3)Does the company assure the employees who reported on the malpractices that they will not be prosecuted for making such reports?	V		(3)The company will enforce protective measures to assure that the good faith informer will not be retaliated against.	(3)There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed companies
4.Enhanced information disclosure Has the company disclosed its integrity principles and progress onto its website and MOPS?	V		The company has on its website www.tayih-ind.com.tw disclosed the company's integrity principles.	There is no significant difference from the Code of Practice for Integrity management.
5.If the company has its own code of conduct in accordance with the Ethical Corporate Management Best Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Code : The Company has not yet established the principles, but will do so when the need arises in future.				
6.Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g. review the company's corporate conduct and ethics policy) : The company has "employee work rules", which clearly regulates for not accepting gifts, not accepting kickbacks, not accepting commissions, and not leaking confidentiality regarding production or business; and implementing regulations regarding corporate governance based on internal control and auditing systems.				

3-4-7.If the company has established a corporate governance code and related regulations, it should disclose its mode of inquiry :

(1)In order to implement corporate governance, the company has established relevant regulations for corporate governance as follows :

- | | |
|--|---|
| ①Articles of Incorporation | ②Election regulations for Directors |
| ③Shareholders' meeting Rules and Procedures | ④Rules and procedures of the Meeting of Board of Directors |
| ⑤Code of Ethical Behavior | ⑥Operating procedures of Acquisition or Disposal of Assets |
| ⑦Operating procedures of Fund lending | ⑧Operating procedure of Endorsement and Guarantee |
| ⑨Remuneration Committee Chapter | ⑩Corporate Governance Best Practice Principles |
| ⑪Corporate Social Responsibility Principles | ⑫Rules Governing the Scope of Powers of the Independent directors |
| ⑬Standard processing procedures for handling directors' requests | ⑭Rules and the Organization of the Auditing Committee |
| ⑮Methods on Evaluation of the Board of Directors | |

(2)The above-mentioned methods for inquiring about corporate governance : As disclosed in MOPS and the company's website.

3-4-8.Other key information conducive to the understanding of the implementation of integrity management : None

3-4-9.The status of the implementation of the internal control system shall be disclosed:

(1)Statement of Internal Control System :

TA YIH INDUSTRIAL CO., LTD.
Statement of Internal Control System

Date : 2023.03.08

The 2022 internal control system of the Company, based on the results of the self-assessment, would like to state the following :

- 1.The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the board of directors and managers of the Company, the Company has already established the system. The purpose is to provide reasonable results in terms of operational effectiveness and efficiency (including profitability, performance and ensure the safety of assets, etc.), reporting reliability, in time, transparency, to provide reasonable assurance that complies with relevant regulations and relevant laws, and that compliance with relevant laws and regulations is achieved.
- 2.The internal control system has its inherent limitations. Regardless of how perfect the design is, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives; and, due to changes in the environment and conditions, the effectiveness of the internal control system may change.
However, the company's internal control system is equipped with a self-monitoring mechanism, and once the fault is identified, the company will take corrective action.
- 3.The Company judges whether the design and implementation of the internal control system is effective based on the judged item of the effectiveness of the internal control system as stipulated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “Regulations”).
The internal control system judgment project used in the “Regulations” is based on the process of management control, which divides the internal control system into five components: 1. Control environment, 2 risk assessment, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component also includes several items. Please refer to the “Regulations” for the above mentioned items.
- 4.The Company has adopted the above mentioned items of the internal control system to evaluate the effectiveness of the design and the implementation of the internal control system.
- 5.Based on the results of the preceding assessment, the Company believes that the internal control system (including supervision and management of subsidiaries) of the Company as on December 31, 2022, including understanding the effectiveness of operations and the achievement of efficiency goals. The design and implementation of the internal control system, such as timely, transparent and in compliance with relevant regulations and relevant laws and regulations, is effective and can reasonably ensure the achievement of the above objectives.
- 6.This statement will become the main content of the company's annual report and public statement, and will be made public. If the contents of the above disclosure are illegal or fake, it will conflict with legal liabilities of Articles 20, 32, 171 and 174 of the Securities Exchange Law.
- 7.This statement was approved by the board of directors of the Company on March 08, 2023; 3 of the 9 directors present objected, the rest agreed to the content of the statement and hereby declared so.

TA YIH INDUSTRIAL CO., LTD.
Chairman : Wu Chun-I
President : Wu Cheng-Yuan

(2)Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report : there is no such situation.

3-4-10. For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements : None.

3-4-11. Significant resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report :

(1) Implementation of important resolutions of the shareholders 'meeting

Date of meeting	Summary of important proposals	Result of resolution(election)	Review of the implementation of the resolution
2022.08.04	1. Recognized the business report and financial statements of 2021	Passed by voting.	Relevant documents have been submitted to the competent authority for inspection and announcement in accordance with the Company Act and other relevant laws and regulations.
	2. To acknowledge the earnings distribution of 2021. Dividends : Cash dividends of NT\$ 0.6 per share	Passed by voting.	Distribute according to the resolution of the shareholders' meeting. The Board of Directors was convened on June 21, 2022, and the resolution was to set on July 12, 2022 as the benchmark date for the interest-bearing, and July 28, 2022 as the issue date, and all will be distributed by July 28, 2022.

(2) Important resolutions of the board:

Date of meeting	Summary of important proposals
2022-03-25	1. Approved the proposal of 2021 distribution of employee compensation Employee compensation is 1%, calculated as NT\$884,257, and distributed as cash.
	2. Proposal of distribution of surplus of 2021. Bonus of shareholders : Cash dividends of NT\$0.6 per share.
2022-05-12	1. Retirement package for Mr. Fong Shi-Chong, former General Manager.
2022-06-21	1. Set July 12, 2022 as the date for calculation of interest of dividends, and July 28, 2022 as the issue date.
2023-01-10	1. Proposal for the election of Vice Chairman.as cash.
2023-03-08	1. Proposal of distribution of surplus of 2022. Employee remuneration provision at 1%, totaling NT\$1,151,932 to be disbursed in cash
	2. Proposed Profit Distribution Plan for Fiscal Year 2022. Shareholder dividend: Cash dividend of NT\$0.7 per share

3-4-12. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof : No such situation

3-4-13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, corporate governance officer and principal research and development officer.

Title	Name	On Board Date	Resignation Date	Reason for Resignation
President	Feng Shih-Chung	2019.04.01	2022.03.31	Retirement
President	Wu Chenn-Yuan	2022.03.25	2023.03.31	Job adjustment
Accounting Supervisor/ Finance Supervisor.	Wang Hong-Chi	1987.10.06	2023.02.01	Retirement

3-5.Information of CPA professional fees :

3-5-1.Information of the CPA :

Accounting firm	Name of CPA	Accountant inspection period	Audit fee	Non-audit fee	Total (NT\$ thousands)	Note
Deloitte Touche Tohmatsu Limited	Li Chi-Chen Yang Chao-Chin	January 1, 2022 - December 31, 2022	3,040	250	3,290	Non-audit fees of NT\$250 thousands mainly for the transfer pricing report service fee.

3-5-2.When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed : On March 8th, 2023, the company changed its accounting firm, and the content of the contract fee for the new firm's audit and non-audit services is no different from that of the previous accounting firm.

3-5-3.When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed : It is not applicable as the audit fees of 2022 is not lower than the previous year by 10% or more.

3-6.Information on replacement of certified public accountant: If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information :

3-6-1.

Change of Date	2023.03.08		
Reason for Change and Explanation	Considerations for internal management within the company include		
Explanation of Termination or Non-Acceptance of Appointment	Condition \ litigant	Accountant	Appointed person
	Voluntary termination of appointment.	No longer accepting (continuing) appointment	V
	Decline (to continue) appointment.	No longer accepting (continuing) appointment	Not applicable
Opinions and Reasons for Audit Reports Issued in the Past Two Years, excluding Unqualified Opinions.	N/A		
Whether there are any differences of opinion with the issuer	Yes	Accounting principles or practices.	-
		Disclosure of financial reports.	-
		Audit scope or procedures.	-
		Other	-
	N/A		V

	caption
Other disclosure items (as required by Article 10, Section 6, Items 4 to 7 of this standard).	N/A

3-6-2.Regarding the successor accountant :

Office Name	PricewaterhouseCoopers Taiwan
Accountant's Name	Accountant Lin Tzu-Shu, Accountant Yeh Fang-Ting
Date of Appointment	2023/03/08
Consultation Matters and Results regarding the Accounting Treatment Method or Accounting Principles for Specific Transactions before the Appointment and the Possible Opinion to be Issued on Financial Reports	None
Written Opinions of the Successor Accountant on Matters of Disagreement with the Previous Accountant	None

3-6-3.Reply of the former accountant to the provisions of Article 10, paragraph 6, subparagraph 1 and subparagraph 2.3 of the Guidelines : None.

3-7.Where the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm : No such situation.

3-8.Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, and ten-percent shareholders, and the number of shares transferred or pledged. (3-8-1)Changes in shareholder's equity of directors, supervisors, managers and shareholders whose shareholdings exceeding 10% :

Job title	Name	2022		As of the year till 2023.04.15	
		Number of shares held Increase (Decrease) ratio	Number of shares Increase (Decrease) ratio	Number of shares held Increase (Decrease) ratio	Number of shares Increase (Decrease) ratio
Director	Ding Wan Industrial Co., Ltd.	0	0	0	0
Chairman	Wu Chun-I (Representative for Din Wan Investment Co., Ltd.)	0	0	0	0

Job title	Name	2022		As of the year till 2023.04.15	
		Number of shares held Increase (Decrease) ratio	Number of shares Increase (Decrease) ratio	Number of shares held Increase (Decrease) ratio	Number of shares Increase (Decrease) ratio
Director cum principal shareholder	Koito Manufacturing Co., Ltd.	0	0	0	0
Vice chairman	Watanabe Masami (note 6) (Representative of Koito Manufacturing Co., Ltd.)	0	0	0	0
Vice chairman	Iwanabe Megumi (note 6) (Representative of Koito Manufacturing Co., Ltd.)	0	0	0	0
Director	Hideharu Konagaya (Representative of Koito Manufacturing Co., Ltd.)	0	0	0	0
Director	Yamamoto Kakuya (Representative of Koito Manufacturing Co., Ltd.)	0	0	0	0
Director	Wu Yu-Hsien	0	0	0	0
Director and President	Wu Cheng-Yuan (Note 3)	0	0	0	0
Independent director	Wu Wan-I	0	0	0	0
Independent director	Chen Hsiu-Fon	0	0	0	0
Independent director	Ting Ze-Siang	0	0	0	0
Principal shareholder	Da Wei Investment Enterprise Co., Ltd.	0	0	0	0
President	Chuang Chi-Ching (Note 3)	0	0	0	0
Vice president Manager	Yamamoto Hidetsugu	0	0	0	0
Senior Assistant Manager	Chen Chin-Wen (Note 4)	0	0	0	0
Senior Assistant Manager	Wang Hung-Chi (Note 5)	0	0	0	0
Senior Assistant Manager	Chang Chao-Wen (Note 6)	0	0	0	0
Assistant Manager	Chen Chun-Hung (Note 7)	0	0	0	0
Assistant Manager	Wang Chun-Hao (Note 8)	0	0	0	0
Assistant Manager	Chuang Chao-Ching (Note 9)	0	0	0	0
Assistant Manager	Wang Chiung-Lun (Note 10)	0	0	0	0

Note 1 : Shareholders holding more than 10% of the company's shares should be indicated as principal shareholders and listed separately.

Note 2 : The related parties of equity transfer or equity pledge should still be listed in the table below.

(3-8-2) Information on the equity transfer to related parties: None.

(3-8-3) Information on the counterparty of the equity pledge as a related party: the counterparty of the equity pledge is not a related party.

Note 3 : Wu Cheng-Yuan retired and dismissed on March 31, 2023 and the Board promoted Vice President Chuang Chi-Ching as President on March 8, 2023.

Note 4 : Senior Assistant Manager Chen Chin-Wen retired on January 31, 2022.

Note 5: Senior Associate Director Wang Hongji retired and was relieved of duties on February 1, 2023.

Note 6: Vice Chairman Masami Watanabe retired on December 27, 2022, and the Board of Directors approved the appointment of Mr. Iwanabe Megumi as Vice Chairman on January 10, 2023.

Note 7: Senior Associate Director Zhang Zhaowen was relieved of duties on January 31, 2023.

Note 8: Associate Director Wang Junhao retired and was relieved of duties on September 30, 2022.

Note 9: Associate Director Zhuang Chaoqin retired and was relieved of duties on March 31, 2023.

Note 10: Associate Director Wang Qionglun was relieved of duties on January 31, 2023.

3-9.Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relatives within the second degree of kinship of another :

2023.04.15

Nate (note 1)	Shares owned		Shares held by spouse and minor children currently		Shares held under other nominees		Relationship information, if among the top 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another: (Note 3)		Note
	Number of shares	Shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Name	Relationship	
Koito Manufacturing Co., Ltd. Representative :	24,774,750	32.50%	—	—	—	—	—	—	
Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I	20,797,622	27.28%	—	—	—	—	Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Wu Chun-I Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Wu Ma Hui-Er Wu Chun-Lang Yun Hsien Enterprise Co., Ltd Representative.: Wu Yu-Hsien	Brothers Brothers Same person Brothers Spouse Brothers Father and son	
Yi Heng Investment Co., Ltd : Wu Chun-Lang	2,554,258	3.35%	—	—	—	—	Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Wu Chun-I Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Wu Ma Hui-Er Wu Chun-Lang	Brothers Brothers Brothers Same person Sister-in-law Same person	
Kuo Qi Min Investment Co., Ltd. Representative : Wu Kuo-zhen	1,257,601	1.65%	—	—	—	—	—	—	

Wu Chun-I	1,254,488	1.65%	396,821	0.52%	—	—	Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Wu Ma Hui-Er Chun-Lang Wu Yun Hsien Enterprise Co., Ltd Representative.: Wu Yu-Hsien	Same person Brothers Brothers Brothers Spouse Brothers Father and son	
Yuan Hong Investment Co., Ltd. Representative : Wu Cheng-Yuan	746,000	0.98%	—	—	—	—	—	—	
Wu Ma Hui-Er	396,821	0.52%	1,254,488	1.65%	—	—	Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Wu Chun-I Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Chun-Lang Wu Yun Hsien Enterprise Co., Ltd Representative.: Wu Yu-Hsien	Spouse Brother-in-law Brother-in-law Spouse Brother-in-law Brother-in-law Mother and son	
Wu Chun-Lang	383,561	0.50%	127,681	0.17%	—	—	Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Wu Chun-I Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Wu Ma Hui-Er	Brothers Same person Brothers Brothers Same person Sister-in-law	
Yun-Hsien Enterprise Co., Ltd. Representative: Wu Yu-Hsien	241,000	0.32%	—	—	—	—	Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I Wu Chun-I Wu Ma Hui-Er	Father and son Father and son Mother and	

TAYIH INTERNATIONAL HOTEL CO., LTD Representative: Wu Chun-I	229,000	0.30%					Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang Kuo Qi Min Investment Co.,Ltd.Representative : Wu Chun-Chi Wu Chun-I Yuan Hong Investment Co., Ltd Representative : Wu Chun-Lang Wu Ma Hui-Er Wu Chun-Lang Yun Hsien Enterprise Co., Ltd Representative.: Wu Yu-Hsien	Brothers Brothers Same person Brothers Spouse Brothers Father and son	
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Note 1 : All the top ten shareholders should be listed, and those who are institutional shareholders should list the name of the institutional shareholder and the name of the representative separately.

Note 2 : The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of the shareholder, the spouse, the minor child or other nominees.

Note 3 : The shareholders listed in the previous disclosure, including institutional and natural persons, shall disclose their relationship with each other in accordance with the issuer's financial reporting standards.

3-10.The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company :

Unit : Share; %

Transfer of Investment (Note)	Investment of Company		Directors, supervisors, managers and investments directly or indirectly controlling the business		Comprehensive investment	
	Number of shares	% shareholding	Number of shares	% shareholding	Number of shares	% shareholding
Ta Yih International Investment Co., Ltd.	50,000	100%	—	—	50,000	100%

Note : The company adopts the equity method of investment.

4 • Information of Capital Raising

4-1. Company capital and share

4-1-1. Source of shares

(1) Formation of Equity

2023.04.15

Unit : NT\$ thousands

Year	Month	Issue price (NT \$)	Approved share capital		Paid-in capital		Note		
			Number of shares	Amount	Number of shares	Amount	Source of equity	Those who paid with property other than cash	Date of approval and license number
1976	2	1,000	10,000	10,000	10,000	10,000	Cash increment 10,000	—	—
1979	5	1,000	20,000	20,000	20,000	20,000	Cash increment 10,000	—	—
1980	8	1,000	50,000	50,000	50,000	50,000	Cash increment 30,000	—	—
1981	8	1,000	75,000	75,000	75,000	75,000	Cash increment 2,500 Capital reserve to capital increase 22,500	—	—
1982	7	1,000	105,000	105,000	105,000	105,000	Cash increment 30,000	—	—
1983	12	1,000	135,000	135,000	135,000	135,000	Cash increment 30,000	—	—
1985	11	1,000	165,000	165,000	165,000	165,000	Cash increment 21,000 Cash reserve to capital increase 9,000	—	—
1988	6	1,000	220,000	220,000	220,000	220,000	Cash increment 55,000	—	1988.07.25 MOEAIC Cert. No. 4192
1991	4	1,000	250,000	250,000	250,000	250,000	Surplus convert to capital increase 30,000	—	1991.04.11 MOEAIC Cert. No. 2459
1991	8	1,000	268,000	268,000	268,000	268,000	Surplus convert to capital increase 18,000	—	1991.12.13 MOEAIC Cert. No. 9210
1992	7	1,000	289,180	289,180	289,180	289,180	Surplus convert to capital increase 21,180	—	1992.08.17 MOEAIC Cert. No. 5667
1993	11	10	45,000,000	450,000	45,000,000	450,000	Surplus convert to capital increase 61,256 Capital reserve to capital increase 99,564	—	1993.11.29 MOEAIC Cert. No. 7750
1994	9	10	50,000,000	500,000	50,000,000	500,000	Surplus convert to capital increase 30,000 Capital reserve to capital increase 20,000	—	1994.09.27 MOEAIC Cert. No. 5944
1995	9	10	63,000,000	630,000	63,000,000	630,000	Cash increment 49,000 Surplus convert to capital increase 51,000 Capital reserve to capital increase 30,000	—	1995.09.25 MOEAIC Cert. No. 114340
1998	8	10	69,300,000	693,000	69,300,000	693,000	Surplus convert to capital increase 63,000	—	1998.08.26 MOEAIC Cert. No. 123965
1999	8	10	76,230,000	762,300	76,230,000	762,300	Surplus convert to capital increase 69,300	—	1999.08.27 MOEAIC Cert. No. 131554

Note 1 : The annual data for the year ending should be filled to the date of publication of the annual report.

Note 2 : The capital increase section should be filled with the effective (approved) date and certificate number.

Note 3 : If shares have been issued at less than par value, such information shall be prominently indicated.

Note 4 : Where equity contributions have been made by conversion of monetary claims against the company, or by the contribution of technical know-how required by the company, indicate this fact, and note the class and dollar amount of the shares paid for in this manner.

Note 5 : Prominently indicate any instance of private placement.

(2) Classes of shares :

2023.04.15

Classes of shares	Approved share capital			Note
	Circulating shares	Unissued shares	Total	
Common shares	76,230,000	0	76,230,000	Listed stock

Note : Indicate whether the stock is listed at the stock exchange market or listed company at the over the counter market stocks (It should be marked if it is restricted to be listed or traded on the counter).

(3)In the case of the issuance of securities by the self-registration, the relevant information on the approved amount, the scheduled issuance and the issued securities shall be disclosed : The Company does not issue of securities by self-registration, so it does not apply.

4-1-2.Structure of shareholders

2023.04.15

Structure of shareholders	Government institution	Financial institution	Other institutions	Foreign institution and foreigner	Individual	Treasury stock	Total
Amount							
Number of people	0	0	178	28	19,468	0	19,674
Number of shares held	0	0	26,686,614	25,454,031	24,089,355	0	76,230,00
% shareholding	0.00%	0.00%	35.01%	33.39%	31.60%	0.00%	100.00%

Note : The first listed (over the counter) company and emerging stock company should disclose the proportion of the shares held by the mainland; the mainland capital refers to the people, institutions, organizations and other institutions in the mainland or a company invested by the mainland people in a third region as stipulated in Article 3 of the Measures for Mainland People's Investment in Taiwan.

4-1-3.Dispersion of equity ownership :

(1)Common shares :

2023.4.15

Grading of shareholding	Number of shareholders	Number of shares held	% shareholding
1 to 999	14,652	134,541	0.17%
1,000 to 5,000	4,038	8,054,361	10.57%
5,001 to 10,000	543	4,265,967	5.59%
10,001 to 15,000	152	1,956,434	2.56%
15,001 to 20,000	101	1,849,800	2.43%
20,001 to 30,000	88	2,220,852	2.91%
30,001 to 40,000	33	1,173,000	1.54%
40,001 to 50,000	22	1,014,263	1.33%
50,001 to 100,000	26	1,728,000	2.27%
100,001 to 200,000	8	977,681	1.28%
200,001 to 400,000	5	1,470,382	1.93%
400,001 to 600,000	0	0	0.00%
600,001 to 800,000	1	746,000	0.98%
800,000 to 1,000,000	0	0	0.00%
Above 1,000,0001	5	50,638,719	66.44%
Total	19,674	76,230,000	100.00%

(2)Preferred shares : The Company does not issue preferred shares.

4-1-4.List of principal shareholders

2023.04.15

Name of Principal shareholder	Number of shares	shareholding
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Da Wei Investment Enterprise Co., Ltd.	20,797,622	27.28%
Yi Heng Investment Co., Ltd.	2,554,258	3.35%
Kuo Qi Min Investment Co., Ltd.	1,257,601	1.65%
Wu Chun-I	1,254,488	1.65%
Yuan Hong Investment Co., Ltd.	746,000	0.98%
Wu Mai Hui-Er	396,821	0.52%
Wu Chun-Lang	383,561	0.50%
Yun-Hsien Enterprise Co., Ltd.	241,000	0.32%
TAYIH INTERNATIONAL HOTEL CO., LTD	229,000	0.30%

Note : The total number of shares held is more than 5% or the proportion of shares accounts for the top ten shareholders.

4-1-5.(1)Price per share, net worth, surplus, dividends and related information in the last two years

Item		Year	2021	2022	The year till March 31, 2023 (Note 8)
Per share price(Note 1)	Highest		57.00	44.25	41.10
	Lowest		40.00	33.30	34.20
	Average		46.93	36.72	36.53
Net value per share (Note 2)	Before distribution		22.75	23.52	Not applicable
	After distribution		22.15	—	
Earnings per share	Weighted average number of shares		76,230,000	76,230,000	
	Earnings per share (note 3)		1.08	1.17	
Dividend per share	Cash dividends		0.6	0.7	
	Stock dividends	Dividends from Retained Earnings	—	—	
		Dividends from Capital Reserve	—	—	
	Accumulated unpaid (Note 4)		—	—	
Investment compensation Analysis	Price to earning ration (note 5)		43.45	31.38	
	Price to dividend ratio (note 6)		78.22	—	
	Cash dividend yield (note7)		1.28%	—	

- ♦ When carrying out a capital increase out of earnings or capital reserves, it shall disclose information on market price and cash dividends per share adjusted retroactively for the post-increase number of shares.

Note 1 : The highest and lowest market prices for each year are listed, and the average market price for each year is calculated based on the annual transaction value and volume.

Note 2 : Using the number of the outstanding issued shares at year end as the basis and fill in the details based on the resolution passed by the shareholders' meeting regarding distribution in the following year.

Note 3 : If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4 : If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

Note 5 : Price-earnings ratio = Year's average per share closing price / earnings per share.

Note 6 : Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note 7 : Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note 8 : Financial data for the first quarter of the 2023, as of the printing date, has not yet been audited by the accountant, therefore it is not disclosed.

4-1-6.Dividend policy and implementation status :

Considering the future capital needs and long-term financial planning, if the company makes a surplus after the final accounts, besides paying the tax on profit income and making up the losses of the previous year, a provision of 10% is the statutory surplus reserve and a special surplus reserve is provided for the amount of the shareholders' equity deduction in the current year. If there is any balance, the dividend distribution ratio and cash dividend distribution ratio of the preceding paragraph shall be proposed to the board of directors the case of surplus distribution and submitted to the shareholders' general meeting for resolution. More than 50% of the accumulated undistributed surplus in the previous year shall be allocated as shareholder dividends, and the cash dividend portion shall not be lower than the 50% of the total shareholder's dividends.

The dividend policy as above was approved by the board of directors meeting on

March 18, 2016, and was passed by the shareholders' meeting on June 13, 2016. The proposed distribution of cash dividends of NT\$0.7 per share by the board of directors has yet to be approved at the shareholders' meeting.

4-1-7. Effect of the proposed stock dividends to be adopted by the Shareholders' Meeting on the operating performance and earnings per share : Not applicable

4-1-8. Employee bonus and remuneration to Directors and Supervisors: The Company established the Remuneration Committee in June 2020 to replace the supervisors.

(1) Percentages and ranges of employee bonus and remuneration to Directors and Supervisors, as specified in the Company's Articles of Association

① Employee compensation : According to Article 31 of the Articles of Association of the Company :

If the Company has profit in a given year, it shall distribute no less than 1% as employee bonus and the board of directors shall decide to distribute it as stock or cash. However, if the Company has accumulated losses, such profit shall first go towards offsetting such accumulated losses, and the employee's remuneration will be paid according to the proportion of the preceding paragraph.

② Percentages and ranges of remuneration of Directors and Supervisors :

The remuneration of directors, supervisors and the general manager is based on the general standard of the industry.

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

① For the current period, the basis for estimating the employee's compensation and the actual distribution amount are calculated, and when there is a difference between the estimated amount and the estimated number : if there is profit every year, no less than one percent shall be distributed as employee compensation and the board of directors shall decide to distribute it as stock or cash. However, if the Company has accumulated losses, such profit shall first go towards offsetting such accumulated losses, and the employee's remuneration will be paid according to the proportion of the preceding paragraph. At the end of the year, if there is no significant change in the distribution amount as resolved by the board of directors, after being reported to the shareholders' meeting, the accounting estimates are treated and adjusted in the resolution of the shareholders' meeting.

② For the current period, the basis for estimating the compensation of the directors and supervisors and the actual distribution amount are calculated, and when there is a difference between the estimated amount and the estimated number : There is no issue of remuneration of directors and supervisors in this current period.

③ In the current period, the accounting basis for the calculation of the number of shares distributed to the employees and the actual distribution amount is different from the estimated number of shares : There is no distribution of shares to the employees in the current period.

(3) The distribution of compensation as passed by the board of directors :

① Employee compensation :

① Distribution of employee compensation : Cash NT\$1,151,932.

② If there is a difference between the employee's remuneration and the annual estimated amount, the difference, reason and treatment shall be revealed :

In 2023, the Board of Directors proposed to distribute the 2022 employees' compensation of NT\$1,151,932 and there is no difference between the employee's compensation as set in the 2022 financial statements.

② Distribution of remuneration for the directors and supervisors : There is no distribution of remuneration for the directors and supervisors.

③ The proportion of the employee's remuneration distributed as stock and the total net profit after tax and the total amount of employee compensation in the current

period: there is no distribution of stock to the employee.

- (4) The actual distribution of employee bonus and Director/Supervisor compensation for the previous fiscal year (with an indication of the number, value, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and Director/Supervisor compensation, additionally the discrepancy, cause, and how it is treated :

① The actual distribution of the employees' compensation of the previous year : Cash of NT\$884,257.

② If there is a difference between the distribution of the employee's remuneration and the recognized amount, the difference, reason and treatment shall be revealed :

In 2022, the Board of Directors proposed to distribute the 2021 employees' compensation of NT\$884,257 and there is no difference between the employee's compensation as set in the 2021 financial statements.

③ The actual distribution of compensation for the directors and supervisors of the previous year : There is no distribution of compensation for the directors and supervisors.

④ If there is a difference between the distribution of the remuneration of the directors and supervisors and the recognized amount, the difference, reason and treatment shall be revealed : There is no such situation.

4-1-9. Stock buyback : The Company does not buy back the company shares, therefore it is not applicable.

4-2. Issuance of corporate bonds : None

4-3. Issuance of Preferred Stocks : None.

4-4. Handling of overseas depositary receipts : The Company does not issue overseas depositary receipts, so it is not applicable.

4-5. Exercise of Employee Stock Option Plan (ESOP) : None.

4-6. Restricting employee rights of getting new shares : None

4-7. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of other companies : None.

4-8. Implementation of Capital Allocation Plan : None.

4-8-1. Project content : The company does not issue or privately raise securities, so it is not applicable.

4-8-2. Implementation :

(1) The Company does not issue or privately raise securities, so it is not applicable.

(2) The company does not acquire or transfer other companies, expand or build new real estate, plant and equipment, so it is not applicable.

(3) The company does not use of funds for the transfer investment of other companies, so it is not applicable.

(4) The company does not use funds for replenishing operating capital or paying off liabilities, so it is not applicable.

5 • An overview of operations

5-1. Business content

5-1-1. Scope of business

(1) The main contents of the company's business :

- ① Business operation includes the manufacturing, sales of automobiles, motorcycles and spare parts, as well as import and export trading.
- ② Manufacturing, processing and sales of parts for both aviation aircraft and ships.
- ③ Manufacturing, processing and sales of transportation machinery and its parts.
- ④ Manufacturing, sales, processing of machines, molds and related equipment for lighting, and import and export of trading.
- ⑤ CD01020 Manufacturing of rail vehicle and its parts.
- ⑥ F114080 Wholesales of rail vehicle and its parts.
- ⑦ C805050 Manufacturing of industrial plastic products.
- ⑧ CE01030 Manufacturing of optical instruments.
- ⑨ F113030 Wholesales business of precision instrument.

(2) The proportion of the company's business :

Presently, the company's main business is concentrated in items (1) and (4), which accounts for more than 89% of the business.

(3) The company's current products (service) : lamps and molds for automobiles, motorcycles, rail, aerospace and ships.

(4) New products (services) planned by the company :

Based on the existing resources of the research and development products and taking the current trends in automotive lighting development as the main focus, the company plans to focus on the areas of advanced light sources for vehicles, artificial intelligence, and lighting information display systems in the future.

① Smart Lighting System:

Based on the technology of ADAS-assisted touch-controlled indoor lighting and ISD intelligent interactive lighting system, a smart vehicle lighting system has been developed that can autonomously adjust the lighting range, brightness, and color temperature. It can automatically switch between different lighting modes based on driving conditions and road conditions, thereby enhancing driving safety and comfort.

② Holographic Lighting Fixtures.:

By adopting the transparent metal coating luminous logo light and smart light signal control technology, we have developed lighting products with holographic effects. These products can be applied to grilles or car bodies, displaying various graphics and color light-shadow effects, enhancing the appearance of vehicles and brand image.

③ Advanced Light Sources:

Utilizing the latest LED and laser light source technologies, the vehicle lighting products are able to provide brighter illumination and a wider range of lighting effects. They also support adjustable color temperature and brightness, thus enhancing the safety of nighttime driving.

④ Intelligent Lighting Control System:

By integrating artificial intelligence and autonomous driving technology, an intelligent lighting control system with learning and self-adaptive capabilities has been developed. It can automatically adjust lighting modes and ranges, improving the operational efficiency and safety of autonomous vehicles.

⑤ Vehicle Smart Interactive System:

Based on the introduction of the electronic ASPICELv1 specification, it integrates electronic design specifications to ensure quality standards and certification standards during the development process.

⑥ Research and construction of the RAMS risk analysis model for track vehicle luminaires.

⑦ Research, analysis, and education training expansion on aerospace luminaire design, testing, and certification.

- ⑧ In coordination with the Tamhais Light Rail Phase 2 project, research and develop carriage lighting that can automatically adjust color temperature and illumination according to environmental changes.
- ⑨ Research and development of green light aggregation luminaires for foreign fishing vessels (e.g., Philippines) used in purse seine fishing.

5-1-2. Industry overview :

(1) The present situation and development of the industry :

In the post-pandemic era, the automotive lighting industry is facing new opportunities and challenges. With the continuous development of intelligent and automated technologies, the automotive lighting industry is evolving towards higher efficiency, intelligence, safety, and environmental friendliness. Here are several main current situations and development trends:

① Development of autonomous driving technology:

The popularization and development of autonomous driving technology will have a significant impact on the automotive lighting industry. Autonomous vehicles require more intelligent and efficient lighting systems, such as the application of new lighting technologies like laser radar and optical radar, to improve the recognition ability and operational safety of autonomous vehicles.

② Application of vehicle-to-vehicle communication technology:

The application of vehicle-to-vehicle communication technology will make the automotive lighting industry more intelligent and efficient. For example, through wireless connectivity with the vehicle's electronic control unit (ECU), intelligent control and adjustment of automotive lighting can be achieved, improving the performance and functionality of lighting fixtures.

③ Application of chip technology:

The application of chip technology will make the automotive lighting industry more efficient and reliable. For instance, chip technology can be used for fault detection and prediction in lighting fixtures, enhancing their reliability and lifespan, or chip-controlled lighting to increase the diversity of light and graphic changes.

④ Application of smart lighting:

The application of smart lighting technology will make the automotive lighting industry more intelligent and energy-efficient. For example, utilizing smart lighting technology enables automatic adjustment and control of automotive lighting to adapt to different road conditions and driving environments, thereby improving energy efficiency and lifespan.

The automotive lighting industry is in a phase of rapid development, and it will become more intelligent, efficient, safe, and environmentally friendly in the future. It will gradually establish connections with the fields of autonomous driving, vehicle-to-vehicle communication, chip technology, and AI.

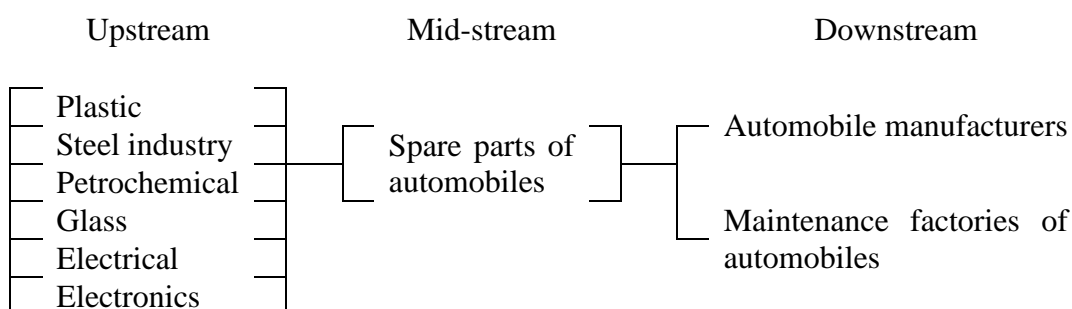
⑤ Due to the influence of international geopolitics and war factors, the Taiwanese government actively promotes the development of the defense industry and accelerates the enhancement of key domestic aerospace component autonomy. The government also invests a significant amount of funds to assist businesses and prioritize domestic procurement orders, extending the operation of the AS9100D aerospace quality system certification and continuously expanding the exploration of aerospace lighting opportunities in both military and civilian markets.

⑥The government is planning a medium to long-term (10-20 years) plan for the development and promotion of the railway industry. Dayi has over 20 years of experience in developing railway vehicle lighting systems, with practical applications in high-speed rail, metro, and conventional railways. By leveraging the government's six action plans, we aim to expand domestic business opportunities and incorporate new opportunities in light rail. We will strengthen independent research and development capabilities, establish domestic verification mechanisms, and expand business opportunities and technological capabilities in the domestic and international railway vehicle lighting market.

⑦With the increasingly severe depletion of ocean resources, the development of LED fishing lights has become significantly important. Since 2016, the first wave of investment in LED lighting has yielded empirical evidence of its advantages and disadvantages. Da-Yi Corporation will evaluate the development of alternative LED fishing vessel lights within the framework of market demand, further expanding opportunities in the lighting market..

(2)Connection of the upstream, mid-stream and the downstream industry :

Automotive components are used by automotive manufacturers and maintenance factories for parts replacement. The materials can be divided into metal and non-metal components, including petrochemical, glass, steel, rubber, motor and electronics industries which cover quite an extensive range of industries. The following picture shows the upstream, middle and downstream industry correlation of the automotive components industry :



(3)Various development trends of products and competition :

Future trends and developments in the company and vehicle lighting industry:

①Stable Quality and Cost Control

For traditional lighting manufacturers, stable quality and cost control are important factors in maintaining competitiveness. Stable quality increases consumer trust in the product, thereby enhancing brand image and greatly assisting in expanding overseas markets. Cost control reduces product prices, increases competitiveness, and also saves costs during the production process, thereby improving business profitability.

②. Strengthen Research and Development Innovation

The lighting industry market is becoming more diverse, and consumers have increasingly high demands for product design and functionality. Therefore, manufacturers must strengthen their research and development capabilities to innovate and create more products with differentiated competitive advantages to meet market demand. For example, developing lighting fixtures for automobiles that are more energy-efficient, environmentally friendly, safe, and stylish can expand product sales in the international market.

③Grasp international market trends

In recent years, with the rise of ESG (Environmental, Social, and Governance) policies, more and more companies have begun to consider how to achieve sustainable development goals through AI technology. The automotive lighting

industry is no exception, and Da-Yi Traffic will also determine its future development direction based on ESG policies, AI development, and trends in automotive lighting.

First, ESG policies have gained increasing attention globally, including in the automotive lighting industry. In terms of the environment, the focus is mainly on the energy efficiency of automotive lighting and reducing carbon emissions. In terms of society, the focus is mainly on the application and impact of artificial intelligence technology. In terms of governance, the focus is mainly on corporate transparency and ethical conduct. Therefore, in future development, the automotive lighting industry needs to strengthen compliance with ESG policies to achieve sustainable development goals.

Second, the development of artificial intelligence technology has opened a new era for the automotive lighting industry. For example, AI technology can help achieve more efficient design and production of automotive lighting, reducing costs and improving product quality. In addition, AI can be used in the development of intelligent lighting systems to achieve automatic control and energy savings, further improving energy efficiency and reducing carbon emissions of lighting fixtures.

Lastly, regarding the development trends of automotive lighting, future automotive lighting will become more intelligent and diversified. For example, LED lighting and laser lighting will become mainstream, and the application of intelligent lighting systems will continue to expand. In addition, the design and appearance of automotive lighting will be more fashionable and personalized to meet consumer demands and preferences for automobiles.

④ Aerospace industry:

- a) Decrease in domestic competitors in the aerospace lighting industry, while the foreign market has matured and numerous competitors, but price and supply capacity are under control, providing potential and future market expansion opportunities for domestic independent development.
- b) Break through the constraints of the international supply chain, utilize research and specification analysis, apply mature automotive lighting technology to develop exclusive aerospace lighting, and continuously innovate through lightweight, versatility, and dedicated composite lighting

⑤ Rail Vehicle Industry:

The government is promoting the domestication of rail vehicles through a medium to long-term action plan of six measures, supporting the establishment of a domestic rail industry chain system. Da-Yi is the main supplier of lighting for domestic rail vehicles, leveraging practical experience to seize business opportunities. Continuously innovate in the development of multifunctional lighting for light rail roads, including design and additional features, and explore opportunities for LED-based multifunctional composite lighting and domestic market expansion.

⑥ Fishing Vessel Lighting Industry:

With the reduction of fishing resources and fishing restrictions, the development and application of efficient LED lighting become more important. Develop high-power and efficient combination lighting to increase product market competitiveness. Incorporate sales and service models into operational costs and develop a dedicated sales model for fishing vessel lighting.

Competition situation: Da-Yi has already moved away from the market of price competition and is focusing on the international market of high standards or advanced technology, ensuring Da-Yi's steady and long-term profitable growth.

5-1-3. Technology and R&D overview :

(1) Research and development expenses incurred for the most recent year and up to the date of publication of the annual report : Unit : NT\$ thousands

Year of occurrence	2022	2021	As of the date 2023.03.31
Cost of research and development	147,122	154,030	37,419

(2) Technology or products that have been successfully developed in the most recent year and up to the date of publication :

- ① Research and development of advanced BIPES motorcycle headlight pilot technology.
- ② Mass production research and development of miniature high-efficiency motorcycle LED headlights.
- ③ Research and development of electronic ASPICE implementation.
- ④ Research and development of advanced driver assistance touch indoor light.
- ⑤ Application research and development of micro-optical pilot technology.
- ⑥ Domestic development and supply of LED lights for the entire series of high-speed railway engineering vehicles, and actual on-line services for vehicles.
- ⑦ Supply of domestically produced indoor LED lights and sensors for the AnKeng Light Rail, and on-line operation services for vehicles.
- ⑧ Development of aviation landing lights and verification through performance testing..

5-1-4. Long-term and short-term business development plans :

Short-term :

- (1) Actively strive for the Koito Group car lights and mold export orders.
- (2) Strengthen lamp simulation technology to enhance product competitiveness.
- (3) Obtain the international certification of the track quality management system and expand the business opportunities in the international market.
- (4) Actively publish new technologies to domestic and foreign automakers to secure new product orders.

Long-term :

- (1) Continue to improve customers' satisfaction and to promote European markets.
- (2) Develop new technologies, new products, find new customers, and to increase turnover.

5-2. The market, production and sales overview

5-2-1. Market analysis

- (1) Sales of major commodities (services) (providing) region : The company mainly focuses on OEM customers, and its sales regions mainly include Taiwan, Japan, China and the United States.
- (2) Market shares: 80% in Taiwan.
- (3) The future supply and demand and the growth of the market :

Due to the global pandemic and chip shortage, the size and sales volume of the Taiwan automobile market in 2022 (approximately 420,000 vehicles) did not significantly increase compared to the previous year, clearly being impacted by the pandemic and chip shortage. As the automotive lighting market is a part of the automotive market, the supply and demand situation and growth of the automotive lighting market may also be subject to certain fluctuations and adjustments under these external factors.

Many countries and regions have begun to introduce relevant policies

requiring automotive lighting manufacturers to produce more environmentally friendly, energy-efficient, and safer products. This will drive the transformation and upgrading of the Taiwan automotive lighting market, develop new products that comply with ESG policies and consumer demand, and improve market competitiveness and sustainability.

From the perspective of the overseas market, according to a report by market research company Grand View Research, the global automotive lighting market is expected to grow from USD 28 billion in 2021 to USD 36 billion in 2028, with a compound annual growth rate of 3.5%. The Asia-Pacific region will become the largest market, with mainland China's market growing the fastest. Europe, North America, and South America will also maintain steady growth.

From the above data and trends, although the future supply and demand situation and growth of the Taiwan automotive lighting market cannot grow significantly, there is still a certain market. However, under the promotion of global ESG policies, automotive lighting manufacturers need to strengthen technology research and development and product innovation to meet domestic and foreign market demand and improve market competitiveness. In addition, the overseas market is also an important way for automotive lighting manufacturers to develop markets and increase market share. After all, sticking to a single market in the trend of globalization will only limit the company's growth. In order to consider the future and shareholders' interests of the company, the company will take a forward-looking approach to exploring new markets and new products while balancing the domestic market and export orders.

(4)Competitive niche :

①Provide more innovative products:

Automotive lighting manufacturers can introduce more innovative products by using new materials, new technologies, new designs, and other innovative elements to attract more consumers and partners.

② Comply with ESG policies:

As global ESG policies become increasingly strict, Dayi Transportation can integrate environmental friendliness, social responsibility, and corporate governance into the product development process, and improve brand image and market competitiveness through relevant certifications and standards.

③ Provide better customer service:

Automotive lighting manufacturers can meet consumer needs and expectations by providing better and more comprehensive customer service, and continuously improving post-sales service, technical support, and customer relationship management to enhance customer satisfaction and loyalty.

④ Develop customized products:

Automotive lighting manufacturers can develop customized products that meet specific customer needs and requirements, providing personalized products and services to increase the company's customer base and market share.

⑤ The government is actively promoting the inclusion of railways, subways, and light rail in medium- and long-term construction plans, creating more niches for the rail industry's development and commercial creation.

⑥ Defense independence:

The government is actively promoting the independent development of the defense industry, investing a large amount of funds and resources in cultivating domestic manufacturers to develop independent aerospace products through military-civilian cooperation.

(5)Advantages and disadvantages of the development of the prospects, and the countermeasures:

①Advantages

①Through the cooperation of design with Koito Group, the design technology and talent development can be strengthened.

- ② Expand the integration of technology with the Koito Group, allocation of resources and cooperation, and expand the mainland, North America and other markets.
- ③ The participation of the each car maker in the development of cars for the Asia and the global, as well as the production and sales strategies of Koito Group, Ta Yih also participated in the development, production and sales of international division of lamps.
- ④ The light molds that are exported to the United States, Japan, Brazil, South Africa and Southeast Asia won the praises of the customers; from now on, Tai Yih is committed to quality improvement, and to expand the export market.
- ② Disadvantages and countermeasures
 Disadvantage : Increase in cost.
 Countermeasure :
 - ① VA/VE ◦
 - ② Globalization and localization of raw materials and spare parts.
 - ③ Expand the scope of the supply chain, and integrate with the collaboration system of Fuzhou Koito Ta Yih, to optimize the adjustment on both sides of the straits and to source for low cost parts to be sold back to Taiwan.
 - ④ Instructions of Koito Group's centralized purchasing system, and to maintain and reduce the purchasing prices of materials.
 - ⑤ Pre-orders of raw materials.
 - ⑥ Rationalize the structure and material of the molds, and reuse of idle stock.
 - ⑦ Improvement of team work through the TPS activities and to increase productivity and production efficiency.
 - ⑧ Continue to reduce defects, reduce energy consumption, reduce the amount of consumables, and reduce production costs.

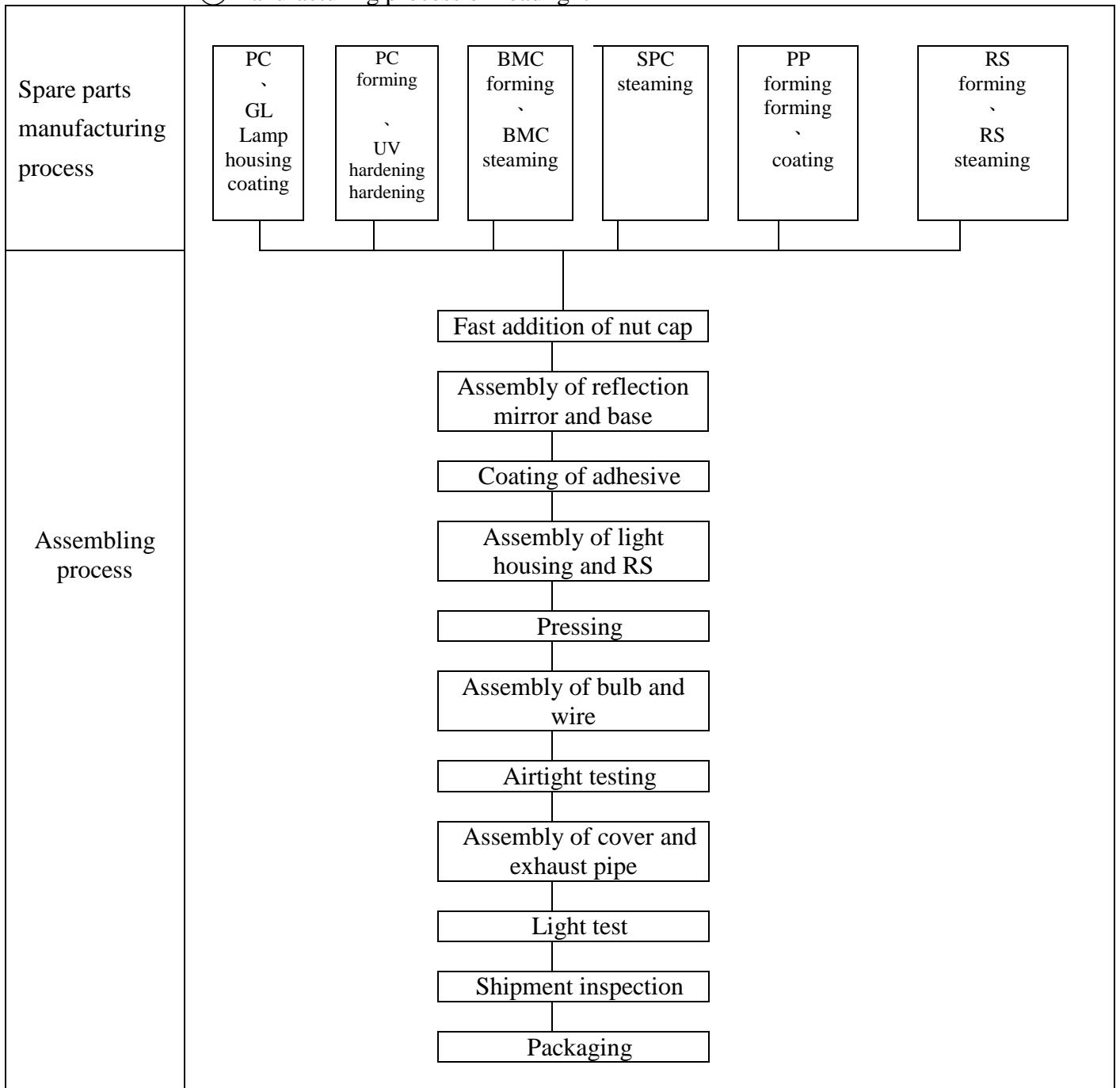
5-2-2.Important application of major products and production processes:

(1)Important application of major products

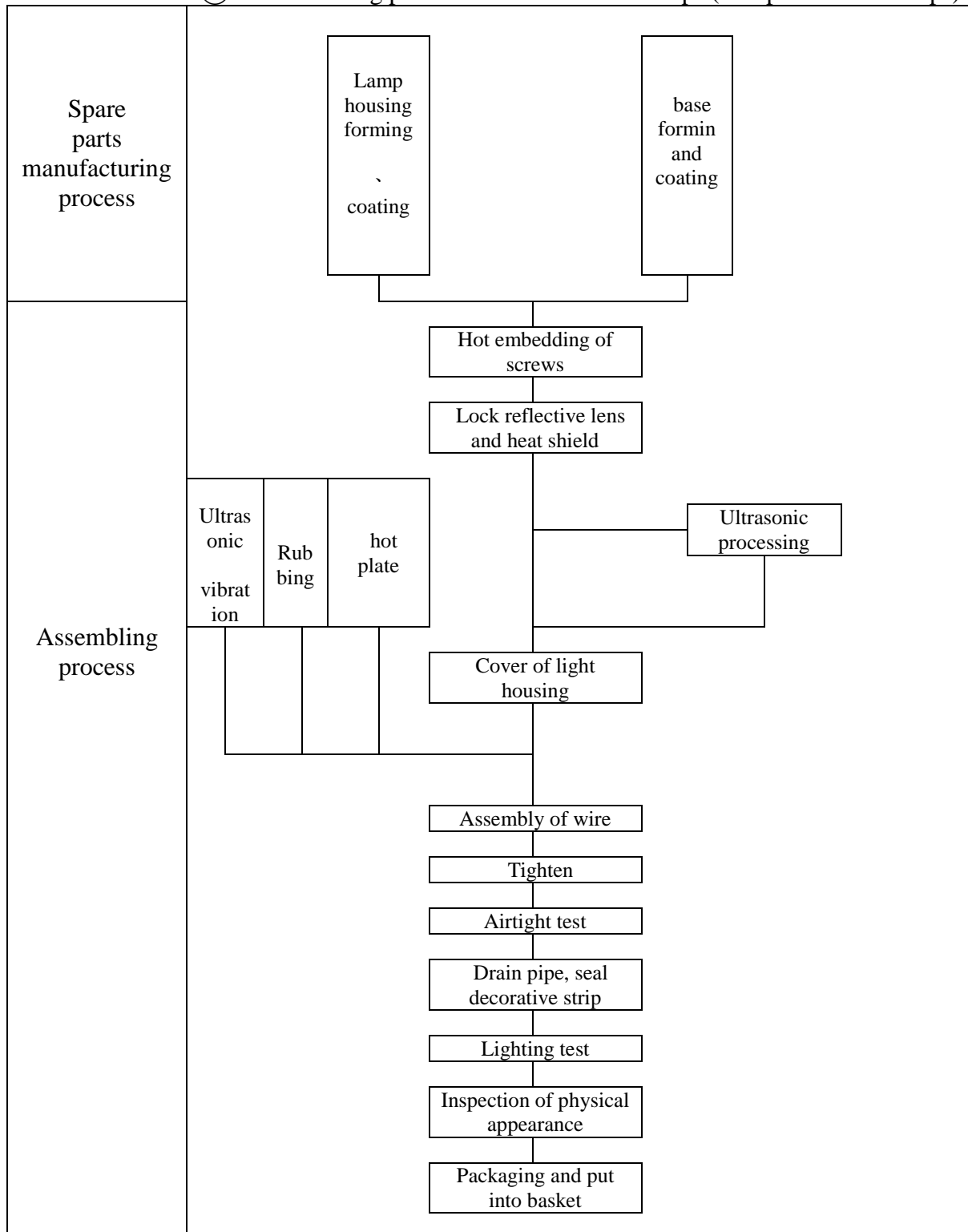
Major products	Important application
(1) Lighting for cars	For the car assembling industry.
(2) Lighting for motorcycles	For motorcycle assembling industry

(2) Production of major products

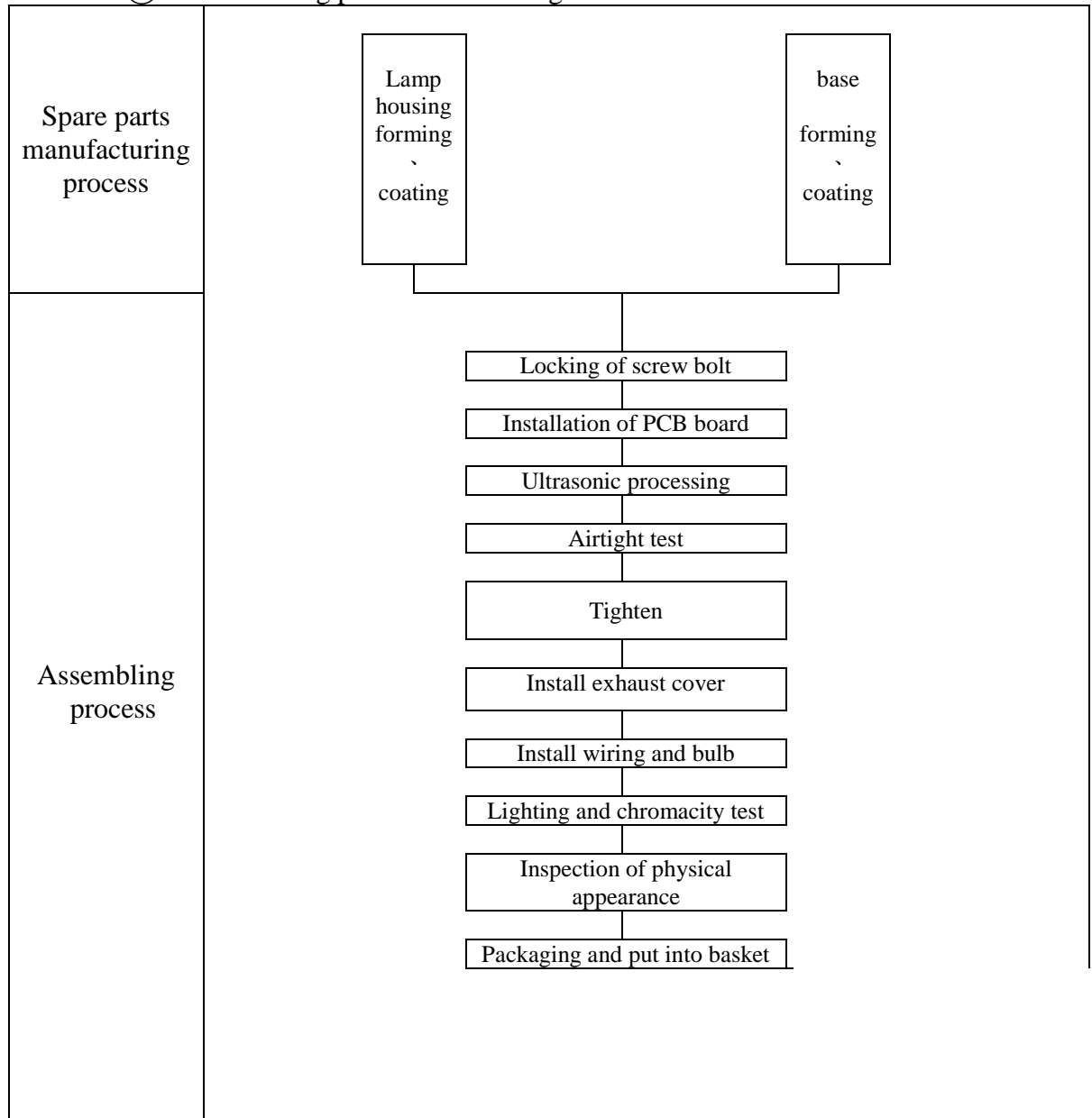
① Manufacturing process of headlight :



② Manufacturing process of identification lamps (except for small lamps) :



③ Manufacturing process of small lights



(3) Supply status of the major raw materials :

Items	Supply area
PMMA	Local (Chi Mei)
ABS	Local (Chi Mei)
PP	Local (Dynachem, Ginar Technology Engineering Plastics)
AAS	Local (Ginar, Chi Mei)
BMC	Local (Wah Hong Industrial Corp.)
PC	Local (Chi Mei, Toyota Tuosho Corporation)
PET+PBT	Local (Gider, Chin Mou)

(4) Setting forth the names of any suppliers (clients) that have supplied (sold) 10 percent or more of the company's procurements (sales) in the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements (sales) as a percentage of total procurements (sales), and explaining the reason for any change in the amount :

① Setting forth the names of any suppliers that have supplied 10 percent or more of the company's procurements in the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements :

Unit : NT\$ thousands

Item	2021				2022				Till the first quarter of 2023 (Note 1)			
	Name	Amount	Net annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net purchase ratio as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company A	830,942	22	None	Company A	691,357	21	None	Not Applicable			
2	Company B	333,612	9	None	Company B	385,572	12	None				
	Others	2,574,715	69	-	Others	2,223,922	67	-				
	Net purchases	3,739,269	100	-	Net purchases	3,300,851	100	-				

Reasons for the increase or decrease of the purchase amount : The Company maintains a stable cooperative relationship with the suppliers, and the proportion of purchases is adjusted according to the quality, price and conditions of the company's demand.

Note 1: The financial information for the first quarter of 2023 has not been reviewed by the accountant as of the printing date, and therefore is not disclosed.

② A list of any clients accounting for 10 percent or more of the company's total sales) amount in the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each :

Unit : NT thousands

Item	2021				2022				Till the first quarter of 2023 (Note 1)			
	Name	Amount	Net annual sales of goods (%)	Relationship with the issuer	Name	Amount	Net annual sales of goods (%)	Relationship with the issuer	Name	Amount	Net sales ratio as of the previous quarter of the current year	Relationship with the issuer
1	Company D	1,700,288	34	None	Company D	1,727,333	36	None	Not Applicable			
2	Company E	1,177,101	23	None	Company E	1,231,602	26	None				
3	Company B	730,847	15	Director and major shareholder	Company B	595,705	13	Director and major shareholder				
	Others	1,383,906	28	-	Others	1,191,765	25	-				
	Net sales	4,992,142	100	-	Net sales	4,746,405	100	-				

Reasons for changes in sales volume : Due to the results of the company's consideration of market trends, product demand, research and development technology, profits and contracts with customers.

Note 1: The financial information for the first quarter of 2023 has not been reviewed by the accountant as of the printing date, and therefore is not disclosed.

(5) Production value in the most recent two years :

Unit : NT\$ thousands each

Year of occurrence	2021			2022		
Major products	Production	Yield	Value	Production	Yield	Value
Car lights	9,500,000	8,236,662	2,658,990	9,500,000	8,731,119	2,562,454
Molds	1,036	209	405,425	1,036	64	188,185
Others	—	—	39,361	—	—	36,292
Total	9,501,036	8,236,871	3,103,776	9,501,036	8,731,183	2,786,931

(6) Sales volume in the last two years :

Unit: each/NT\$ thousands

Year	2021				2022			
Major products	Domestic sales		Exports		Domestic sales		Exports	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Car lights	2,742,294	1,741,945	13,941,705	2,256,900	2,595,435	1,766,657	14,728,027	2,251,394
Molds	61	203,936	284	247,670	105	67,844	242	203,274
Others	—	422,928	—	118,763	—	355,835	—	101,401
Total	2,742,355	2,368,809	13,941,989	2,623,333	2,595,540	2,190,336	14,728,269	2,556,069

5-3. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level) :

Unit : person/year

Year of occurrence		2021	2022	As of the date 2023.03.31
Number of employees	Sales person	19	17	13
	Management staff	321	321	323
	Factory personnel	493	516	505
	Total	833	854	841
Average age		43	43	42
Average service years		14	11	11
The educational background breakdown	PhD.	0	0	0
	Master degree	98	87	86
	College	436	407	392
	Senior high school	239	292	293
	Below senior high school	60	68	70

5-4. Disbursements for environmental protection

5-4-1. Total losses (including damage awards) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report : None.

5-4-2. The measures (including corrective measures) and possible disbursements to be made in the future : Not applicable.

5-5. Labor relations

5-5-1. Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests :

(1) Implementation of employee benefits :

① All employees participate in labor insurance, national health insurance and group insurance :

All employees of the company participate in labor insurance and national health insurance. All employees of the company are free to participate in group insurance. The insurance coverage is personal life insurance (disability payment, death payment, etc.) and accidental injury death payment.

② Regular health inspection for the employees :

To ensure the health of the employees, the company not only provides regular free health inspections, but also provides special health checks to certain operators. In September 2022, the Tainan Municipal Hospital was arranged to carry out health inspections for the Special Operation employees who's over 45 years old at the factory for 343 employees.

③ Free dormitory for employees who stay far away.

- ④ Purchase games and fitness equipment and provide the employees to use at no cost.
 - ⑤ Provide employee meal allowance, set up a restaurant for employees to dine, and have a sales department for colleagues.
 - ⑥ Distribute meal allowance for the year-end annual dinner.
 - ⑦ Provide the colleagues free flu vaccine injection in 2022.
 - ⑧ Set up a breast feeding room for female worker to breast feed after birth.
 - ⑨ To arrange for a doctor to visit the company once a month and to provide medical advice and assistance to colleagues.
 - ⑩ Engage a legal consultant to provide colleagues with legal advice and services at any time.
 - ⑪ For those on business trips, their travel insurance shall be covered by the company.
 - ⑫ Establish a staff welfare committee to handle employee welfare matters :
The Company established the Staff Welfare Committee on July 8, 1980, which is responsible for the welfare of all employees. At present, there are 23 members, except for one of the designated member (executor of business), which is appointed by the company, the rest are elected among the workers. Meeting is held every three months, and an extraordinary meeting will be held when needed, discussing the employee's fringe benefits, and to ensure that the committee is doing a good job.
Weekday activities include :
 - ① Issuing birthday monetary gifts for employees and vouchers for mother's day.
 - ② Issuing monetary gifts for the Dragon Boat Festival, Mid-Autumn Festival and the Spring Festival.
 - ③ Issue monetary gifts for new weds employees, and subsidies for funerals.
 - ④ Issue employee hospitalization condolences for injuries.
 - ⑤ Issue maternity grant.
 - ⑥ In August of the year 111, provide travel subsidy.
 - ⑦ Sponsor the activitie fee for colleagues' social activity, such as baseball and basketball club, etc.
 - ⑧ Sign up special domestic stores and to provide complete and high-quality consumer information to the colleagues.
- (2) Implementation of continuous study and training for employee
- ① Continuously cultivate talents, assist colleagues to grow, and improve the quality of human resources.
 - ② In order to implement the company's education and training concepts and fully utilize its functions, the company's education and training system is divided as :
 - ① In-plant training: The annual company's education and training program is drawn up by the company's human development department. The company's supervisors or colleagues who receive training outside are appointed as lecturers, and the knowledge of the company's colleagues is passed on.
 - ① Training for new comers.
 - ② Strata training: distinguish between managerial level, section class, group level etc.
 - ③ Professional training : distinguish between talent development, safety environment, production, quality, original price, development and other types of courses.
 - ② Off-site and overseas training: In addition to the planned education and training in the factory, the staff of each department may send personnel to participate in training courses sponsored by various off-site training institutions.
 - ③ On job training : Each department of the company develops departmental training programs every year. The heads of the departments or the peers who have been trained will be appointed as lecturers, and are responsible for the passing on the knowledge.

In 2022, a total of 10 in-plant training courses were conducted, with 577 participants.

In 2022, a total of 16 people participated in 5 training courses outside the factory.

In addition, in order to improve the language proficiency and human quality standards of all colleagues, English and Japanese courses are conducted to equip the staff to meet the needs at work and further explore the international market to achieve sustainable management. In 2022, a total of 3 English and Japanese courses were arranged.

(3) Implementation of retirement system :

In order to ensure a stabilize life for the employees after retirement, the company established the retirement scheme for employees according to law, and established the Labor Retirement Reserve Supervision Committee on August 25, 1987, and set a retirement reserve of 2% per month based on the total salary, which is deposited in a special account at the Bank of Taiwan. This is for protecting the rights and interest of the laborers, and by the end of each year, if the balance of the account is insufficient to pay the amount of the pension calculated in accordance with the above-mentioned retirement conditions for the next year, the difference will be set at the end of March of the following year.

Since July 1st, 2005, the Republic of China has adopted a new government retirement system in parallel with the old. Employees who choose the pension system with the Labor Pensions Regulations are required to pay 6% of their monthly salary to the individual pension account of the Labor Insurance Bureau. Those who wish to pay voluntarily, and the voluntary payment rate is deducted from the employee's monthly salary to the individual pension account of the Labor Insurance Bureau.

Base on the applicable provisions of the Labor Pensions, the Regulations of the company are as follows :

① Voluntary retire :

Employees meeting any one of the following conditions may opt for voluntary retire (In accordance with the regulations, the person who chooses the labor pension regulations) :

- ① Those who have worked for more than 15 years and have reached the age of 55.
- ② Those who have worked for more than 25 years.
- ③ Those who have worked for more than 10 years, and have reached the age of 60.

② Forced retirement :

The company may not force its employee to retire if the employee does not meet any of the following circumstances.

- ① Have reached 65 years in age.
- ② Workers who are at a loss of mind or physically disabled to carry the job. The age specified in the first paragraph of the preceding paragraph, for workers capable of handling dangerous or physically fit for special tasks, shall be submitted to the central competent authority for approval and adjustment, but they must not be less than 55 years old.

③ Criteria for pension grant :

- ① The working years before and after the application of Labor Standard Acts, and continuing to apply the Labor Standard Acts pension requirement in accordance with the Labor Pensions Ordinance, the pension given is based on the standards in accordance with Articles 84-2 and 55 of the Labor Standard Acts.
- ② Those who have the working years of the preceding paragraph and who are forced to retire in accordance with Article 35, paragraph 1 (2) of the Labor Standards Law, loss of mind or physically disabled due to carrying out their duties, in accordance with Article 55, Item 1 of the Labor Standards Law, the provisions will be an addition of 20%.

③ For employee who is the subject to the pension provisions of the Labor Pensions Regulations, the company pays a 6% of the monthly salary of the employees' personal pension accounts.

④ Payment of pension :

The company shall pay the employee's pension and pay it within 30 days from the employee's retirement date.

(4) Reduce the incidence of occupational disasters among employees :

In order to establish a zero-disaster, zero accident, healthy and comfortable working environment, the company passed the OHSAS-18001 Occupational Safety and Health Management System Certification in December of 2002 and obtained revision of ISO45001 in August of 2020, and promised that the company's operation and production activities continue to meet the requirements of the government's occupational safety and health regulations. The company will continue to implement disease and injury prevention, and implementation of workplace health management to ensure employees' physical and mental health. The annual safety and health activities for 2022:

① Zero disaster activities

① Continue to review the contents of the equipment engineering STOP6 hazardous point washing out improvement and mechanical equipment operation essentials book, confirm that the content must have safety-related regulations or prompts, so as to implement basic safety education.

② Strengthening of change management to prevent possible risks and hazards due to changes in personnel, mechanical equipment, raw materials, process technology, operation and maintenance, and operating environment.

② Promotion of physical and mental health

Implementation of the plan on "illness due to abnormal work load, human-induced hazards, prevention of workplace malpractices and maternal protection".

③ Prevention of fire and disasters

① Management of fire prevention of high risk fire and explosion areas.

② Maintenance and improvement of fire safety facilities.

③ Management of hot work.

(5) Other important agreements : None

5-5-2. Any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, an estimate of losses likely to be incurred in the future, and indicate mitigation measures to be taken :

The relationship between the company's labor and management is still harmonious, because the leaders at all levels of the company take care of their colleagues, and take the initiative to discover problems and solve problems at any time, and all management rules and regulations concerning employee rights and interests are in accordance with the provisions of the Labor Law, so in the recent year and up to the end of the annual report, there is no labor disputes or labor agreement, and the company will continue to work on reducing labor disputes, maintain labor and capital harmony, and create a double win for both. In the case of active promotion and implementation of various employee welfare measures, there should be no loss due to labor disputes.

5-6. Information security management:

5-6-1. Information security risk management framework, information security policy, specific management plan and resources invested in information security management:

(1) Information security risk management framework:

In order to ensure the security of the Company's own and customer partners' information assets, and to protect the rights and interests of the company and its stakeholders, the company's information management unit was responsible for formulating information security strategies in 2023, integrating, supervising and

coordinating annual information security plans and security audit benchmarks, including coordinating related resources and cross-unit activities, coordinating information security incident management, planning information security education, formulating and executing information security audit operations; regularly reviewing and deciding on information security and information protection policies and policies, and implementing information security management measures effectiveness.

(2) Information Security Policy:

In order to implement information security management, we hope to achieve the following policy goals through the joint efforts of all colleagues:

- ① Ensure the confidentiality and integrity of information assets.
- ② Ensure that information regulates data access in accordance with departmental functions
- ③ Ensure continuous operation of information systems.
- ④ Prevent unauthorized modification or use of data and systems.
- ⑤ Regularly perform information security audits to ensure the implementation of information security.

(3) Specific management plan:

① Internet Information Security Control:

- ① Set up a firewall.
- ② Real-time virus scanning of computer systems and data storage media.

② Data Access Control:

- ① The computer equipment shall be kept by a specific person, and the account number and password shall be set.
- ② Give different access rights according to job functions.
- ③ Employees and factory customers are prohibited from taking photos or videos in the factory with unauthorized mobile phones.
- ④ Remote access to management information systems requires proper approval.

③ Strain recovery mechanism

- ① Regularly rehearse system recovery
- ② Establish internal and external backup mechanism of the system
- ③ Regular review of computer network security controls

(4) The resources invested in information security management:

- ① Purchase professional information security, anti-virus software, firewall software, and ask the manufacturer to maintain it regularly every year.
- ② Import ISO27001 information security management system, hire professional manufacturers to assist in education and training, document creation, simulation evaluation, and it is expected to obtain certification in 2023.

5-6-2. In the most recent year and as of the date of publication of the annual report, losses, possible impacts and countermeasures due to major information security incidents: The company has not experienced major information security incidents in the most recent year and as of the date of publication of the annual report.

5-7. Important contracts :

Supply/sales contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year :

Nature of the contract	Litigant	The commencement date of the contract	Major content	The restrictive clauses
Technical cooperation	Koito Manufacturing Co., Ltd.	2022.04.23~2025.04.22	Scope of technological offers And related rights and obligations	—
Technology transfer	Fuzhou Koito Ta Yih Automotive Lamp	2022.01.01~2025.12.31	Scope of technological offers And related rights and obligations	—

6 • Financial status

6-1.The recent five-year simplified balance sheet and consolidated income statement

6-1-1.Information of the condensed balance sheet and consolidated income statement —

Adopts the international financial reporting standards — consolidated

(1)Condensed balance sheet of the most recent five years

Unit : NT\$ thousands

Year of occurrence		Financial information of the most recent five years (Note 1)					As of the year 2023.03.31 Financial information(Note 2)
Items		2018	2019	2020	2021	2022	
Current assets		2,003,960	2,190,901	2,213,313	2,038,360	2,087,020	Not Applicable
Investment accounted for using the equity method		406,241	393,213	332,286	271,541	174,108	
Property, plants and equipment		966,815	976,469	1,026,160	1,003,804	1,005,293	
Intangible assets		—	—	18,924	13,716	8,521	
Other non-current assets		75,025	76,473	79,093	67,042	36,894	
Total net assets		3,452,041	3,637,056	3,669,776	3,394,463	3,311,021	
Current liabilities	Before distribution	1,345,910	1,497,087	1,723,562	1,482,328	1,358,388	
	After distribution	1,635,584	1,802,007	1,822,661	1,528,066	—	
Non-current liabilities		257,526	238,352	185,885	177,630	257,526	
Total liabilities	Before distribution	1,603,436	1,735,439	1,909,447	1,659,958	1,517,513	
	After distribution	1,893,110	2,040,359	2,008,546	1,705,696	—	
Equity Attributed to Shareholders of the Parent Company		1,848,605	1,901,617	1,760,329	1,734,505	1,793,508	
Share capital		762,300	762,300	762,300	762,300	762,300	
Capital reserve		60,605	60,736	60,832	60,924	61,023	
Reserved earnings	Before distribution	1,054,592	1,119,941	974,660	950,192	1,005,083	
	After distribution	764,918	815,021	875,561	904,454	—	
Other equity		-28,892	-41,360	-37,463	-38,911	-28,892	
Treasury stock		—	—	—	—	—	
Non controlling interest		—	—	—	—	—	
Total equity	Before distribution	1,848,605	1,901,617	1,760,329	1,734,505	1,793,508	
	After distribution	1,558,931	1,596,697	1,661,230	1,688,767	—	

Note 1: The financial information for each year has been audited and certified by an accountant.

Note 2: The financial information for the first quarter of year 2023 has not been disclosed as it has not yet been reviewed and verified by an accountant as of the printing date.

(2)The condensed comprehensive income statement of the most recent five years

Unit : NT\$ thousands

Year of occurrence		Financial information of the most recent five years (note 1)					As of the year March 31, 2023 Financial (Note 2)
Items		2018	2019	2020	2021	2022	
Operating revenue		5,703,811	5,390,196	4,797,165	4,992,142	4,746,405	Not Applicable
Operating gross profit		830,987	967,870	673,534	641,786	595,671	
Operating net income		277,019	411,978	186,734	127,211	55,550	
Non-operating income and expenses		93,783	36,373	-8,105	-39,670	29,205	
Net profit before tax		370,802	448,351	178,629	87,541	84,755	
Continuing operations net profit for the period		319,207	360,457	159,750	82,524	88,824	
Loss for Discontinued operations		0	0	0	0	0	
Net profit after tax		319,207	360,457	159,750	82,524	88,824	
Other comprehensive profit and loss (net after tax)		-9,364	-17,902	3,786	-9,341	15,818	
Current comprehensive profit and loss		309,843	342,555	163,536	73,183	104,642	
Net income attribute to the shareholder of the parent company		319,207	360,457	159,750	82,524	88,824	
Net profit attributable to non-controlling interests		—	—	—	—	—	
Comprehensive profit and loss attributed to the shareholders of the parent company		309,843	342,555	163,536	73,183	104,642	

Comprehensive profit and loss attributed to non- controlling interest	—	—	—	—	—	
Earning per share (NT\$)	4.19	4.73	2.10	1.08	1.17	

Note 1: The financial information for each year has been audited and certified by an accountant.

Note 2: The financial information for the first quarter of year 2023 has not been disclosed as it has not yet been reviewed and verified by an accountant as of the printing date.

6-1-2.Information of condensed balance sheet and consolidated income statement - Adopt the International Financial Reporting Standards - individual

(1)Condensed balance sheet of the most recent five years Unit : NT\$ thousands

Year of occurrence		Financial information of the most recent five years (note)				
Items		2018	2019	2020	2021	2022
Current assets		2,002,940	2,189,941	2,212,453	2,037,576	2,086,205
Investment accounted for using the equity method		407,261	394,173	333,146	272,325	174,923
Property, plants and equipment		966,815	976,469	1,026,160	1,003,804	1,005,293
Intangible assets		—	—	18,924	13,716	8,521
Other non-current assets		75,025	76,473	79,093	67,042	36,079
Total net assets		3,452,041	3,637,056	3,669,776	3,394,463	3,311,021
Current liabilities	Before distribution	1,345,910	1,497,087	1,723,562	1,482,328	1,358,388
	After distribution	1,635,584	1,802,007	1,822,661	1,528,066	—
Non-current liabilities		257,526	238,352	185,885	177,630	159,125
Total liabilities	Before	1,603,436	1,735,439	1,909,447	1,659,958	1,517,513
	After distribution	1,893,110	2,040,359	2,008,546	1,705,696	—
Equity Attributed to Shareholders of the Parent Company		1,848,605	1,901,617	1,760,329	1,734,505	1,793,508
Capital stocks		762,300	762,300	762,300	762,300	762,300
Capital reserve		60,605	60,736	60,832	60,924	61,023
Reserved earnings	Before distribution	1,054,592	1,119,941	974,660	1,054,592	950,192
	After distribution	764,918	815,021	875,561	—	—
Other equity		-28,892	-41,360	-37,463	-38,911	-34,898
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	1,848,605	1,901,617	1,760,329	1,734,505	1,793,508
	After distribution	1,558,931	1,596,697	1,661,230	1,688,767	—

Note : The financial information of the above years is certified by by certified public accountant.

(2)The condensed comprehensive income statement of the most recent five years

Unit : NT\$ thousands

Year of occurrence		Financial information of the most recent five years (note)				
Items		2018	2019	2020	2021	2022
Operating revenue		5,703,811	5,390,196	4,797,165	4,992,142	4,746,405
Operating gross profit		830,987	967,870	673,534	641,786	595,671
Net income		277,060	412,020	186,789	127,264	55,606
Non-operating income and expenses		93,742	36,331	-8,160	-39,723	29,149
Net profit before tax		370,802	448,351	178,629	87,541	84,755
Continuing operations net profit for the period		319,207	360,457	159,750	82,524	88,824
Loss for Discontinued operations		0	0	0	0	0
Net profit after tax		319,207	360,457	159,750	82,524	88,824
Other comprehensive profit and loss (net after tax)		-9,364	-17,902	3,786	-9,341	15,818
Current total comprehensive income		309,843	342,555	163,536	73,183	104,642
Earnings per share (NT \$)		4.19	4.73	2.10	1.08	1.17

Note : The financial information of the above years is certified by an accountant.

6-1-3.The name of the certified public accountant in the past five years and the verification opinions

Year of	2018	2019	2020	2021	2022
Accountant Name	Liao Hung-Ju	Li Chi-Chen	Li Chi-Chen	Li Chi-Chen	Li Chi-Chen
	Li Chi-Chen	Yang Chao-Chin	Yang Chao-Chin	Yang Chao-Chin	Yang Chao-Chin
Checked opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

6-2.Financial analysis for the past five years

6-2-1.Financial analysis – adopts international financial reporting standard – Consolidated :

Year (Note 1)		Financial analysis of the most recent five years					As of the date 2023.03.31(Note2)	
Item analysed (Note 3)		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to asset ratio:	46.45	47.72	52.03	48.90	45.83	Not Applicable	
	Long term fund to property, plant and Equipment Ratio	217.84	219.15	189.66	190.49	194.24		
Debt service ability	Current ratio	148.89	146.34	128.42	137.51	153.64		
	Quick ratio	73.88	67.89	67.55	60.92	75.56		
	Interest coverage folds	443.48	278.27	65.35	26.37	16.82		
Operational ability	Account receivables’ turnover rate (times)	6.16	6.51	5.11	5.54	5.82		
	Average sales days	59	56	71	66	62.71		
	Inventory turnover rate(times)	5.87	5.49	4.65	4.29	4.07		
	Account payables turnover rate(times)	5.76	5.73	4.83	5.57	6.13		
	Average sales days	62	66	78	85	89.68		
	Property, plants and equipment turnover rate (times)	5.77	5.55	4.79	4.92	4.72		
	Turnover rate of total	1.58	1.52	1.31	1.41	1.42		
Profitability	Return on assets(%)	8.84	10.21	4.43	2.41	2.78		
	Return of equity (%)	16.87	19.22	8.72	4.72	5.04		
	Proportion of pre-tax profit to paid up capital(%)	48.64	58.82	23.43	11.48	11.12		
	Net income margin(%)	5.60	6.69	3.33	1.65	1.87		
	Earnings per share (NT\$)	4.19	4.73	2.10	1.08	1.17		
Cash flow	Cash flow ratio	33.67	26.00	11.16	5.65	32.63		
	Fund flow adequacy ratio	79.47	83.58	71.34	63.98	74.31		
	Cash reinvestment ratio(%)	1.51	2.89	-3.37	-0.45	11.01		
Leverage	Operational leverage	2.41	1.92	2.95	3.86	7.83		
	Financial leverage	1.00	1.00	1.02	1.03	1.11		
Reasons for the changes in various financial ratios in the last two years: (If the increase or decrease over 20%, the analysis is needed)								
1.Reasons for the change in Quick ratio : Mainly due to the decrease in short-term loan.								
2.Reasons for the change in Interest coverage folds : Mainly due to the increase in the profit.								
3.Reasons for changes in cash flow ratio : Mainly due to the increase in net cash inflows from business operations during the period.								
4. Reasons for changes in cash reinvestment ratio : Mainly due to the decrease in working capital.								
5. Reasons for the Operational leverage : Mainly due to Mainly due to the decrease in operating profit this year compared to the previous period.								

Note 1: The financial information for each year has been audited and certified by an accountant.

Note 2: The financial information for the first quarter of year 2023 has not been disclosed as it has not yet been reviewed and verified by an accountant as of the printing date.

Note 3 : The calculation formula is as follows :

1.Financial structure

(1) Ratio of liabilities to assets. = total liabilities / total assets.

(2)Ratio of long-term capital to property, plant and equipment=(total equity +

- non-current liabilities) / net property, plant and equipment.
2. Debt service ability :
- (1) Current ratio = Current asset/current liabilities
 - (2) Quick ratio = (Current assets-stock-prepaid expenses)/current liabilities.
 - (3) Interest coverage folds = Earnings before income tax and interest expenses /current interest expenses
3. Operational ability :
- (1) Accounts receivables (including accounts receivable and notes receivable due to business) turnover rate = Net sales/average receivables for each period (including accounts receivable and notes receivable due to business)
 - (2) Average days for cash receipts = 365/account receivables turnover rate
 - (3) Inventory turnover rate = Cost of goods sold / average inventory
 - (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables for each period (including accounts payable and notes payable due to business).
 - (5) Average days for sales of goods = 365/stock turnover rate
 - (6) Turnover rate for property, plant and equipment = Net sales / average net of real estate, plant and equipment
 - (7) Total assets' turnover rate = Net sales/average of total assets
4. Profitability
- (1) Assets return ratio = [After-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
 - (2) Equity return ratio = Net income/Average equity
 - (3) Net Margin = Net Income / Net Sales
 - (4) Earnings per share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash flow
- (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, and Cash Dividend
 - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)
6. Leverage
- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (note 6)
 - (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3 : The formula for calculating the earnings per share, the following should be paid when measuring :

1. It is based on the weighted average number of ordinary shares, not based on the number of shares issued at the end of the year.
2. Where there is a cash increase or treasury stock trader, the weighted average number of shares shall be calculated taking into account the circulation period.
3. The surplus or capital increase being transferred to capital increase will be retrospectively adjusted according to the proportion of capital increase when calculating the earnings per share of the previous year and the semi-annual period, and there is no need to consider the issue period of the capital increase.
4. If the preferred shares are non-convertible accumulated preferred shares, their annual dividends (whether issued or not) shall be the after-tax net profit reducing, or increasing after-tax net loss. If the preferred stock is non-cumulative, in the case of net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, it shall not be adjusted.

Note 4 : When analyzing the cash flow analysis, special attention should be paid to the following items when measuring :

1. Net cash amount of operating activities refers to the net cash inflow of business activities in the cash flow statement.
2. Capital expenditure refers to the number of cash outflows of capital investment per

year.

3.The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory is reduced at the end of the year, it is calculated as zero.

4.Cash dividends include cash dividends for ordinary shares and preferred shares.

5.Gross property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 5 : The issuer shall classify various operating costs and operating expenses into fixed and variable terms according to their nature. If it involves any estimation or subjective judgment, they shall pay attention to their rationality and maintain the consistency.

Note 6 : If the company's stock has no par value or a par value other than NT\$10, the calculation of the aforesaid capital ratio will be based on the equity ratio of the balance sheet to the parent company.

6-2-2.Financial Analysis - Adopting International Financial Reporting Standards – Individuals :

Item analysed (note 2)		Financial analysis of the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio:	46.45	47.72	52.03	48.90	45.83
	Long term fund to property, plant and Equipment Ratio	217.84	219.15	189.66	190.49	194.24
Debt service ability	Current ratio	148.82	146.28	128.37	137.46	153.58
	Quick ratio	73.80	67.83	67.50	60.87	75.50
	Interest coverage folds	443.48	278.27	65.35	26.37	16.82
Operational ability	Account receivables' turnover rate (times)	6.16	6.51	5.11	5.54	5.82
	Average sales days	59	56	71	66	62.71
	Inventory turnover rate(times)	5.87	5.49	4.65	4.29	4.07
	Account payables turnover rate(times)	5.76	5.73	4.83	5.57	6.13
	Average sales days	62	66	78	85	89.68
	Property, plants and equipment turnover rate (times)	5.77	5.55	4.79	4.92	4.72
	Turnover rate of total assets(times)	1.58	1.52	1.31	1.41	1.42
Profittability	Return on assets(%)	8.84	10.21	4.43	2.41	2.78
	Return of equity (%)	16.87	19.22	8.72	4.72	5.04
	Proportion of pre-tax profit to paid up capital (%)	48.64	58.82	23.43	11.48	11.12
	Net income margin (%)	5.60	6.69	3.33	1.65	1.87
	Earnings per share (NT\$)	4.19	4.73	2.10	1.08	1.17
Cash flow	Cash flow ratio	33.67	26.00	11.17	5.66	32.63
	Fund flow adequacy ratio	82.36	82.18	69.96	63.99	74.33
	Cash reinvestment ratio (%)	1.51	2.89	-3.37	-0.45	11.01
Leverage	Operational leverage	2.41	1.92	2.95	3.86	7.82
	Financial leverage	1.00	1.00	1.02	1.03	1.11
Reasons for the changes in various financial ratios in the last two years: (If the increase or decrease over 20%, the analysis is needed)						
1.Reasons for the change in Quick ratio : Mainly due to the decrease in short-term loan.						
2.Reasons for the change in Interest coverage folds : Mainly due to the increase in the profit.						
3.Reasons for changes in cash flow ratio : Mainly due to the increase in net cash inflows from business operations during the period.						
4. Reasons for changes in cash reinvestment ratio : Mainly due to the decrease in working capital.						
5. Reasons for the Operational leverage : Mainly due to Mainly due to the decrease in operating profit this year compared to the previous period.						

Note 1 : The financial information of the above years has been certified by the certified public accountant.

Note 2 : The calculation formula is as follows :

1.Financial structure

(1) Ratio of liabilities to assets. = total liabilities / total assets.

(2)Ratio of long-term capital to property, plant and equipment=(total equity +

- non-current liabilities) / net property, plant and equipment.
2. Debt service ability :
- (1) Current ratio = Current asset/current liabilities
 - (2) Quick ratio = (Current assets-stock-prepaid expenses)/current liabilities.
 - (3) Interest coverage folds = Earnings before income tax and interest expenses /current interest expenses
3. Operational ability :
- (1) Accounts receivables (including accounts receivable and notes receivable due to business) turnover rate = Net sales/average receivables for each period (including accounts receivable and notes receivable due to business)
 - (2) Average days for cash receipts = 365/account receivables turnover rate
 - (3) Inventory turnover rate = Cost of goods sold / average inventory
 - (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables for each period (including accounts payable and notes payable due to business).
 - (5) Average days for sales of goods = 365/stock turnover rate
 - (6) Turnover rate for property, plant and equipment = Net sales / average net of real estate, plant and equipment
 - (7) Total assets' turnover rate = Net sales/average of total assets
4. Profitability
- (1) Assets return ratio = [After-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
 - (2) Equity return ratio = Net income/Average equity
 - (3) Net Margin = Net Income / Net Sales
 - (4) Earnings per share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash flow
- (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, and Cash Dividend
 - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)
6. Leverage
- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (note 6)
 - (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3 : The formula for calculating the earnings per share, the following should be paid when measuring :

1. It is based on the weighted average number of ordinary shares, not based on the number of shares issued at the end of the year.
2. Where there is a cash increase or treasury stock trader, the weighted average number of shares shall be calculated taking into account the circulation period.
3. The surplus or capital increase being transferred to capital increase will be retrospectively adjusted according to the proportion of capital increase when calculating the earnings per share of the previous year and the semi-annual period, and there is no need to consider the issue period of the capital increase.
4. If the preferred shares are non-convertible accumulated preferred shares, their annual dividends (whether issued or not) shall be the after-tax net profit reducing, or increasing after-tax net loss. If the preferred stock is non-cumulative, in the case of net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, it shall not be adjusted.

Note 4 : When analyzing the cash flow analysis, special attention should be paid to the following items when measuring :

1. Net cash amount of operating activities refers to the net cash inflow of business activities in the cash flow statement.
2. Capital expenditure refers to the number of cash outflows of capital investment per

year.

3.The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory is reduced at the end of the year, it is calculated as zero.

4.Cash dividends include cash dividends for ordinary shares and preferred shares.

5.Gross property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 5 : The issuer shall classify various operating costs and operating expenses into fixed and variable terms according to their nature. If it involves any estimation or subjective judgment, they shall pay attention to their rationality and maintain the consistency.

Note 6 : If the company's stock has no par value or a par value other than NT\$10, the calculation of the aforesaid capital ratio will be based on the equity ratio of the balance sheet to the parent company.

6-3. Report by auditing committee for the most recent year's financial statement

TA YIH INDUSTRIAL CO., LTD.
Audit Committee's review report

The financial statements of 2022 (including the consolidated financial statements) prepared by the board of directors have been certified by Li Chi-Chen and Yang Chao-Chin, CPAs of Deloitte Taiwan. We have audited these statements as well as the business report and the statement of earning distribution, and believe that they are prepared in accordance with applicable laws. Therefore, we hereby submit these documents for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

This is submitted to
Annual Shareholders' Meeting of Ta Yih Industrial Co., Ltd. in 2023

Ta Yih Industrial Co., Ltd.

Convenor of Audit Committee : Wu Wan-I

March 8th, 2023

6-4. Financial statements of the most recent fiscal year : Refer to P.114 Appendix 1.

6-5. Certified Individual Financial Statements : Refer to P.115 Appendix 2.

6-6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

7 · Analysis of its financial position and financial performance, and risks :

7-1.Review and analysis of financial status

Unit : NT thousands ; %

Items	Year of occurrence	2022	2021	Differences		Change analysis
				Amount	%	
Current assets		2,087,020	2,038,360	48,660	2%	
Investments accounted for using the equity method		174,108	271,541	(97,433)	(36%)	1
Property, plants, and equipment		1,005,293	1,003,804	1,489	0%	
Intangible assets		8,521	13,716	(5,195)	(38%)	
Other non-current assets		36,079	67,042	(30,963)	(46%)	2
Total net assets		3,311,021	3,394,463	(83,442)	(2%)	
Current liabilities		1,358,388	1,482,328	(123,940)	(8%)	
Non-current liabilities		159,125	177,630	(18,505)	(10%)	
Total liabilities		1,517,513	1,659,958	(142,445)	(9%)	
Capital stocks		762,300	762,300	0	0%	
Capital surplus		61,023	60,924	99	0%	
Retained Earnings		1,005,083	950,192	54,891	6%	
Other equity		(34,898)	(38,911)	4,013	10%	
Total equity		1,793,508	1,734,505	59,003	3%	

Note: If there is a change of more than 20%, and the amount of the change reaches NT\$10 million, an explanation shall be given.

Change analysis: 1. Mainly due to the recognition of investment company profits and losses.

2. Mainly due to the decrease of deferred income tax assets.

The main reasons and impacts of major changes in assets, liabilities, and shareholders' equity in the last two years. If the impact is significant, the future response plan should be explained:

1. Main reasons for major changes: None.

2. Significant impact: None.

3. Future coping plan: Not applicable.

7-2.Review and analysis of financial performance

Unit : NT\$ thousands

Item	Year of occurrence	2022	2021	Amount increased(decreased)	Change ratio (%)	Change Analysis
Operating revenue		4,746,405	4,992,142	(245,737)	(5%)	
Operating gross profit		595,382	641,786	(46,404)	(7%)	
Operating expenses		540,121	514,575	25,546	5%	
Net income		55,550	127,211	(71,661)	(56%)	1
Non-operating income and expenses		29,205	(39,670)	68,875	174%	2
Net profit before tax		84,755	87,541	(2,786)	(3%)	
Income tax expense		(4,069)	5,017	(9,086)	(181%)	3
Net income for this reporting period		88,824	82,524	6,300	8%	
Other comprehensive income		15,818	(9,341)	25,159	269%	4
Total comprehensive income		104,642	73,183	31,459	43%	4

Note: If the change is over than 20% and the amount of change is over than NT\$10 million, the explanation will be given.

The annual report shall list the main reasons for any material change (increase or decrease of the change rate of more than 20%) in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast for the next year and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response :

1. Main reasons for major changes :

- (1) Because of recognizing the profit and loss of related enterprises.
- (2) The increase in non-operating income and expenses : It is mainly due to changes in exchange rates.
- (3) The decrease in income tax expenses : It's mainly due to income tax benefits.
- (4) Increase in other comprehensive gains and losses and the total amount : It's mainly due to the increase in the exchange difference in the translation of financial statements of foreign operating institutions and the remeasurement of defined benefit plans compared with the previous period.

2. Expected sales volume in the next year and its basis :

Base on the orders negotiated with the car manufacturers for the next year and the assessment of the future environment, the company expects the sales volume to increase in 2023 compared to 2022.

3. Possible impact on future financial business : No significant impact.

4. Measures for future response : Not applicable.

7-3. Analysis of cash flow

7-3-1. Analysis of changes in recent annual cash flow, improvement plan for insufficient liquidity :

Item	Year of occurrence	2022	2021	Increase (Decrease) ratio
Cash flow ratio		32.63%	5.65%	26.98%
Fund Flow Adequacy Ratio		74.31%	63.98%	6.69%
Cash reinvestment ratio		11.01%	(0.45%)	11.46%

1. Analysis of changes in recent annual cash flow :

- (1) Increase in cash flow ratio :
Mainly due to the increase in net cash inflow from business operation.
- (2) Increase in fund flow adequacy ratio :
Mainly due to the increase in the cash flow in the recent five fiscal years.
- (3) Increase in cash reinvestment ratio :
Mainly the working capital for this period increased compared to the previous period.

2. Corrective measures to be taken in response to illiquidity : Not applicable.

7-3-2. Analysis of cash flow for the coming year

Unit : NT\$ thousands

Initial stage Balance	Throughout the year Net cash flow	Annual cash Outflow	Balance (insufficient) amount (1)+(2)-(3)	Cash deficiency remedy	
				Investment plans	Financial plan
(1)	(2)	(3)			
154,833	4,634,576	4,709,749	79,660	—	—

Analysis of cash flow for the coming year 2023 :

(1) Operating activities :

The sales revenue for 2023 is estimated to be stable, so business activities can generate net cash inflows.

(2) Investment activities : mainly paying for the purchase of fixed assets.

(3) Financing activities : mainly estimated cash dividends of NT\$53,361 thousands.

7-4. The effect upon financial operations of any major capital expenditures during the most recent fiscal year.

7-4-1. Review and analysis of major capital expenditures and the funds sources : No significant capital expenditure in the recent years.

7-4-2. Expected income : Not applicable.

7-5. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability,

investment plans for the coming year :

7-5-1.Reinvestment policy :

The current investment scope of the Company is mainly manufacturing of lamps for automobiles and motorcycle industry.

7-5-2.Main cause for gains or losses :

The company's annual recognition losses of the affiliated companies adopting the equity method in the year 2022 was about NT\$102,654 thousands, which came from the recognition of the losses of Fuzhou Koito Dayi Auto Lamp Co., Ltd. influences. The main reason for the losses in 2022 was due to the decline in capacity utilization.

7-5-3.Improvement plan for losses :

Continuous implementation of various cut cost activities.

7-5-4.Investment plan for the coming year : None.

7-6.Risk analysis and evaluation

7-6-1.The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future for the most recent fiscal year and as they stood on the date of publication of the annual report :

(1)The impact of changes in interest rates on the company's profit and loss and the measures of future responses :

Item	Financial report for 2022
Interest expense	NT\$5,356 thousands
Net income ratio	0.11%

①Effect on profit and loss

The interest expenses in 2022 was NT\$5,356 thousands, which accounts for 0.11% of the revenue, and it has no significant impact on the company. The market interest rate for the first quarter of this year was comparable to last year, and the change is small.

②Measures for future response

The interest rate has little effect on the company's profit and loss, but the company usually maintains a good relationship with the bank, keeps abreast of interest rate changes, and adjusts the bank loan amount according to the capital cost of each bank.

(2)The effect upon the company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future :

Item	Financial report for 2022
Net gain/loss on foreign currency exchange	NT\$103,517 thousands
Net income ratio	2.18%

The exchange rate fluctuations of the New Taiwan Dollar against the US dollar, Renminbi and the Japanese Yen have little impact on the Company's profit and loss. The Company has always paid attention to the exchange rate fluctuations in the international market and has continued to implement the following response measures :

①The foreign currency received from sales of foreign products is used to pay up for the purchase of materials to generate foreign currency payables, using the nature of natural hedging to avoid most of the exchange risk Therefore, only financial instruments are needed to apply for the foreign currency net assets (liabilities) to avoid exchange rate fluctuation risks.

②Keeps a close contact with the foreign exchange departments of financial institutions, collect relevant information on exchange rate changes at any time, fully grasp the international exchange rate trends and changes in information, and actively respond to the negative impact of exchange rate fluctuations.

③In accordance with the Order of the Securities and Futures Commission, Ministry of Finance on December 10, 2002 (2002), the Banking Certificate (1),

No. 0910000610 "Regulations governing the Acquisition or Disposal of Assets by Public Companies" standardizes the procedures for trading financial derivatives and strengthens the risk control management system.

(3)The impact of changes in inflation on the company's profit and loss and the measures of future responses :

①Effect on profit and loss

Inflation has no impact on the company's profit and loss. It is the company's consistent policy to maintain close and good cooperation with suppliers. Even if there is any inflation, the company can still obtain the most affordable price and the most adequate supply of raw material.

②Future response measures

The inflation has not much impact on the finished products and raw materials of the company, but it will still pay close attention to the inflation situation, if necessary, appropriate action will be apply to the price of the finished products or pre-purchase raw materials, in order to reduce the impact of inflation on the company.

7-6-2.The most recent fiscal year and as they stood on the date of publication of the annual report of the company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future :

Risk factor	Policy	Gains or losses Main cause	Future measures
High risk, high leverage investment	The company focuses on its own operations and does not engage in high-risk, highly leveraged investments.	The Company has not engaged in high-risk, high-leverage investment in the recent years, so it does not apply.	Not applicable
Loans to others	They are all handled in accordance with the “Measures for the Management of Funds and Others”, and the relevant information is announced in accordance with regulations.	There is no fund loan to others in 2020, so it is not applicable.	Not applicable
Endorsement/guarantee	They are handled in accordance with the Company's “Management of Endorsements and Guarantees” and the relevant information is announced in accordance with regulations.	There is no endorsement or guarantees made for the recent years, so it is not applicable.	Not applicable
Derivatives trading	The derivative trading executed by the Company in the most recent year are not for trading purposes, and only hedge foreign currency operations are taken to reduce exchange rate fluctuations.	There is no derivative trading in 2020, so it is not applicable.	Not applicable

7-6-3.Future Research & Development plans and estimated investment in Research & Development :

Unit : NT\$ thousands

Item	Topic	Research and development expenses (thousands)	Expected to be completed Production time	Future research and development is successful Main influencing factors
1	Research and development of advanced driver-assistance touch-controlled interior lighting.	300	2023	Market functional demand trends.
2	Research and development of a matrix-based multi-light source intelligent interactive lighting system.	1,450	2023	Market functional demand trends.
3	Research and development of a slim lens and composite steering lighting function for motorcycle headlights.	800	2023	customer requirements/collaborative research and development
4	Research and development of a translucent metal-coated luminous logo lamp.	450	2023	Market functional demand trends.
5	Research and development of the implementation of electronic ASPICE Level 1.	924	2023	International standard regulations / overseas market expansion
6	Research and development expansion of variable intensity and low-energy consumption Par 56/46 LED headlights for metro/rail vehicles.	1,000	2022~2023	Technological readiness, energy-saving and carbon reduction trends, expanding replacement market.
7	Development of cabin lighting fixtures that automatically adjust color temperature and illuminance according to environmental changes.	1,000	2023~2024	Technological readiness, independent domestic production of lighting fixtures, market expansion.
8	Development of specialized 600-watt fishing lamps and green light fishing lamps.	1,000	2023	Technologically in place, domestically produced lighting fixtures, market expansion
9	Investment in aerospace lighting design and development at different levels and research into special process development.	55,000	2023~2024	Military-civilian autonomy in domestic production & breakthrough in technological expertise

7-6-4.The impact of important changes in domestic and overseas policies and laws on the company's financial business and the corresponding measures :

There is no significant change in the domestic and overseas policies and laws.

Response measures : The Company will continue to pay attention to relevant policy and legal changes and response immediately to the impact of changes.

7-6-5.Effect on the company's financial operations of developments and measures to be taken in response in science and technology as well as industrial change :

There is no obvious manufacturing or related technology change in the industry or market of the Company, so there is no impact on the financial business. Response measures:

The Company will monitor the technological and industrial changes in technology, and will respond appropriately if there is any impact.

In recent years, cyber attacks and ransomware information security incidents have been frequent, so the Company has focused on information security risk control and protection, imported ISO27001 information security management system, deployed a multi-level defense-in-depth information security management and control protection network, and implemented strict management and control. Measures; As of the publication date of the annual report, there has been no technological change (including information security risks) and industrial changes that would affect the financial business.

7-6-6.Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response :

The company's corporate image is good, with continuous profit in 2022 and the first quarter of 2023 and there is no bad image of the corporation.

Response measures :

The spokesperson of the company wholeheartedly welcomes calls from shareholders or the media.

7-6-7.Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken :

There is no acquisition or merging in the Company.

7-6-8.Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken :

The Company has no expansion of plant.

7-6-9.Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken : None.

7-6-10.Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken : None.

7-6-11.Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken :
There is no change in the governance of the top management or personnel.

7-6-12.Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappeasable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report : None.

7-6-13.Other important risk management measures : None.

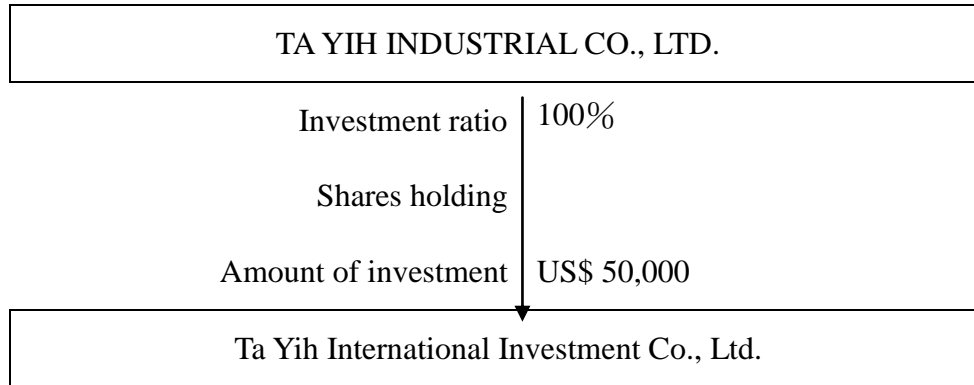
7-7.Other important matters : None.

8 • Special items

8-1.Information related to the company's affiliates

The consolidated business report of the Affiliated Enterprise

8-1-1.The organizational chart of the affiliated enterprise



8-1-2.Basic information of each affiliates :

Unit : \$

Name of Enterprise	A. Date of Establishment	Address	Paid-in capital	Primary business items or Production
Ta Yih International Investment Co., Ltd.	1995.11.17	Omar Hodge Building, Wickhams Cay I.P.O. Box 362, Road Town, Tortola, British Virgin Islands	USD 50,000 (1 : 30.71)	Production business investment

8-1-3.Information of shareholders of companies presumed to have a relationship of control and subordination : None.

8-1-4.The industries covered by the business operated by the affiliates overall : British Virgin Islands Ta Yih International Investment Company.

8-1-5.The information of the directors, supervisors, and president of each affiliate :

Unit : \$; Shares : %

Name of Enterprise	Job title	Name or representative	Shares holding		Note
			Number of shares (contribution)	Shareholding ratio (Contribution ratio)	
Ta Yih International Investment Co., Ltd.	Chairman	TA YIH INDUSTRIAL CO.,LTD Representative –Wu Chun-I	USD 50,000	100%	

8-1-6.The overview of the operations of the affiliates :

Unit : NT\$ thousands

Name of Enterprise	Paid-in capital	Assets Total value	Total liabilities Total equity	Net value	Business revenue	Current other comprehensive income Amount after tax	Earnings per share (\$) Amount after tax
Ta Yih International Investment Co., Ltd.	1,536	815	0	815	0	(53)	(1.05)

8-1-7.The Consolidated Financial Statements of Affiliated Enterprises :

Please refer to the preceding item 6 of the “Financial Overview subparagraph 4 of (the certified consolidated financial statements of the 2022).

8-1-8.Affiliation Report : None.

8-2.Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

8-3.The subsidiaries holding or disposal of the company’s shares in the company during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

8-4.Additional description of other matters : None.

9 · If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None.

Appendix 1

2022 Consolidated Financial Statements

Ta Yih Industrial Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Ta Yih Industrial Co., Ltd.

By

JUN YI WU
Chairman
March 8, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta Yih Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Ta Yih Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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, 2022. 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 audit of the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

Sales Revenue from Hub Warehouse

Ta Yih Industrial Co., Ltd. mainly manufactures and sells automobile and locomotive lamps. The Company also sells its products to overseas markets. The sales model of overseas markets depends on the delivery of goods from hub warehouse. Ta Yih Industrial Co., Ltd. usually relies on the statements or other information from the external custodians of hub warehouse when making important strategic decisions. The inventory change related to the delivery from hub warehouse is used as the basis for recognizing revenue, and sales revenue is recognized when the customer picks up the goods (transfer of risks and rewards).

The sales revenue generated from the hub warehouse was \$1,530,564 thousand for the year ended December 31, 2022, which accounted for 32% of the total operating revenue. The transaction volume of revenue from the hub warehouse is significant to the consolidated financial statements of Ta Yih Industrial Co., Ltd. for the year ended December 31, 2022; therefore, the revenue recognition of sales from hub warehouse needed to be verified through multiple internal controls and was identified as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding and tested the effectiveness of the design of the internal control and implementation related to the authenticity of sales revenue.
2. We confirmed the existence of revenue by sampling the sales revenue from shipment of hub warehouse and checked the corresponding documents such as export declarations, bills of lading and bank statement's records.

Other Matter

We have also audited the standalone financial statements of Ta Yih Industrial Co., Ltd. as of and for the years ended December 31, 2022 and 2021 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 supervisors, 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 a matter that was of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and is therefore the key audit matter. We describe this matter 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 Chi-Chen Lee and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

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.

Ta Yih Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 154,833	5	\$ 82,641	2
Financial assets at amortized cost - current (Notes 4 and 7)	5,600	-	-	-
Notes receivable (Notes 4 and 8)	416	-	14,256	-
Accounts receivable (Notes 4, 8 and 21)	685,440	21	706,917	21
Accounts receivable from related parties (Notes 4, 8, 21 and 28)	146,424	4	63,689	2
Other receivables (Notes 4 and 8)	5,581	-	2,291	-
Other receivables from related parties (Notes 4, 8 and 28)	9,690	-	15,332	1
Inventories (Notes 4 and 9)	952,784	29	1,061,190	31
Prepayments (Note 28)	107,865	3	74,149	2
Other current assets (Note 15)	18,387	1	17,895	1
Total current assets	2,087,020	63	2,038,360	60
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	174,108	5	271,541	8
Property, plant and equipment (Notes 4, 12 and 28)	966,643	29	995,638	29
Right-of-use assets (Notes 4 and 13)	38,650	1	8,166	-
Intangible assets (Notes 4, 14 and 28)	8,521	-	13,716	1
Deferred tax assets (Notes 4 and 23)	21,449	1	45,777	1
Other non-current assets (Notes 4 and 15)	14,630	1	21,265	1
Total non-current assets	1,224,001	37	1,356,103	40
TOTAL	\$ 3,311,021	100	\$ 3,394,463	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 300,000	9	\$ 375,830	11
Short-term bills payable (Note 16)	-	-	90,000	3
Contract liabilities - current (Notes 4, 21 and 28)	129,154	4	53,953	2
Notes payable (Note 17)	78,300	2	84,738	2
Accounts payable (Note 17)	528,522	16	527,055	16
Accounts payable to related parties (Notes 17 and 28)	66,622	2	68,820	2
Other payables (Note 18)	172,999	5	171,840	5
Other payables to related parties (Notes 18 and 28)	45,874	2	50,016	1
Current tax liabilities (Notes 4 and 23)	25,621	1	55,122	2
Lease liabilities - current (Notes 4 and 13)	10,711	-	4,527	-
Other current liabilities (Note 18)	585	-	427	-
Total current liabilities	1,358,388	41	1,482,328	44
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	78,784	2	92,342	3
Lease liabilities - non - current (Notes 4 and 13)	28,115	1	3,713	-
Net defined benefit liabilities (Notes 4 and 19)	49,797	2	78,730	2
Other non-current liabilities (Note 18)	2,429	-	2,845	-
Total non-current liabilities	159,125	5	177,630	5
Total liabilities	1,517,513	46	1,659,958	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Ordinary shares	762,300	23	762,300	22
Capital surplus	61,023	2	60,924	2
Retained earnings				
Legal reserve	674,678	20	667,215	20
Special reserve	68,264	2	68,264	2
Unappropriated earnings	262,141	8	214,713	6
Total retained earnings	1,005,083	30	950,192	28
Other equity	(34,898)	(1)	(38,911)	(1)
Total equity attributable to owners of the Company	1,793,508	54	1,734,505	51
TOTAL	\$ 3,311,021	100	\$ 3,394,463	100

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

Ta Yih Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 4,746,405	100	\$ 4,992,142	100
OPERATING COSTS (Notes 9, 19, 22 and 28)	<u>4,151,023</u>	<u>88</u>	<u>4,350,801</u>	<u>87</u>
GROSS PROFIT	<u>595,382</u>	<u>12</u>	<u>641,341</u>	<u>13</u>
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	(1,473)	-	(2,200)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>1,762</u>	<u>-</u>	<u>2,645</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>595,671</u>	<u>12</u>	<u>641,786</u>	<u>13</u>
OPERATING EXPENSES (Notes 8, 19, 22 and 28)				
Selling and marketing expenses	263,744	5	224,238	5
General and administrative expenses	129,255	3	134,269	3
Research and development expenses	147,122	3	154,030	3
Expected credit loss	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>-</u>
Total operating expenses	<u>540,121</u>	<u>11</u>	<u>514,575</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>55,550</u>	<u>1</u>	<u>127,211</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Interest income	296	-	100	-
Other income	43,631	1	59,041	1
Other gains and losses	87,932	2	(39,408)	(1)
Share of profit or loss of associates	<u>(102,654)</u>	<u>(2)</u>	<u>(59,403)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>29,205</u>	<u>1</u>	<u>(39,670)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	84,755	2	87,541	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 23)	<u>(4,069)</u>	<u>-</u>	<u>5,017</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>88,824</u>	<u>2</u>	<u>82,524</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	14,756	-	(9,866)	-

(Continued)

Ta Yih Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>\$ (2,951)</u>	<u>-</u>	<u>\$ 1,973</u>	<u>-</u>
	<u>11,805</u>	<u>-</u>	<u>(7,893)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	5,016	-	(1,810)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>(1,003)</u>	<u>-</u>	<u>362</u>	<u>-</u>
	<u>4,013</u>	<u>-</u>	<u>(1,448)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>15,818</u>	<u>-</u>	<u>(9,341)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 104,642</u>	<u>2</u>	<u>\$ 73,183</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 88,824</u>	<u>2</u>	<u>\$ 82,524</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 104,642</u>	<u>2</u>	<u>\$ 73,183</u>	<u>1</u>
EARNINGS PER SHARE (New Taiwan dollars, Note 24)				
Basic	<u>\$ 1.17</u>		<u>\$ 1.08</u>	
Diluted	<u>\$ 1.17</u>		<u>\$ 1.08</u>	

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

(Concluded)

Ta Yih Industrial Co., Ltd. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Share Capital			Retained Earnings			Other Equity Exchange Differences on Translating	
	Shares	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earning	Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	76,230	\$ 762,300	\$ 60,832	\$ 651,251	\$ 68,264	\$ 255,145	\$ (37,463)	\$ 1,760,329
Appropriation of the 2020 earnings (Note 20)								
Legal reserve	-	-	-	15,964	-	(15,964)	-	-
Cash dividends distributed by the Company - NT\$1.3 per share	-	-	-	-	-	(99,099)	-	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	92	-	-	-	-	92
Net profit for the year ended December 31, 2021	-	-	-	-	-	82,524	-	82,524
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(7,893)	(1,448)	(9,341)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	74,631	(1,448)	73,183
BALANCE AT DECEMBER 31, 2021	76,230	762,300	60,924	667,215	68,264	214,713	(38,911)	1,734,505
Appropriation of the 2021 earnings (Note 20)								
Legal reserve	-	-	-	7,463	-	(7,463)	-	-
Cash dividends distributed by the Company - NT\$0.6 per share	-	-	-	-	-	(45,738)	-	(45,738)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	99	-	-	-	-	99
Net profit for the year ended December 31, 2022	-	-	-	-	-	88,824	-	88,824
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	11,805	4,013	15,818
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	100,629	4,013	104,642
BALANCE AT DECEMBER 31, 2022	<u>76,230</u>	<u>\$ 762,300</u>	<u>\$ 61,023</u>	<u>\$ 674,678</u>	<u>\$ 68,264</u>	<u>\$ 262,141</u>	<u>\$ (34,898)</u>	<u>\$ 1,793,508</u>

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

Ta Yih Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 84,755	\$ 87,541
Adjustments for:		
Depreciation expenses	181,886	167,259
Amortization expenses	10,127	10,368
Expected credit loss recognized on trade receivables	-	2,038
Finance costs	5,356	3,451
Interest income	(296)	(100)
Share of profits of associates	102,654	59,403
Loss (gain) on disposal of property, plant and equipment, net	(59)	43
Unrealized gain on transactions with associates	1,473	2,200
Realized gain on transactions with associates	(1,762)	(2,645)
Net gain on foreign currency exchange	(8,912)	(10,869)
Changes in operating assets and liabilities:		
Notes receivable	13,840	(12,068)
Accounts receivable	30,895	63,555
Accounts receivable from related parties	(76,436)	175,527
Other receivables	(3,290)	29
Other receivables from related parties	5,523	4,446
Inventories	108,406	(118,169)
Prepayments	(33,716)	31,845
Other current assets	(492)	11,057
Contract liabilities	75,201	(104,915)
Notes payable	(6,438)	(10,750)
Accounts payable	976	(189,351)
Accounts payable to related parties	(5,393)	(1,812)
Other payables	1,227	(32,077)
Other payables to related parties	(4,142)	(16,336)
Other current liabilities	158	(196)
Net defined benefit liabilities	(14,177)	(6,192)
Other non-current liabilities	(416)	79
Cash generated from operations	466,948	113,361
Interest received	296	100
Interest paid	(5,424)	(3,386)
Income tax paid	(18,616)	(26,265)
Net cash generated from operating activities	443,204	83,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(5,600)	-
Payments for property, plant and equipment	(137,483)	(129,161)
Proceeds from disposal of property, plant and equipment	80	-
Increase in refundable deposits	(2,409)	(6,421)
Decrease in refundable deposits	4,397	11,157
Payments for intangible assets	(4,932)	(5,160)
Net cash used in investing activities	(145,947)	(129,585)

(Continued)

Ta Yih Industrial Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 3,913,065	\$ 2,885,588
Repayments of short-term borrowings	(3,991,895)	(2,850,440)
Proceeds from short - term bills payable	260,000	640,000
Repayments from short - term bills payable	(350,000)	(550,000)
Repayment of the principal portion of lease liabilities	(10,680)	(5,866)
Cash dividends	(45,738)	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	<u>99</u>	<u>92</u>
Net cash generated from (used in) financing activities	<u>(225,149)</u>	<u>20,275</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>84</u>	<u>(23)</u>
NET INCREASE (DECREASE) IN CASH	72,192	(25,523)
CASH AT THE BEGINNING OF THE YEAR	<u>82,641</u>	<u>108,164</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 154,833</u></u>	<u><u>\$ 82,641</u></u>

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

(Concluded)

Ta Yih Industrial Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Ta Yih Industrial Co., Ltd. (the “Company”) was incorporated in 1964. It was formerly known as Ta Yih Industrial Corp. and changed to its present name in 1976. The Company mainly sells, manufactures and processes automobile parts, motorcycle parts, railway vehicle parts, transportation machineries, industrial plastic parts, as well as invests in related industries.

The Company’s shares have been trading on the Taiwan Stock Exchange since October 1997.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 8, 2023.

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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Group determined that as of the date the financial report was approved and authorized for issue, the above application of other standards and interpretations did not have material impacts on the financial position and financial performance of the Group.

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

New IFRSs	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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 IFRSs 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 the 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 the 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 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. 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). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Refer to Note 10 and Table 2 for detailed information on subsidiaries (including 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 period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the investments of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of the reporting period. 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.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of 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 standard cost on the balance sheet date. The difference between actual costs and normal standard costs is allocated in proportion to inventory and operational costs on fiscal year-end, in order to approach the amount of weighted-average cost.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are measured 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. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. 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.

i. 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.

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs

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 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. 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 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 amortized cost.

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 asset 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, financial assets at amortized cost - current, accounts receivable at amortized cost (including related parties), notes receivable, other receivables (including related parties), and refundable deposits (classified under other non-current 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, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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.

b) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts 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 a financial instrument 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 determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 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) 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 a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

1. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of car lamps and molds. Sales of goods are recognized as revenue and accounts receivable when the goods are delivered to the customer's specific location 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.

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

2) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Group and that the amount of revenue can be measured reliably. Royalty arrangements that are based on sales are recognized with reference to the underlying arrangement.

m. 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 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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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 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.

n. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

o. 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 are intended 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.

p. 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 defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling 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 (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. 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 in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain 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 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 they 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 asset 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

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL 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 about 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 period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH

	December 31	
	2022	2021
Cash on hand	\$ 505	\$ 356
Checking accounts and demand deposits	<u>154,328</u>	<u>82,285</u>
	<u>\$ 154,833</u>	<u>\$ 82,641</u>

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021

Current

Domestic investments

Time deposits with original maturities of more than 3 months	<u>\$ 5,600</u>	<u>\$ -</u>
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The range of interest rates for time deposits with original maturities of more than 3 months was approximately 0.425% per annum as of December 31, 2022.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES), AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021

Notes receivable

At amortized cost

Gross carrying amount - operating	\$ 435	\$ 14,275
Less: Allowance for impairment loss	<u>19</u>	<u>19</u>
	<u>\$ 416</u>	<u>\$ 14,256</u>

Accounts receivable

At amortized cost

Gross carrying amount	\$ 691,198	\$ 712,660
Less: Allowance for impairment loss	<u>5,758</u>	<u>5,743</u>
	<u>\$ 685,440</u>	<u>\$ 706,917</u>

(Continued)

	December 31	
	2022	2021
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 148,178	\$ 65,458
Less: Allowance for impairment loss	<u>1,754</u>	<u>1,769</u>
	<u>\$ 146,424</u>	<u>\$ 63,689</u>
<u>Other receivables</u>		
Tariff refund receivables	\$ 635	\$ 435
Others	<u>4,946</u>	<u>1,856</u>
	<u>\$ 5,581</u>	<u>\$ 2,291</u>
<u>Other receivables from related party</u>		
Royalty receivables	\$ 9,530	\$ 14,967
Others	<u>160</u>	<u>365</u>
	<u>\$ 9,690</u>	<u>\$ 15,332</u>
		(Concluded)

The average credit period of sales of goods was 60 to 90 days. No interest was charged on accounts receivable.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade 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 table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2022

	No indication of default of debtor			Total
	Not Past Due	Up to 60 Days	Individual identification	
Expected credit loss rate	0.1%-0.06%	0.1%-100%	30%-100%	
Gross carrying amount	\$ 804,411	\$ 23,037	\$ 12,363	\$ 839,811
Loss allowance (Lifetime ECL)	<u>(516)</u>	<u>(576)</u>	<u>(6,439)</u>	<u>(7,531)</u>
Amortized cost	<u>\$ 803,895</u>	<u>\$ 22,461</u>	<u>\$ 5,924</u>	<u>\$ 832,280</u>

December 31, 2021

	No indication of default of debtor			Total
	Not Past Due	Up to 60 Days	Individual identification	
Expected credit loss rate	0%-0.3%	0%	30%-100%	
Gross carrying amount	\$ 777,141	\$ 1,801	\$ 13,451	\$ 792,393
Loss allowance (Lifetime ECL)	<u>(2,288)</u>	<u>-</u>	<u>(5,243)</u>	<u>(7,531)</u>
Amortized cost	<u>\$ 774,853</u>	<u>\$ 1,801</u>	<u>\$ 8,208</u>	<u>\$ 784,862</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 7,531	\$ 6,112
Add: Net remeasurement of loss allowance	-	2,038
Less: Amounts written off	<u>-</u>	<u>(619)</u>
Balance at December 31	<u>\$ 7,531</u>	<u>\$ 7,531</u>

9. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 38,668	\$ 40,170
Finished goods	521,470	563,510
Work in progress	119,236	110,597
Raw materials	<u>273,410</u>	<u>346,913</u>
	<u>\$ 952,784</u>	<u>\$ 1,061,190</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ <u>4,151,023</u>	\$ <u>4,350,801</u>

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2022	2021
The Company	Ta Yih International Investment Co., Ltd. (BVI)	Investment	100	100

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Material associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	\$ <u>174,108</u>	\$ <u>271,541</u>

As of December 31, 2022 and 2021 the Company's percentages of ownership and voting rights in Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. were both 49%.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

	December 31	
	2022	2021
Current assets	\$ 1,503,436	\$ 2,043,932
Non-current assets	1,243,809	1,143,152
Current liabilities	<u>(2,383,636)</u>	<u>(2,624,042)</u>
Equity	\$ <u>363,609</u>	\$ <u>563,042</u>
Proportion of the Group's ownership	49%	49%
Equity attributable to the Group	\$ 178,168	\$ 275,890
Unrealized gain with associates	<u>(4,060)</u>	<u>(4,349)</u>
Carrying amount	\$ <u>174,108</u>	\$ <u>271,541</u>

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 1,627,297	\$ 1,923,096
Net profit for the year	\$ (209,498)	\$ (121,231)
Total comprehensive income for the year	\$ (209,498)	\$ (121,231)

Refer to Table 3 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Molding Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 601,050	\$ 258,515	\$ 1,091,010	\$ 131,503	\$ 17,583	\$ 297,158	\$ 2,396,819
Additions	-	1,481	72,119	46,644	-	19,009	139,253
Disposals	-	-	(38,507)	-	-	(4,503)	(43,010)
Balance at December 31, 2021	<u>\$ 601,050</u>	<u>\$ 259,996</u>	<u>\$ 1,124,622</u>	<u>\$ 178,147</u>	<u>\$ 17,583</u>	<u>\$ 311,664</u>	<u>\$ 2,493,062</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 222,483	\$ 879,989	\$ 26,007	\$ 13,593	\$ 236,921	\$ 1,378,993
Depreciation expenses	-	7,930	61,897	63,159	1,725	26,687	161,398
Disposals	-	-	(38,480)	-	-	(4,487)	(43,967)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 230,413</u>	<u>\$ 903,406</u>	<u>\$ 89,166</u>	<u>\$ 15,318</u>	<u>\$ 259,121</u>	<u>\$ 1,497,424</u>
Carrying amount at December 31, 2021	<u>\$ 601,050</u>	<u>\$ 29,583</u>	<u>\$ 221,216</u>	<u>\$ 88,981</u>	<u>\$ 2,265</u>	<u>\$ 52,543</u>	<u>\$ 995,638</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 601,050	\$ 259,996	\$ 1,124,622	\$ 178,147	\$ 17,583	\$ 311,664	\$ 2,493,062
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Disposals	-	-	(24,683)	-	-	(1,544)	(26,227)
Balance at December 31, 2022	<u>\$ 601,050</u>	<u>\$ 264,360</u>	<u>\$ 1,138,863</u>	<u>\$ 245,186</u>	<u>\$ 18,013</u>	<u>\$ 341,493</u>	<u>\$ 2,608,965</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 230,413	\$ 903,406	\$ 89,166	\$ 15,318	\$ 259,121	\$ 1,497,424
Depreciation expenses	-	7,481	57,236	80,260	1,475	24,652	171,104
Disposals	-	-	(24,663)	-	-	(1,543)	(26,206)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 237,894</u>	<u>\$ 935,979</u>	<u>\$ 169,426</u>	<u>\$ 16,793</u>	<u>\$ 282,230</u>	<u>\$ 1,642,322</u>
Carrying amount at December 31, 2022	<u>\$ 601,050</u>	<u>\$ 26,466</u>	<u>\$ 202,884</u>	<u>\$ 75,760</u>	<u>\$ 1,220</u>	<u>\$ 59,263</u>	<u>\$ 966,643</u>

All property, plant and equipment are used by the Group.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40 - 60 years
Factory and other buildings	5 - 40 years
Machinery equipment	3 - 12 years
Molding equipment	2 - 3 years
Transportation equipment	5 years
Other equipment	3 - 8 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 34,627	\$ -
Office equipment	1,046	1,568
Transportation equipment	<u>2,977</u>	<u>6,598</u>
	<u>\$ 38,650</u>	<u>\$ 8,166</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 42,186</u>	<u>\$ 5,693</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 6,111	\$ -
Office equipment	522	522
Transportation equipment	<u>4,149</u>	<u>5,339</u>
	<u>\$ 10,782</u>	<u>\$ 5,861</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 10,711</u>	<u>\$ 4,527</u>
Non-current	<u>\$ 28,115</u>	<u>\$ 3,713</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.25%	-
Office equipment	1.45%	1.45%
Transportation equipment	1.05% - 1.45%	1.18% - 1.45%

c. Material leasing activities and terms

The Group leases company cars and office equipment with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants with lease terms of 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 154	\$ 67
Expenses relating to low-value asset leases	\$ 122	\$ 124
Total cash outflow for leases	\$ (11,358)	\$ (6,181)

The Group's leases of certain machinery qualify as short-term 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.

14. INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 29,390	\$ 785	\$ 30,175
Additions	<u>5,160</u>	<u>-</u>	<u>5,160</u>
Balance at December 31, 2021	<u>\$ 34,550</u>	<u>\$ 785</u>	<u>\$ 35,335</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 10,866	\$ 385	\$ 11,251
Amortization expense	<u>10,268</u>	<u>100</u>	<u>10,368</u>
Balance at December 31, 2021	<u>\$ 21,134</u>	<u>\$ 485</u>	<u>\$ 21,619</u>
Carrying amount at December 31, 2021	<u>\$ 13,416</u>	<u>\$ 300</u>	<u>\$ 13,716</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 34,550	\$ 785	\$ 35,335
Additions	<u>4,932</u>	<u>-</u>	<u>4,932</u>
Balance at December 31, 2022	<u>\$ 39,482</u>	<u>\$ 785</u>	<u>\$ 40,267</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 21,134	\$ 485	\$ 21,619
Amortization expense	<u>10,027</u>	<u>100</u>	<u>10,127</u>
Balance at December 31, 2022	<u>\$ 31,161</u>	<u>\$ 585</u>	<u>\$ 31,746</u>
Carrying amount at December 31, 2022	<u>\$ 8,321</u>	<u>\$ 200</u>	<u>\$ 8,521</u>

The above other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Patents	5 years

15. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Input tax	\$ 18,252	\$ 17,723
Payment on behalf of others	<u>135</u>	<u>172</u>
	<u>\$ 18,387</u>	<u>\$ 17,895</u>
<u>Non-current</u>		
Refundable deposits	\$ 7,577	\$ 9,565
Prepayments for property, plant, and equipment	<u>7,053</u>	<u>11,700</u>
	<u>\$ 14,630</u>	<u>\$ 21,265</u>

16. BORROWINGS

a. Short-term Borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Bank unsecured loans	<u>\$ 300,000</u>	<u>\$ 375,830</u>

As of December 31, 2022 and 2021, the range of interest rates on bank loans was 1.4%-1.65% and 0.53%-0.95% per annum, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial papers payable	<u>\$ -</u>	<u>\$ 90,000</u>

The range of interest rates on commercial papers payable was 0.89%-0.9% per annum at December 31, 2021.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Both notes payable and accounts payable were generated from operating activities.

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	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 121,256	\$ 115,304
Payables for molding equipment	9,357	16,394
Payables for annual leave	19,539	18,589
Payables for compensation of employees	2,036	2,689
Payables for utilities expense	5,062	4,136
Payables for inspection expense	2,673	2,199
Others	<u>13,076</u>	<u>12,529</u>
	<u>\$ 172,999</u>	<u>\$ 171,840</u>
Other payables to related parties		
Payables for royalty	\$ 43,933	\$ 49,129
Payables for molds	1,323	614
Payables for design expense	106	-
Others	<u>512</u>	<u>273</u>
	<u>\$ 45,874</u>	<u>\$ 50,016</u>
Other current liabilities		
Receipts under custody	<u>\$ 585</u>	<u>\$ 427</u>
<u>Non-current</u>		
Other non-current liabilities		
Provision for employee benefits	\$ 2,189	\$ 2,605
Guarantee deposits received	<u>240</u>	<u>240</u>
	<u>\$ 2,429</u>	<u>\$ 2,845</u>

Provision for employee benefits is the estimate of long-term bonus for senior employees.

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, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China (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 11% and 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee and a manager pension fund administered by the manager pension fund managing committee. Pension contributions are deposited respectively in the Bank of Taiwan and Taiwan Business Bank in the committee's name. Before the end of each year, the Group 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 Group 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 Group 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	
	2022	2021
Present value of defined benefit obligation	\$ 259,563	\$ 279,214
Fair value of plan assets	<u>(209,766)</u>	<u>(200,484)</u>
Net defined benefit liabilities	<u>\$ 49,797</u>	<u>\$ 78,730</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, 2021	<u>\$ 318,954</u>	<u>\$ (243,898)</u>	<u>\$ 75,056</u>
Service cost			
Current service cost	2,645	-	2,645
Net interest expense (income)	<u>1,595</u>	<u>(1,232)</u>	<u>363</u>
Recognized in profit or loss	<u>4,240</u>	<u>(1,232)</u>	<u>3,008</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,810)	(2,810)
Actuarial profit - changes in demographic assumptions	7,976	-	7,976
Actuarial profit - experience adjustments	4,700	-	4,700
Recognized in other comprehensive income	<u>12,676</u>	<u>(2,810)</u>	<u>9,866</u>
Contributions from the employer	-	(9,200)	(9,200)
Benefits paid	<u>(56,656)</u>	<u>56,656</u>	<u>-</u>
Balance at December 31, 2021	<u>279,214</u>	<u>(200,484)</u>	<u>78,730</u>
Service cost			
Current service cost	1,997	-	1,997
Net interest expense (income)	<u>1,396</u>	<u>(1,027)</u>	<u>369</u>
Recognized in profit or loss	<u>3,393</u>	<u>(1,027)</u>	<u>2,366</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (16,765)	\$ (16,765)
Actuarial loss - changes in financial assumptions	(10,080)	-	(10,080)
Actuarial profit - experience adjustments	12,089	-	12,089
Recognized in other comprehensive income	<u>2,009</u>	<u>(16,765)</u>	<u>(14,756)</u>
Contributions from the employer	-	(16,543)	(16,543)
Benefits paid	<u>(25,053)</u>	<u>25,053</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 259,563</u>	<u>\$ (209,766)</u>	<u>\$ 49,797</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 1,574	\$ 2,017
Selling and marketing expenses	9	2
General and administrative expenses	293	522
Research and development expenses	<u>490</u>	<u>467</u>
	<u>\$ 2,366</u>	<u>\$ 3,008</u>

Through the defined benefit plans under the Labor Standards Act, the Group 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 should 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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary 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	
	2022	2021
Discount rate	1.375%	0.500%
Expected rate of salary increase	2.500%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	\$ (6,183)	\$ (7,108)
0.25% decrease	\$ 6,403	\$ 7,373
Expected rate of salary increase/decrease		
0.25% increase	\$ 6,221	\$ 7,139
0.25% decrease	\$ (6,038)	\$ (6,920)

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 changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 4,920	\$ 9,792
Average duration of the defined benefit obligation	9.7 years	10.3 years

20. EQUITY

a. Share capital

Number of shares authorized (in thousands)	76,230
Shares authorized	\$ 762,300
Number of shares issued and fully paid (in thousands)	
Ordinary shares	76,230
Shares issued	
Ordinary shares	\$ 762,300

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	
	2022	2021
Issuance of ordinary shares	\$ 56,330	\$ 56,330
Capital surplus from gain on disposal of assets	4,142	4,142
Donations (dividends expired)	<u>551</u>	<u>452</u>
	<u>\$ 61,023</u>	<u>\$ 60,924</u>

Such capital surplus from issuance of ordinary shares and donations 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 once a year). Capital surplus from gain on disposal of assets may only be used to offset a deficit.

c. Retained earnings and dividends policy

With due consideration of the future needs for funds and long-term financial plan, when 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, 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 in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the shareholders' dividends. For the policies on the distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 22(f) "Compensation of employees and remuneration of directors.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. 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 2021 and 2020, which were approved in the shareholders' meetings on June 21, 2022 and August 4, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 7,463	\$ 15,964
Cash dividends	<u>\$ 45,738</u>	<u>\$ 99,099</u>
Cash dividends per share (NT\$)	\$ 0.6	\$ 1.3

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 8, 2023. The appropriations were as follows:

	Appropriation of Earnings
Legal reserve	\$ 10,062
Cash dividends	<u>\$ 53,361</u>
Cash dividends per share (NT\$)	\$ 0.7

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at December 31	\$ <u>68,264</u>	\$ <u>68,264</u>

At the Group's initial adoption of IFRS, the amount transferred to retained earnings was \$159,287 thousand representing the increase in cumulative translation adjustment and unrealized revaluation increments of \$19,849 thousand and \$139,438 thousand, respectively; retained earnings decreased by \$136,165 thousand due to increase in employee benefits - short-term accumulating compensated absences and employee benefits - defined benefit plan of \$10,539 thousand and \$125,626 thousand, respectively. Therefore, the increase in retained earnings of \$23,122 thousand by adopting IFRS was recognized in special reserve. When there is subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ <u>4,746,405</u>	\$ <u>4,992,142</u>

a. Contract information

Revenue from sale of goods

The Group's primary products are car lamps and molds.

Car lamps and molds are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties) (Note 8)	\$ <u>831,864</u>	\$ <u>770,606</u>	\$ <u>1,002,942</u>
Contract liabilities - current			
Deferred revenue	\$ <u>129,154</u>	\$ <u>53,953</u>	\$ <u>158,868</u>

The changes in the balance of contract assets and contract liabilities primarily resulted from the timing differences between the Group's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
From the contract liabilities at the beginning of the year		
Sale of goods	\$ <u>48,360</u>	\$ <u>149,036</u>

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
<u>Type of goods</u>		
Car lamps	\$ 4,018,051	\$ 3,998,845
Molds	271,118	451,606
Others	<u>457,236</u>	<u>541,691</u>
	\$ <u>4,746,405</u>	\$ <u>4,992,142</u>

22. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ <u>296</u>	\$ <u>100</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Royalty revenue	\$ 35,330	\$ 46,210
Others	<u>8,301</u>	<u>12,831</u>
	\$ <u>43,631</u>	\$ <u>59,041</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ (4,954)	\$ (3,327)
Interest on lease liabilities	(402)	(124)
Net foreign exchange gains (losses)	103,517	(15,989)
Royalty expense	(10,221)	(15,174)
Gain (loss) on disposal of property, plant and equipment	59	(43)
Others	<u>(67)</u>	<u>(4,751)</u>
	\$ <u>87,932</u>	\$ <u>(39,408)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 171,104	\$ 161,398
Right-of-use assets	10,782	5,861
Intangible assets	<u>10,127</u>	<u>10,368</u>
	<u>\$ 192,013</u>	<u>\$ 177,627</u>
An analysis of depreciation by function		
Operating costs	\$ 167,646	\$ 150,058
Operating expenses	<u>14,240</u>	<u>17,201</u>
	<u>\$ 181,886</u>	<u>\$ 167,259</u>
An analysis of amortization by function		
Operating costs	\$ 2,804	\$ 2,682
Operating expenses	<u>7,323</u>	<u>7,686</u>
	<u>\$ 10,127</u>	<u>\$ 10,368</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salaries	\$ 519,202	\$ 508,898
Directors' remuneration	940	930
Labor and health insurance	54,250	55,346
Others	<u>24,312</u>	<u>24,156</u>
	<u>598,704</u>	<u>589,330</u>
Post-employment benefits		
Defined contribution plans	\$ 22,340	22,573
Defined benefit plans (Note 19)	<u>2,366</u>	<u>3,008</u>
	<u>24,706</u>	<u>25,581</u>
Total employee benefits expense	<u>\$ 623,410</u>	<u>\$ 614,911</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 435,116	\$ 417,625
Operating expenses	<u>188,294</u>	<u>197,286</u>
	<u>\$ 623,410</u>	<u>\$ 614,911</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees at the rates of no less than 1% of net profit after offsetting deficits, and before income tax, and compensation of employees. The compensation of employees for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 8, 2023 and March 25, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees - cash	\$ 1,152	\$ 884

Remuneration of directors was not issued over the years.

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 was no difference between the actual amounts of compensation of employees paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 134,145	\$ 29,262
Foreign exchange losses	<u>(30,628)</u>	<u>(45,251)</u>
	<u>\$ 103,517</u>	<u>\$ (15,989)</u>

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 15,291	\$ 29,665
Income tax on unappropriated earnings	1,071	2,229
Adjustment for prior years	<u>(27,247)</u>	<u>(14,619)</u>
	(10,885)	17,275
Deferred tax		
In respect of the current year	<u>6,816</u>	<u>(12,258)</u>
Income tax expense recognized in profit or loss	<u>\$ (4,069)</u>	<u>\$ 5,017</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	\$ <u>84,755</u>	\$ <u>87,541</u>
Income tax expense calculated at the statutory rate	\$ 16,951	\$ 17,508
Adjustment items of income tax		
Temporary differences		
Deferred revenue	(17,588)	3,403
Share of profit or loss of overseas associates accounted for using equity method	20,541	11,891
Others	(4,626)	(3,169)
Non-deductible expenses for tax purposes	13	32
Income tax on unappropriated earnings	<u>1,071</u>	<u>2,229</u>
Current taxable income	<u>16,362</u>	<u>31,894</u>
Deferred income tax expense (income)	6,816	(12,258)
Adjustments for prior years' tax	<u>(27,247)</u>	<u>(14,619)</u>
Income tax expense recognized in profit or loss	\$ <u>(4,069)</u>	\$ <u>5,017</u>
b. Income tax recognized in other comprehensive income		

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (2,951)	\$ 1,973
Exchange differences on translating foreign operations	<u>(1,003)</u>	<u>362</u>
	\$ <u>(3,954)</u>	\$ <u>2,335</u>

c. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	\$ <u>25,621</u>	\$ <u>55,122</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for reduction of inventory to market	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain or loss with associates	870	(58)	-	812
Long-term employee benefit liability	521	(83)	-	438
Deferred revenue	17,588	(17,588)	-	-
Defined benefit plans	15,746	(2,836)	(2,951)	9,959
Payables for annual leave	3,717	191	-	3,908
Exchange differences on translating the financial statements of foreign operations	4,766	-	(1,003)	3,763
	<u>\$ 45,777</u>	<u>\$ (20,374)</u>	<u>\$ (3,954)</u>	<u>\$ 21,449</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of associates	\$ 15,398	\$ (15,398)	\$ -	\$ -
Unrealized exchange gain and loss	208	1,840	-	2,048
Land value tax	76,736	-	-	76,736
	<u>\$ 92,342</u>	<u>\$ (13,558)</u>	<u>\$ -</u>	<u>\$ 78,784</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for reduction of inventory to market	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain or loss with associates	959	(89)	-	870
Long-term employee benefit liability	505	16	-	521
Deferred revenue	14,185	3,403	-	17,588
Defined benefit plans	15,011	(1,238)	1,973	15,746
Payables for annual leave	3,472	245	-	3,717
Unrealized exchange gain and loss	1,895	(1,895)	-	-
Exchange differences on translating the financial statements of foreign operations	4,404	-	362	4,766
	<u>\$ 43,000</u>	<u>\$ 442</u>	<u>\$ 2,335</u>	<u>\$ 45,777</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of associates	\$ 27,422	\$ (12,024)	\$ -	\$ 15,398
Unrealized exchange gain and loss	-	208	-	208
Land value tax	76,736	-	-	76,736
	<u>\$ 104,158</u>	<u>\$ (11,816)</u>	<u>\$ -</u>	<u>\$ 92,342</u>

e. Income tax assessments

The tax returns of the Group through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	For the Year Ended December 31	
	2022	2021
Net profit for the year	\$ 88,824	\$ 82,524
<u>Shares</u>	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in computation of basic earnings per share	76,230	76,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	38	29
Weighted average number of ordinary shares used in the computation of diluted earnings per share	76,268	76,259

Since the Group offered to settle the compensation paid to employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities that were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	\$ 142,130	\$ 139,253
Decrease in prepayments for equipment	(4,647)	(10,092)
	\$ 137,483	\$ 129,161

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Short-term borrowings	Lease liabilities
Balance at January 1, 2022	\$ 375,830	\$ 8,240
Net cash flows from financing activities	(78,830)	(10,680)
Non-cash changes		
New leases	-	42,186
Disposal of leases	-	(920)
Effect of foreign currency exchange differences	<u>3,000</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 300,000</u>	<u>\$ 38,826</u>

For the year ended December 31, 2021

	Short-term borrowings	Lease liabilities
Balance at January 1, 2021	\$ 342,400	\$ 8,413
Net cash flows from financing activities	35,148	(5,866)
Non-cash changes		
New leases	-	5,693
Effect of foreign currency exchange differences	<u>(1,718)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 375,830</u>	<u>\$ 8,240</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 stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash) and equity of the Group. The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments that are not measured at fair value, such as cash, financial assets at amortized cost - current, accounts receivable (including related parties), refundable deposits (classified under other non-current assets), accounts payable (including related parties), short-term borrowings, short-term bills payable and guarantee deposits received (classified under other non-current liabilities) approximate their fair values.

b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,015,561	\$ 894,691
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,192,557	1,368,539

- 1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost - current, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits (classified under other non-current assets).
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables (including related parties), and guarantee deposits received (classified under non-current liabilities).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings, short-term bills payable 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 are market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to an increase and decrease of 1% in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit. For a 1% weakening of the functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 3,135	\$ 3,032

Exchange rate fluctuations are mainly attributable to the exposure on outstanding cash, accounts receivable, short-term borrowings and accounts payable in foreign currency which were not hedged at the end of the reporting period.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. Sales quoted in USD may change with the fluctuation of client orders.

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:

	For the Year Ended December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 5,600	\$ -
Financial liabilities	28,115	93,713
Cash flow interest rate risk		
Financial assets	148,190	77,736
Financial liabilities	300,000	375,830

Sensitivity analysis

For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$1,518 thousand and \$2,981 thousand, respectively, which was mainly a result of variable-rate 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. As at the end of the reporting period, 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 and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's credit risk primarily arose from sales of the top 3 clients, which contributed more than 10% of the operating revenue in the statements of comprehensive income. The total percentages of accounts receivable (include related parties) from the above clients for the years ended December 31, 2022 and 2021 were 69% and 68%, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	\$ 892,317	\$ 240
Lease liabilities	11,133	28,689
Variable interest rate liabilities	<u>300,074</u>	<u>-</u>
	<u>\$ 1,203,524</u>	<u>\$ 28,929</u>

December 31, 2021

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	\$ 902,469	\$ 240
Lease liabilities	4,608	3,755
Variable interest rate liabilities	375,972	-
Fixed interest rate liabilities	<u>90,000</u>	<u>-</u>
	<u>\$ 1,373,049</u>	<u>\$ 3,995</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities		
Amount used	\$ 300,000	\$ 465,830
Amount unused	<u>1,280,000</u>	<u>1,114,170</u>
	<u>\$ 1,580,000</u>	<u>\$ 1,580,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Associates
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
India Japan Lighting Private Limited	Subsidiary of Koito Manufacturing Co., Ltd.
PT. Indonesia Koito	Subsidiary of Koito Manufacturing Co., Ltd.
Thai Koito Company Limited	Subsidiary of Koito Manufacturing Co., Ltd.
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
North American Lighting Inc.	Subsidiary of Koito Manufacturing Co., Ltd.
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of Koito Manufacturing Co., Ltd.
TYC Brother Industrial Co., Ltd.	Substantive related party
DBM Reflex of Taiwan Co., Limited	Substantive related party
Juoku Technology Co., Ltd.	Substantive related party
KUO CHI MIN Investment Co., Ltd. (Formerly known as Ta Yih Investment Co., Ltd.)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	\$ 595,705	\$ 730,847
Associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	46,312	95,694
Subsidiary of Koito Manufacturing Co., Ltd.	84,643	21,137
Substantive related party	<u>77</u>	<u>337</u>
	<u>\$ 726,737</u>	<u>\$ 848,015</u>

The prices of sales of goods with related parties did not have substantive difference compared to non-related parties, except the prices of sales of goods with associates were added based on the costs. The collection term of domestic sales with related parties is 90 days, the collection term of export sales with related parties apart from associates, according to the term of individual transaction, is 120 to 180 days, and the collection term does not have substantive difference compared to non-related parties.

The unrealized gains on sales with associates for the years ended December 31, 2022 and 2021 were \$4,060 thousand and \$4,349 thousand, respectively, and had been recognized as a reduction of

investments accounted for using the equity method.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	\$ 195,402	\$ 327,491
Associates	42,505	21,632
Subsidiary of Koito Manufacturing Co., Ltd.	3,426	934
Substantive related party	<u>8,067</u>	<u>18,425</u>
	<u>\$ 249,400</u>	<u>\$ 368,482</u>

The payment term and price of goods purchased do not have substantive difference between related and non-related parties. The payment term for related parties depends on individual transaction, which is normally 90 days, and does not have substantive difference from non-related parties.

d. Contract liabilities

Related Party Category/Name	December 31	
	2022	2021
Subsidiary of Koito Manufacturing Co., Ltd.	<u>\$ 2,317</u>	<u>\$ 7,288</u>

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 99,599	\$ 46,714
	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	29,910	16,711
	Subsidiary of Koito Manufacturing Co., Ltd.	18,669	1,976
	Substantive related party	<u>-</u>	<u>57</u>
		148,178	65,458
	Less: Allowance for impairment loss	<u>1,754</u>	<u>1,769</u>
		<u>\$ 146,424</u>	<u>\$ 63,689</u>
Other receivables	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	\$ 9,558	\$ 14,411
	Subsidiary of Koito Manufacturing Co., Ltd.	48	921
	Substantive related party	<u>84</u>	<u>-</u>
		<u>\$ 9,690</u>	<u>\$ 15,332</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 49,605	\$ 55,216
	Associates	14,227	7,653
	Subsidiary of Koito Manufacturing Co., Ltd.	26	-
	Substantive related party	<u>2,764</u>	<u>5,951</u>
		<u>\$ 66,622</u>	<u>\$ 68,820</u>
Other payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 44,808	\$ 49,906
	Associates	132	110
	Substantive related party	<u>934</u>	<u>-</u>
		<u>\$ 45,874</u>	<u>\$ 50,016</u>

The outstanding payables to related parties are unsecured.

g. Prepayments

Line Item	Related Party Category	December 31	
		2022	2021
Prepaid expenses (classified under prepayments)	Investors with significant influence over the Company	<u>\$ 110</u>	<u>\$ 191</u>

h. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Substantive related party	<u>\$ 880</u>

i. Acquisition of other assets (classified under intangible assets)

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Investors with significant influence over the Company Koito Manufacturing Co., Ltd.	<u>\$ 518</u>

The group acquired intangible assets \$2,226 thousand from investors with significant influence Koito Manufacturing Co. by agent for the collecting and paying for the years ended December 31, 2021.

j. Lease arrangements

	For the Year Ended December 31 2022
Related Party Category/Name	
Acquisition of right-of-use assets	
Substantive related party	
Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>40,738</u>

Line Item	Related Party Category/Name	December 31 2022
Lease liabilities	Substantive related party	
	Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>34,752</u>

Line Item	Related Party Category/Name	For the Year Ended December 31, 2022
Interest expense	Substantive related party	
	Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>314</u>

The Group leased a plant from Ta Yih Kenmos Auto Parts Co., Ltd. in April 2022. The lease term of the contract was 5 years; the rental is based on market prices and monthly payments as agreed.

k. Other transactions with related parties

1) Royalty expenses

The Group entered into a royalty expense contract with its investor with significant influence - Koito Manufacturing Co., Ltd on June 1, 1987, original contract period 8 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty expenses were \$81,842 thousand and \$84,962 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as operating costs and operating expenses.

2) Royalty revenue

The Group entered into a royalty revenue contract with its associate - Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. on December 26, 2016, original contract period 2 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty revenues were \$30,153 thousand and \$35,943 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses. According to the contract, 50% of the royalty revenue should be paid to its investor with significant influence - Koito Manufacturing Co., Ltd. which amounted to \$10,221 thousand and \$15,174 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other losses, net of non-operating income and expenses.

The Group entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Hubei Koito

Automotive Lamp Co., Ltd. from December 25, 2015 to December 24, 2020. The royalty revenue were \$0 thousand and \$331 thousand for the year ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

The Group entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Guangzhou Koito Automotive Lamp Co., Ltd. on November 11, 2019. The contract period is one year, and it shall be automatically renewed for successive one year term thereafter until and unless either the Party provides the other Party within 3 months prior notification to expire or modify the contract. The royalty revenue was \$5,177 thousand and \$9,936 thousand for the years ended December 31, 2022, and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

1. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 9,443	\$ 11,880
Post-employment benefits	<u>130</u>	<u>128</u>
	<u><u>\$ 9,573</u></u>	<u><u>\$ 12,008</u></u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,401	30.71	\$ 319,423
CNY	10,983	4.408	48,415
JPY	564,394	0.2324	131,165
Non-monetary items			
Investments accounted for using the equity method			
CNY	40,406	4.409	178,168
<u>Financial liabilities</u>			
Monetary items			
USD	193	30.71	5,936
CNY	5,732	4.408	25,267
JPY	242,889	0.2324	56,447

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,295	27.690	\$ 340,450
CNY	12,740	4.355	55,483
JPY	225,896	0.2407	54,373
Non-monetary items			
Investments accounted for using the equity method			
CNY	63,547	4.341	275,890

Financial liabilities

Monetary items			
USD	1,347	27.690	37,288
CNY	7,221	4.355	31,449
JPY	457,298	0.2407	110,072

The carrying amount of investments accounted for using the equity method does not contain the reduction of unrealized gains.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currency	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.88 (USD:NTD)	\$ 98,303	27.92 (USD:NTD)	\$ (16,253)
CNY	4.42 (CNY:NTD)	99	4.34 (CNY:NTD)	535
JPY	0.2275 (JPY:NTD)	<u>5,115</u>	0.2536 (JPY:NTD)	<u>(271)</u>
		<u>\$ 103,517</u>		<u>\$ (15,989)</u>

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 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 (Table 1)

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) Intercompany relationships and significant intercompany transactions (None)

b. Information on investees (Table 2)

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 3)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 4):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

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

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 5)

31. SEGMENT INFORMATION

a. Segment revenue, results, total assets and liabilities

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is considered one segment by the chief operating decision maker. The basis for such measurement is the same as that for the preparation of financial statements. Refer to the consolidated statements of comprehensive income for the related segment revenue and operating results.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2022	2021
Car lamps	\$ 4,018,051	\$ 3,998,845
Molds	271,118	451,606
Others	<u>457,236</u>	<u>541,691</u>
	<u>\$ 4,746,405</u>	<u>\$ 4,992,142</u>

c. Geographical information

The Group mainly operates in one principal geographical area - Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2022	2021
Taiwan	\$ 2,190,336	\$ 2,368,809
Japan	639,023	772,727
China	81,250	104,214
USA	1,632,747	1,605,289
Others	<u>203,049</u>	<u>141,103</u>
	<u>\$ 4,746,405</u>	<u>\$ 4,992,142</u>

	Non-current Assets	
	December 31	
	2022	2021
Taiwan	<u>\$ 1,194,975</u>	<u>\$ 1,290,630</u>

Non-current assets exclude financial instruments and deferred tax assets.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2022	%	2021	%
Customer A	\$ 1,727,333	36	\$ 1,700,288	34
Customer B	1,231,602	26	1,177,101	24
Investors with significant influence over the Company	595,705	13	730,847	15
	<u>\$ 3,554,640</u>	<u>75</u>	<u>\$ 3,608,236</u>	<u>73</u>

TABLE 1**Ta Yih Industrial Co., Ltd. And Subsidiaries**

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company	Sales	\$ (595,705)	(13)	60 days	No significant differences	No significant differences	Accounts receivable	12	
			Purchases	195,402	6	90 days	No significant differences	No significant differences	\$ 99,599 Accounts payable (49,605)	(7)	

TABLE 2**Ta Yih Industrial Co., Ltd. And Subsidiaries**

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Ta Yih International Investment Co., Ltd.	Omar Hodge Building, Wickhams Cay I P.O. Box 362, Road Town, Tortola, British Virgin Islands	Investment	\$ 1,367	\$ 1,367	50,000	100	\$ 815	\$ (53)	\$ (53)	

Note: Information on investments in mainland China, refer to Table 3.

TABLE 3**Ta Yih Industrial Co., Ltd. And Subsidiaries**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022**
(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 December 31, 2021 (Note 5)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022 (Note 4)
					Outward	Inward						
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Import, export and sale of automobile lamps in mainland China	US \$9 million (Note 2) (NT \$276,390 thousand) (Note 3)	Entrusting Ta Yih International Investment Co., Ltd. which was established in third region to invest in mainland China. Items referred to Rule No. 84022220 issued by the Investment Commission, MOEA.	\$ 42,470	\$ -	\$ -	\$ 42,470	\$ (209,498)	49	\$ (102,654)	\$ 174,108	\$ 238,605

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by The Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by The Investment Commission, MOEA (Note 6)
\$ 42,470	US\$4.41 million (Note 2) (NT\$135,431 thousand) (Note 3)	\$1,793,508×60% = \$1,076,105

Note 1 : Amount was recognized based on the audited financial statements.

Note 2 : On January 18, 1996, the Investment Commission, MOEA approved the investment of US\$2.5 million (including cash investment of US\$1.76 million and machinery investment of US\$740,000) through the approval of the Rule No. 84022220. On February 20, 2001, according to the Rule No. 90003791, approved by the Investment Commission, MOEA, the Company entrusted Ta Yih Investment Co., Ltd. which was established in the third region to invest US\$500,000 on machinery equipment. However, there was still US\$150,000 left unpaid. Therefore, the amount of capital owned by Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was only US\$2.85 million. However, at the end of November 2005, the Company transferred 51% of the investment to Koito Manufacturing Co., Ltd. In December 2007, Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd resolved to issue share dividends from capital surplus of US\$2.45 million, of which the investment amount belonged to the Company was $US\$2.45 \text{ million} \times 49\% = US\1.205 million , and had been approved by the Investment Commission, MOEA on March 24, 2008. In August 2008, the Company applied for issuing share dividends from capital surplus of US\$1.5 million, of which the amount of investment belonged to the company was $US\$1.5 \text{ million} \times 49\% = US\$735,000$, and had been approved by the Investment Commission, MOEA on August 6, 2008. In May 2010, the Company applied for issuing share dividends from capital surplus of US\$2.2 million, of which the amount of investment belonged to the Company was $US\$2.2 \text{ million} \times 49\% = US\1.078 million . As of December 31, 2022, the paid-in capital of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was US\$9 million. The registration was completed in July 2010 and had been approved by the Investment Commission, MOEA on November 30, 2010.

Note 3 : The amount in the table should be shown in NTD (exchange rate was 30.71 at reporting date).

Note 4 : Inward cash dividends.

Note 5 : The original amount of investment was NT\$86,673 thousands. 51% equity of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was sold for NT\$44,203 thousands.

Note 6 : The upper limit according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA on August 29, 2008.

TABLE 4**Ta Yih Industrial Co., Ltd. And Subsidiaries****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Sales	\$ 46,312	Cost plus pricing	120 to 180 days	90 days	Accounts receivable	4	\$ 1,473
	Royalty revenue	30,153	According to the contract	Every 180 days.	N/A	\$ 29,910 Other receivables 9,530	62	-

TABLE 5**Ta Yih Industrial Co., Ltd. And Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS****December 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred 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 in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

Appendix 2

2022 Individual Financial Statements

Ta Yih Industrial Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta Yih Industrial Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Ta Yih Industrial Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2022 and 2021, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its standalone financial performance and its standalone 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 standalone 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 standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone 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 audit of the Company's standalone financial statements for the year ended December 31, 2022 is as follows:

Sales Revenue from Hub Warehouse

Ta Yih Industrial Co., Ltd. mainly manufactures and sells automobile and locomotive lamps. The Company also sells its products to overseas markets. The sales model of overseas markets depends on the delivery of goods from hub warehouse. Ta Yih Industrial Co., Ltd. usually relies on the statements or other information from the external custodians of hub warehouse when making important strategic decisions. The inventory change related to the delivery from hub warehouse is used as the basis for recognizing revenue, and sales revenue is recognized when the customer picks up the goods (transfer of risks and rewards).

The sales revenue generated from the hub warehouse was \$1,530,564 thousand for the year ended December 31, 2022, which accounted for 32% of the total operating revenue. The transaction volume of revenue from the hub warehouse is significant to the standalone financial statements of Ta Yih Industrial Co., Ltd. for the year ended December 31, 2022; therefore, the revenue recognition of sales from hub warehouse needed to be verified through multiple internal controls and was identified as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding and tested the effectiveness of the design of the internal control and implementation related to the authenticity of sales revenue.
2. We confirmed the existence of revenue by sampling the sales revenue from shipment of hub warehouse and checked the corresponding documents such as export declarations, bills of lading and bank statement's records.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone 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 standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 a matter that was of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and is therefore the key audit matter. We describe this matter 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 Chi-Chen Lee and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

Ta Yih Industrial Co., Ltd.

STANDALONE BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 154,018	5	\$ 81,857	2
Financial assets at amortized cost - current (Notes 4 and 7)	5,600	-	-	-
Notes receivable (Notes 4 and 8)	416	-	14,256	-
Accounts receivable (Notes 4, 8 and 20)	685,440	21	706,917	21
Accounts receivable from related parties (Notes 4, 8, 20 and 27)	146,424	4	63,689	2
Other receivables (Notes 4 and 8)	5,581	-	2,291	-
Other receivables from related parties (Notes 4, 8 and 27)	9,690	-	15,332	1
Inventories (Notes 4 and 9)	952,784	29	1,061,190	31
Prepayments (Note 27)	107,865	3	74,149	2
Other current assets (Note 14)	18,387	1	17,895	1
Total current assets	2,086,205	63	2,037,576	60
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	174,923	5	272,325	8
Property, plant and equipment (Notes 4, 11 and 27)	966,643	29	995,638	29
Right-of-use assets (Notes 4 and 12)	38,650	1	8,166	-
Intangible assets (Notes 4, 13 and 27)	8,521	-	13,716	1
Deferred tax assets (Notes 4 and 22)	21,449	1	45,777	1
Other non-current assets (Notes 4 and 14)	14,630	1	21,265	1
Total non-current assets	1,224,816	37	1,356,887	40
TOTAL	<u>\$ 3,311,021</u>	<u>100</u>	<u>\$ 3,394,463</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 300,000	9	\$ 375,830	11
Short-term bills payable (Note 15)	-	-	90,000	3
Contract liabilities - current (Notes 4, 20 and 27)	129,154	4	53,953	2
Notes payable (Note 16)	78,300	2	84,738	2
Accounts payable (Note 16)	528,522	16	527,055	16
Accounts payable to related parties (Notes 16 and 27)	66,622	2	68,820	2
Other payables (Note 17)	172,999	5	171,840	5
Other payables to related parties (Notes 17 and 27)	45,874	2	50,016	1
Current tax liabilities (Notes 4 and 22)	25,621	1	55,122	2
Lease liabilities - current (Notes 4 and 12)	10,711	-	4,527	-
Other current liabilities (Note 17)	585	-	427	-
Total current liabilities	1,358,388	41	1,482,328	44
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	78,784	2	92,342	3
Lease liabilities - non-current (Notes 4 and 12)	28,115	1	3,713	-
Net defined benefit liabilities (Notes 4 and 18)	49,797	2	78,730	2
Other non-current liabilities (Note 17)	2,429	-	2,845	-
Total non-current liabilities	159,125	5	177,630	5
Total liabilities	1,517,513	46	1,659,958	49
EQUITY (Note 19)				
Ordinary shares	762,300	23	762,300	22
Capital surplus	61,023	2	60,924	2
Retained earnings				
Legal reserve	674,678	20	667,215	20
Special reserve	68,264	2	68,264	2
Unappropriated earnings	262,141	8	214,713	6
Total retained earnings	1,005,083	30	950,192	28
Other equity	(34,898)	(1)	(38,911)	(1)
Total equity	1,793,508	54	1,734,505	51
TOTAL	<u>\$ 3,311,021</u>	<u>100</u>	<u>\$ 3,394,463</u>	<u>100</u>

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

Ta Yih Industrial Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 4,746,405	100	\$ 4,992,142	100
OPERATING COSTS (Notes 9, 18, 21 and 27)	<u>4,151,023</u>	<u>88</u>	<u>4,350,801</u>	<u>87</u>
GROSS PROFIT	595,382	12	641,341	13
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	(1,473)	-	(2,200)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>1,762</u>	<u>-</u>	<u>2,645</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>595,671</u>	<u>12</u>	<u>641,786</u>	<u>13</u>
OPERATING EXPENSES (Notes 8, 18, 21 and 27)				
Selling and marketing expenses	263,744	5	224,238	5
General and administrative expenses	129,199	3	134,216	3
Research and development expenses	147,122	3	154,030	3
Expected credit loss	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>-</u>
Total operating expenses	<u>540,065</u>	<u>11</u>	<u>514,522</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>55,606</u>	<u>1</u>	<u>127,264</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	293	-	100	-
Other income	43,631	1	59,041	1
Other gains and losses	87,932	2	(39,408)	(1)
Share of profit or loss of subsidiaries and associates	<u>(102,707)</u>	<u>(2)</u>	<u>(59,456)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>29,149</u>	<u>1</u>	<u>(39,723)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	84,755	2	87,541	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	<u>(4,069)</u>	<u>-</u>	<u>5,017</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>88,824</u>	<u>2</u>	<u>82,524</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	14,756	-	(9,866)	-

(Continued)

Ta Yih Industrial Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	\$ <u>(2,951)</u> <u>11,805</u>	<u>-</u> <u>-</u>	\$ <u>1,973</u> <u>(7,893)</u>	<u>-</u> <u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	5,016	-	(1,810)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	<u>(1,003)</u> <u>4,013</u>	<u>-</u> <u>-</u>	<u>362</u> <u>(1,448)</u>	<u>-</u> <u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>15,818</u>	<u>-</u>	<u>(9,341)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>104,642</u>	<u>2</u>	\$ <u>73,183</u>	<u>1</u>
EARNINGS PER SHARE (New Taiwan dollars, Note 23)				
Basic	\$ <u>1.17</u>		\$ <u>1.08</u>	
Diluted	\$ <u>1.17</u>		\$ <u>1.08</u>	

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

(Concluded)

Ta Yih Industrial Co., Ltd.

**STANDALONE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Share Capital			Retained Earnings			Other Equity Exchange Differences on Translating	Total Equity
	Shares	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations	
BALANCE AT JANUARY 1, 2021	76,230	\$ 762,300	\$ 60,832	\$ 651,251	\$ 68,264	\$ 255,145	\$ (37,463)	\$ 1,760,329
Appropriation of the 2020 earnings (Note 19)								
Legal reserve	-	-	-	15,964	-	(15,964)	-	-
Cash dividends distributed by the Company - NT\$1.3 per share	-	-	-	-	-	(99,099)	-	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	92	-	-	-	-	92
Net profit for the year ended December 31, 2021	-	-	-	-	-	82,524	-	82,524
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(7,893)	(1,448)	(9,341)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	74,631	(1,448)	73,183
BALANCE AT DECEMBER 31, 2021	76,230	762,300	60,924	667,215	68,264	214,713	(38,911)	1,734,505
Appropriation of the 2021 earnings (Note 19)								
Legal reserve	-	-	-	7,463	-	(7,463)	-	-
Cash dividends distributed by the Company - NT\$0.6 per share	-	-	-	-	-	(45,738)	-	(45,738)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	99	-	-	-	-	99
Net profit for the year ended December 31, 2022	-	-	-	-	-	88,824	-	88,824
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	11,805	4,013	15,818
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	100,629	4,013	104,642
BALANCE AT DECEMBER 31, 2022	<u>76,230</u>	<u>\$ 762,300</u>	<u>\$ 61,023</u>	<u>\$ 674,678</u>	<u>\$ 68,264</u>	<u>\$ 262,141</u>	<u>\$ (34,898)</u>	<u>\$ 1,793,508</u>

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

Ta Yih Industrial Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 84,755	\$ 87,541
Adjustments for:		
Depreciation expense	181,886	167,259
Amortization expense	10,127	10,368
Expected credit loss recognized on trade receivables	-	2,038
Finance costs	5,356	3,451
Interest income	(293)	(100)
Share of profits of subsidiaries and associates	102,707	59,456
Loss (gain) on disposal of property, plant and equipment, net	(59)	43
Unrealized gain on transactions with associates	1,473	2,200
Realized gain on transactions with associates	(1,762)	(2,645)
Net gain on foreign currency exchange	(8,912)	(10,869)
Changes in operating assets and liabilities:		
Notes receivable	13,840	(12,068)
Accounts receivable	30,895	63,555
Accounts receivable from related parties	(76,436)	175,527
Other receivables	(3,290)	29
Other receivables from related parties	5,523	4,446
Inventories	108,406	(118,169)
Prepayments	(33,716)	31,845
Other current assets	(492)	11,057
Contract liabilities	75,201	(104,915)
Notes payable	(6,438)	(10,750)
Accounts payable	976	(189,351)
Accounts payable to related parties	(5,393)	(1,812)
Other payables	1,227	(32,077)
Other payables to related parties	(4,142)	(16,336)
Other current liabilities	158	(196)
Net defined benefit liabilities	(14,177)	(6,192)
Other non-current liabilities	(416)	79
Cash generated from operations	467,004	113,414
Interest received	293	100
Interest paid	(5,424)	(3,386)
Income tax paid	(18,616)	(26,265)
Net cash generated from operating activities	443,257	83,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(5,600)	-
Payments for property, plant and equipment	(137,483)	(129,161)
Proceeds from disposal of property, plant and equipment	80	-
Increase in refundable deposits	(2,409)	(6,421)
		(Continued)

Ta Yih Industrial Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in refundable deposits	\$ 4,397	\$ 11,157
Payments for intangible assets	<u>(4,932)</u>	<u>(5,160)</u>
Net cash used in investing activities	<u>(145,947)</u>	<u>(129,585)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,913,065	2,885,588
Repayments of short-term borrowings	(3,991,895)	(2,850,440)
Proceeds from short-term bills payable	260,000	640,000
Repayments of short-term bills payable	(350,000)	(550,000)
Repayment of the principal portion of lease liabilities	(10,680)	(5,866)
Cash dividends	(45,738)	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	<u>99</u>	<u>92</u>
Net cash generated from (used in) financing activities	<u>(225,149)</u>	<u>20,275</u>
NET INCREASE (DECREASE) IN CASH	72,161	(25,447)
CASH AT THE BEGINNING OF THE YEAR	<u>81,857</u>	<u>107,304</u>
CASH AT THE END OF THE YEAR	<u>\$ 154,018</u>	<u>\$ 81,857</u>

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

(Concluded)

Ta Yih Industrial Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Ta Yih Industrial Co., Ltd. (the “Company”) was incorporated in 1964. It was formerly known as Ta Yih Industrial Corp. and changed to its present name in 1976. The Company mainly sells, manufactures and processes automobile parts, motorcycle parts, railway vehicle parts, transportation machineries, industrial plastic parts, as well as invests in related industries.

The Company’s shares have been trading on the Taiwan Stock Exchange since October 1997.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors on March 8, 2023.

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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Company determined that as of the date the financial report was approved and authorized for issue, the above application of other standards and interpretations did not have material impacts on the financial position and financial performance of the Company.

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

New IFRSs	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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are 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.

As of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The standalone 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 the 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 the asset or liability.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the standalone financial statements, the investments of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of the reporting period. 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.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of 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 standard cost on the balance sheet date. The difference between actual costs and normal standard costs is allocated in proportion to inventory and operational costs on fiscal year-end, in order to approach the amount of weighted-average cost.

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 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 share of other equity of subsidiaries.

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.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

Under the equity method, investments in an associate 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 associate. The Company also recognizes the changes in the Company's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's standalone financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured 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. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. 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.

i. 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.

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its 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 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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. 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 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 amortized cost.

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 asset 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, financial assets at amortized cost - current, accounts receivable at amortized cost (including related parties), notes receivable, other receivables (including related parties), and refundable deposits (classified under other non-current 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, except for:

- i Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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.

b) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for 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 a financial instrument 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 determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 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) 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 a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

1. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of car lamps and molds. Sales of goods are recognized as revenue and accounts receivable when the goods are delivered to the customer's specific location 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.

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

2) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Company and that the amount of revenue can be measured reliably. Royalty arrangements that are based on sales are recognized with reference to the underlying arrangement.

m. Leases

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

The Company as 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 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 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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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 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 balance sheets.

n. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

o. 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 are intended 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.

p. 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 defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling 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 (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. 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 in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain 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 they 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 asset 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

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. CRITICAL 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 about 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 period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH

	December 31	
	2022	2021
Cash on hand	\$ 505	\$ 356
Checking accounts and demand deposits	<u>153,513</u>	<u>81,501</u>
	<u>\$ 154,018</u>	<u>\$ 81,857</u>

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 5,600</u>	<u>\$ -</u>

The range of interest rates for time deposits with original maturities of more than 3 months was approximately 0.425% per annum as of December 31, 2022.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES), AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount - operating	\$ 435	\$ 14,275
Less: Allowance for impairment loss	<u>19</u>	<u>19</u>
	<u>\$ 416</u>	<u>\$ 14,256</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 691,198	\$ 712,660
Less: Allowance for impairment loss	<u>5,758</u>	<u>5,743</u>
	<u>\$ 685,440</u>	<u>\$ 706,917</u>
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 148,178	\$ 65,458
Less: Allowance for impairment loss	<u>1,754</u>	<u>1,769</u>
	<u>\$ 146,424</u>	<u>\$ 63,689</u>
<u>Other receivables</u>		
Tariff refund receivables	\$ 635	\$ 435
Others	<u>4,946</u>	<u>1,856</u>
	<u>\$ 5,581</u>	<u>\$ 2,291</u>
<u>Other receivables from related party</u>		
Royalty receivables	\$ 9,530	\$ 14,967
Others	<u>160</u>	<u>365</u>
	<u>\$ 9,690</u>	<u>\$ 15,332</u>

The average credit period of sales of goods was 60 to 90 days. No interest was charged on accounts receivable.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade 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 table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	No indication of default of debtor			Total
	Not Past Due	Up to 60 Days	Individual identification	
Expected credit loss rate	0.1% -0.06%	0.1%-100%	30%-100%	
Gross carrying amount	\$ 804,411	\$ 23,037	\$ 12,363	\$ 839,811
Loss allowance (Lifetime ECL)	(516)	(576)	(6,439)	(7,531)
Amortized cost	<u>\$ 803,895</u>	<u>\$ 22,461</u>	<u>\$ 5,924</u>	<u>\$ 832,280</u>

December 31, 2021

	No indication of default of debtor			Total
	Not Past Due	Up to 60 Days	Individual identification	
Expected credit loss rate	0.1%-0.3%	0%	30%-100%	
Gross carrying amount	\$ 777,141	\$ 1,801	\$ 13,451	\$ 792,393
Loss allowance (Lifetime ECL)	(2,288)	-	(5,243)	(7,531)
Amortized cost	<u>\$ 774,853</u>	<u>\$ 1,801</u>	<u>\$ 8,208</u>	<u>\$ 784,862</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 7,531	\$ 6,112
Add: Net remeasurement of loss allowance	-	2,038
Less: Amounts written off	-	(619)
Balance at December 31	<u>\$ 7,531</u>	<u>\$ 7,531</u>

9. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 38,668	\$ 40,170
Finished goods	521,470	563,510
Work in progress	119,236	110,597
Raw materials	<u>273,410</u>	<u>346,913</u>
	<u>\$ 952,784</u>	<u>\$ 1,061,190</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	<u>\$ 4,151,023</u>	<u>\$ 4,350,801</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 815	\$ 784
Investments in associates	<u>174,108</u>	<u>271,541</u>
	<u>\$ 174,923</u>	<u>\$ 272,325</u>

a. Investments in subsidiaries

	December 31	
	2022	2021
Ta Yih International Investment Co., Ltd. (BVI)	<u>\$ 815</u>	<u>\$ 784</u>

As of December 31, 2022 and 2021, the Company's percentages of ownership and voting rights in Ta Yih International Investment Co., Ltd. (BVI) were both 100%.

b. Investments in associates

	December 31	
	2022	2021
Material associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	<u>\$ 174,108</u>	<u>\$ 271,541</u>

As of December 31, 2022, and 2021, The Company's percentage of ownership and voting rights in Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. were both 49%.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

	December 31	
	2022	2021
Current assets	\$ 1,503,436	\$ 2,043,932
Non-current assets	1,243,809	1,143,152
Current liabilities	<u>(2,383,636)</u>	<u>(2,624,042)</u>
Equity	<u>\$ 363,609</u>	<u>\$ 563,042</u>
Proportion of the Company's ownership	49%	49%
Equity attributable to the Company	\$ 178,168	\$ 275,890
Unrealized gain or loss with associates	<u>(4,060)</u>	<u>(4,349)</u>
Carrying amount	<u>\$ 174,108</u>	<u>\$ 271,541</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 1,627,297</u>	<u>\$ 1,923,096</u>
Net profit for the year	<u>\$ (209,498)</u>	<u>\$ (121,231)</u>
Total comprehensive income for the year	<u>\$ (209,498)</u>	<u>\$ (121,231)</u>

Refer to Table 2 “Information on Investees” and Table 3 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Molding Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 601,050	\$ 258,515	\$ 1,091,010	\$ 131,503	\$ 17,583	\$ 297,158	\$ 2,396,819
Additions	-	1,481	72,119	46,644	-	19,009	139,253
Disposals	-	-	(38,507)	-	-	(4,503)	(43,010)
Balance at December 31, 2021	<u>\$ 601,050</u>	<u>\$ 259,996</u>	<u>\$ 1,124,622</u>	<u>\$ 178,147</u>	<u>\$ 17,583</u>	<u>\$ 311,664</u>	<u>\$ 2,493,062</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 222,483	\$ 879,989	\$ 26,007	\$ 13,593	\$ 236,921	\$ 1,378,993
Depreciation expenses	-	7,930	61,897	63,159	1,725	26,687	161,398
Disposals	-	-	(38,480)	-	-	(4,487)	(42,967)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 230,413</u>	<u>\$ 903,406</u>	<u>\$ 89,166</u>	<u>\$ 15,318</u>	<u>\$ 259,121</u>	<u>\$ 1,497,424</u>
Carrying amount at December 31, 2021	<u>\$ 601,050</u>	<u>\$ 29,583</u>	<u>\$ 221,216</u>	<u>\$ 88,981</u>	<u>\$ 2,265</u>	<u>\$ 52,543</u>	<u>\$ 995,638</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 601,050	\$ 259,996	\$ 1,124,622	\$ 178,147	\$ 17,583	\$ 311,664	\$ 2,493,062
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Disposals	-	-	(24,683)	-	-	(1,544)	(26,227)
Balance at December 31, 2022	<u>\$ 601,050</u>	<u>\$ 264,360</u>	<u>\$ 1,138,863</u>	<u>\$ 245,186</u>	<u>\$ 18,013</u>	<u>\$ 341,493</u>	<u>\$ 2,608,965</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 230,413	\$ 903,406	\$ 89,166	\$ 15,318	\$ 259,121	\$ 1,497,424
Depreciation expenses	-	7,481	57,236	80,260	1,475	24,652	171,104
Disposals	-	-	(24,663)	-	-	(1,543)	(26,206)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 237,894</u>	<u>\$ 935,979</u>	<u>\$ 169,426</u>	<u>\$ 16,793</u>	<u>\$ 282,230</u>	<u>\$ 1,642,322</u>
Carrying amount at December 31, 2022	<u>\$ 601,050</u>	<u>\$ 26,466</u>	<u>\$ 202,884</u>	<u>\$ 75,760</u>	<u>\$ 1,220</u>	<u>\$ 59,263</u>	<u>\$ 966,643</u>

All property, plant and equipment are used by the Company.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40 - 60 years
Factory and other buildings	5 - 40 years
Machinery equipment	3 - 12 years
Molding equipment	2 - 3 years
Transportation equipment	5 years
Other equipment	3 - 8 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Building	\$ 34,627	\$ -
Office equipment	1,046	1,568
Transportation equipment	<u>2,977</u>	<u>6,598</u>
	<u>\$ 38,650</u>	<u>\$ 8,166</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 42,186</u>	<u>\$ 5,693</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 6,111	\$ -
Office equipment	522	522
Transportation equipment	<u>4,149</u>	<u>5,339</u>
	<u>\$ 10,782</u>	<u>\$ 5,861</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 10,711</u>	<u>\$ 4,527</u>
Non-current	<u>\$ 28,115</u>	<u>\$ 3,713</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Building	1.25%	-
Office equipment	1.45%	1.45%
Transportation equipment	1.05%-1.45%	1.18%-1.45%

c. Material leasing activities and terms

The Company leases company cars and office equipment with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options.

The Company also leases land and buildings for the use of plants with lease terms of 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 154	\$ 67
Expenses relating to low-value asset leases	\$ 122	\$ 124
Total cash outflow for leases	\$ (11,358)	\$ (6,181)

The Company's leases of certain machinery qualify as short-term 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.

13. INTANGIBLE ASSETS

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 29,390	\$ 785	\$ 30,175
Additions	<u>5,160</u>	<u>-</u>	<u>5,160</u>
Balance at December 31, 2021	<u>\$ 34,550</u>	<u>\$ 785</u>	<u>\$ 35,335</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 10,866	\$ 385	\$ 11,251
Amortization expense	<u>10,268</u>	<u>100</u>	<u>10,368</u>
Balance at December 31, 2021	<u>\$ 21,134</u>	<u>\$ 485</u>	<u>\$ 21,619</u>
Carrying amount at December 31, 2021	<u>\$ 13,416</u>	<u>\$ 300</u>	<u>\$ 13,716</u>

(Continued)

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 34,550	\$ 785	\$ 35,335
Additions	<u>4,932</u>	<u>-</u>	<u>4,932</u>
Balance at December 31, 2022	<u>\$ 39,482</u>	<u>\$ 785</u>	<u>\$ 40,267</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 21,134	\$ 485	\$ 21,619
Amortization expense	<u>10,027</u>	<u>100</u>	<u>10,127</u>
Balance at December 31, 2022	<u>\$ 31,161</u>	<u>\$ 585</u>	<u>\$ 31,746</u>
Carrying amount at December 31, 2022	<u>\$ 8,321</u>	<u>\$ 200</u>	<u>\$ 8,521</u>
			(Concluded)

The above other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Patents	5 years

14. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Input tax	\$ 18,252	\$ 17,723
Payment on behalf of others	<u>135</u>	<u>172</u>
	<u>\$ 18,387</u>	<u>\$ 17,895</u>
<u>Non-current</u>		
Refundable deposits	\$ 7,577	\$ 9,565
Prepayments for property, plant, and equipment	<u>7,053</u>	<u>11,700</u>
	<u>\$ 14,630</u>	<u>\$ 21,265</u>

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Bank unsecured loans	\$ <u>300,000</u>	\$ <u>375,830</u>

The range of interest rates on bank loans were 1.4%-1.65% and 0.53%-0.95% per annum, as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial papers payable	\$ <u>-</u>	\$ <u>90,000</u>

The range of interest rates on commercial papers payable was 0.89%-0.9% per annum at December 31, 2021.

16. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Both notes payable and accounts payable were generated from operating activities. 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	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 121,256	\$ 115,304
Payables for molding equipment	9,357	16,394
Payables for annual leave	19,539	18,589
Payables for compensation of employees	2,036	2,689
Payables for utilities expense	5,062	4,136
Payables for inspection expense	2,673	2,199
Others	<u>13,076</u>	<u>12,529</u>
	<u>\$ 172,999</u>	<u>\$ 171,840</u>

(Continued)

	December 31	
	2022	2021
Other payables to related parties		
Payables for royalty	\$ 43,933	\$ 49,129
Payables for molds	1,323	614
Payables for design expense	106	-
Others	<u>512</u>	<u>273</u>
	<u>\$ 45,874</u>	<u>\$ 50,016</u>
Other current liabilities		
Receipts under custody	<u>\$ 585</u>	<u>\$ 427</u>
<u>Non-current</u>		
Other non-current liabilities		
Provision for employee benefits	\$ 2,189	\$ 2,605
Guarantee deposits received	<u>240</u>	<u>240</u>
	<u>\$ 2,429</u>	<u>\$ 2,845</u>
		(Concluded)

Provision for employee benefits is the estimate of long-term bonus for senior employees.

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, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China (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 11% and 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee and a manager pension fund administered by the manager pension fund managing committee. Pension contributions are deposited respectively in the Bank of Taiwan and Taiwan Business Bank 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 standalone balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 259,563	\$ 279,214
Fair value of plan assets	<u>(209,766)</u>	<u>(200,484)</u>
Net defined benefit liabilities	<u>\$ 49,797</u>	<u>\$ 78,730</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 (Assets)
Balance at January 1, 2021	<u>\$ 318,954</u>	<u>\$ (243,898)</u>	<u>\$ 75,056</u>
Service cost			
Current service cost	2,645	-	2,645
Net interest expense (income)	<u>1,595</u>	<u>(1,232)</u>	<u>363</u>
Recognized in profit or loss	<u>4,240</u>	<u>(1,232)</u>	<u>3,008</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,810)	(2,810)
Actuarial profit - changes in demographic assumptions	7,976	-	7,976
Actuarial profit - experience adjustments	<u>4,700</u>	<u>-</u>	<u>4,700</u>
Recognized in other comprehensive income	<u>12,676</u>	<u>(2,810)</u>	<u>9,866</u>
Contributions from the employer	-	(9,200)	(9,200)
Benefits paid	<u>(56,656)</u>	<u>56,656</u>	<u>-</u>
Balance at December 31, 2021	<u>279,214</u>	<u>(200,484)</u>	<u>78,730</u>
Service cost			
Current service cost	1,997	-	1,997
Net interest expense (income)	<u>1,396</u>	<u>(1,027)</u>	<u>369</u>
Recognized in profit or loss	<u>3,393</u>	<u>(1,027)</u>	<u>2,366</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,765)	(16,765)
Actuarial loss - changes in demographic assumptions	(10,080)	-	(10,080)
Actuarial profit - experience adjustments	<u>12,089</u>	<u>-</u>	<u>12,089</u>
Recognized in other comprehensive income	<u>2,009</u>	<u>(16,765)</u>	<u>(14,756)</u>
Contributions from the employer	-	(16,543)	(16,543)
Benefits paid	<u>(25,053)</u>	<u>25,053</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 259,563</u>	<u>\$ (209,766)</u>	<u>\$ 49,797</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 1,574	\$ 2,017
Selling and marketing expenses	9	2
General and administrative expenses	293	522
Research and development expenses	<u>490</u>	<u>467</u>
	<u>\$ 2,366</u>	<u>\$ 3,008</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 should 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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary 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	
	2022	2021
Discount rate	1.375%	0.500%
Expected rate of salary increase	2.500%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	\$ <u>(6,183)</u>	\$ <u>(7,108)</u>
0.25% decrease	\$ <u>6,403</u>	\$ <u>7,373</u>
Expected rate of salary increase/decrease		
0.25% increase	\$ <u>6,221</u>	\$ <u>7,139</u>
0.25% decrease	\$ <u>(6,038)</u>	\$ <u>(6,920)</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 changes in assumptions would occur in

isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ <u>4,920</u>	\$ <u>9,792</u>
Average duration of the defined benefit obligation	9.7 years	10.3 years

19. EQUITY

a. Share capital

Number of shares authorized (in thousands)	<u>76,230</u>
Shares authorized	\$ <u>762,300</u>
Number of shares issued and fully paid (in thousands)	
Ordinary shares	<u>76,230</u>
Shares issued	
Ordinary shares	\$ <u>762,300</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	
	2022	2021
Issuance of ordinary shares	\$ 56,330	\$ 56,330
Capital surplus from gain on disposal of assets	4,142	4,142
Donations (dividends expired)	<u>551</u>	<u>452</u>
	\$ <u>61,023</u>	\$ <u>60,924</u>

Such capital surplus from issuance of ordinary shares and donations 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 once a year). Capital surplus from gain on disposal of assets may only be used to offset a deficit.

c. Retained earnings and dividends policy

With due consideration of the future needs for funds and long-term financial plan, when 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, 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 in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the shareholders' dividends. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 21(f) "Compensation of employees and remuneration of director and supervisors".

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. 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 2021 and 2020, which were approved in the shareholders' meetings on June 21, 2022 and August 4, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 7,463	\$ 15,964
Cash dividends	\$ 45,738	\$ 99,099
Cash dividends per share (NT\$)	\$ 0.6	\$ 1.3

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 8, 2023. The appropriations were as follows:

	Appropriation of Earnings
Legal reserve	\$ 10,062
Cash dividends	\$ 53,361
Cash dividends per share (NT\$)	\$ 0.7

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at December 31	\$ 68,264	\$ 68,264

At the Group's initial adoption of IFRS, the amount transferred to retained earnings was \$159,287 thousand representing the increase in cumulative translation adjustment and unrealized revaluation increments of \$19,849 thousand and \$139,438 thousand, respectively; retained earnings decreased by \$136,165 thousand due to increase in employee benefits - short-term accumulating compensated absences and employee benefits - defined benefit plan of \$10,539 thousand and \$125,626 thousand, respectively. Therefore, the increase in retained earnings of \$23,122 thousand by adopting IFRS was recognized in special reserve. When there is subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

20. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ 4,746,405	\$ 4,992,142

a. Contract information

Revenue from sale of goods

The Company's primary products are car lamps and molds. Car lamps and molds are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties) (Note 8)	<u>\$ 831,864</u>	<u>\$ 770,606</u>	<u>\$ 1,002,942</u>
Contract liabilities - current			
Deferred revenue	<u>\$ 129,154</u>	<u>\$ 53,953</u>	<u>\$ 158,868</u>

The changes in the balance of contract liabilities primarily resulted from the timing differences between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
From the contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 48,360</u>	<u>\$ 149,036</u>

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Type of goods</u>		
Car lamps	\$ 4,018,051	\$ 3,998,845
Molds	271,118	451,606
Others	<u>457,236</u>	<u>541,691</u>
	<u>\$ 4,746,405</u>	<u>\$ 4,992,142</u>

21. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	<u>\$ 293</u>	<u>\$ 100</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Royalty revenue	\$ 35,330	\$ 46,210
Others	<u>8,301</u>	<u>12,831</u>
	<u>\$ 43,631</u>	<u>\$ 59,041</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ (4,954)	\$ (3,327)
Interest on lease liabilities	(402)	(124)
Net foreign exchange (losses) gains	103,517	(15,989)
Royalty expense	(10,221)	(15,174)
Gain (loss) on disposal of property, plant and equipment	59	(43)
Others	<u>(67)</u>	<u>(4,751)</u>
	<u>\$ 87,932</u>	<u>\$ (39,408)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 171,104	\$ 161,398
Right-of-use assets	10,782	5,861
Intangible assets	<u>10,127</u>	<u>10,368</u>
	<u>\$ 192,013</u>	<u>\$ 177,627</u>
An analysis of depreciation by function		
Operating costs	\$ 167,646	\$ 150,058
Operating expenses	<u>14,240</u>	<u>17,201</u>
	<u>\$ 181,886</u>	<u>\$ 167,259</u>
An analysis of amortization by function		
Operating costs	\$ 2,804	\$ 2,682
Operating expenses	<u>7,323</u>	<u>7,686</u>
	<u>\$ 10,127</u>	<u>\$ 10,368</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salaries	\$ 519,202	\$ 508,898
Directors' remuneration	940	930
Labor and health insurance	54,250	55,346
Others	<u>24,312</u>	<u>24,156</u>
	<u>598,704</u>	<u>589,330</u>
Post-employment benefits		
Defined contribution plans	22,340	22,573
Defined benefit plans (Note 18)	<u>2,366</u>	<u>3,008</u>
	<u>24,706</u>	<u>25,581</u>
Total employee benefits expense	<u>\$ 623,410</u>	<u>\$ 614,911</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 435,116	\$ 417,625
Operating expenses	<u>188,294</u>	<u>197,286</u>
	<u>\$ 623,410</u>	<u>\$ 614,911</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees at the rates of no less than 1% of net profit after offsetting previous fiscal deficits, and before income tax, and compensation of employees. The compensation of employees for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 8, 2023 and March 25, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees - cash	\$ 1,152	\$ 884

Remuneration of directors was not issued over the years.

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees resolved by the Company's board of directors is

available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 134,145	\$ 29,262
Foreign exchange losses	<u>(30,628)</u>	<u>(45,251)</u>
	<u>\$ 103,517</u>	<u>\$ (15,989)</u>

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 15,291	\$ 29,665
Income tax on unappropriated earnings	1,071	2,229
Adjustment for prior years	<u>(27,247)</u>	<u>(14,619)</u>
	(10,885)	17,275
Deferred tax		
In respect of the current year	<u>6,816</u>	<u>(12,258)</u>
Income tax expense recognized in profit or loss	<u>\$ (4,069)</u>	<u>\$ 5,017</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 84,755</u>	<u>\$ 87,541</u>
Income tax expense calculated at the statutory rate	\$ 16,951	\$ 17,508
Adjustment items of income tax		
Temporary differences		
Deferred revenue	(17,588)	3,403
Share of profit or loss of overseas associates accounted for using equity method	20,541	11,891
Others	(4,626)	(3,169)
Non-deductible expenses for tax purposes	13	32
Income tax on unappropriated earnings	<u>1,071</u>	<u>2,229</u>
Current taxable income	<u>16,362</u>	<u>31,894</u>
Deferred income tax expense (income)	6,816	(12,258)
Adjustments for prior years' tax	<u>(27,247)</u>	<u>(14,619)</u>
	<u>\$ (4,069)</u>	<u>\$ 5,017</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ (2,951)	\$ 1,973
Exchange differences on translating foreign operations	<u>(1,003)</u>	<u>362</u>
	<u>\$ (3,954)</u>	<u>\$ 2,335</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 25,621</u>	<u>\$ 55,122</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for reduction of inventory to market	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain or loss with associates	870	(58)	-	812
Long-term employee benefit liability	521	(83)	-	438
Deferred revenue	17,588	(17,588)	-	-
Defined benefit plans	15,746	(2,836)	(2,951)	9,959
Payables for annual leave	3,717	191	-	3,908
Exchange differences on translating the financial statements of foreign operations	4,766	-	(1,003)	3,763
	<u>\$ 45,777</u>	<u>\$ (20,374)</u>	<u>\$ (3,954)</u>	<u>\$ 21,449</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Unappropriated earnings of associates	\$ 15,398	\$ (15,398)	\$ -	\$ -
Unrealized exchange losses	208	1,840	-	2,048
Land value tax	<u>76,736</u>	<u>-</u>	<u>-</u>	<u>76,736</u>
	<u>\$ 92,342</u>	<u>\$ (13,558)</u>	<u>\$ -</u>	<u>\$ 78,784</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for reduction of inventory to market	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain or loss with associates	959	(89)	-	870
Long-term employee benefit liability	505	16	-	521
Deferred revenue	14,185	3,403	-	17,588
Defined benefit plans	15,011	(1,238)	1,973	15,746
Payables for annual leave	3,472	245	-	3,717
Unrealized exchange losses and gains	1,895	(1,895)	-	-
Exchange differences on translating the financial statements of foreign operations	4,404	-	362	4,766
	<u>\$ 43,000</u>	<u>\$ 442</u>	<u>\$ 2,335</u>	<u>\$ 45,777</u>

Deferred Tax Liabilities

Temporary differences				
Unappropriated earnings of associates	\$ 27,422	\$ (12,024)	\$ -	\$ 15,398
Unrealized exchange losses	-	208	-	208
Land value tax	<u>76,736</u>	<u>-</u>	<u>-</u>	<u>76,736</u>
	<u>\$ 104,158</u>	<u>\$ (11,816)</u>	<u>\$ -</u>	<u>\$ 92,342</u>

e. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net profit for the year	<u>\$ 88,824</u>	<u>\$ 82,524</u>

Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in computation of basic earnings per share	\$ 76,230	\$ 76,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>38</u>	<u>29</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>\$ 76,268</u>	<u>\$ 76,259</u>

Since the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities that were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	\$ 142,130	\$ 139,253
Decrease in prepayments for equipment	<u>(4,647)</u>	<u>(10,092)</u>
	<u>\$ 137,483</u>	<u>\$ 129,161</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Short-term borrowings	Lease liabilities
Balance at January 1, 2022	\$ 375,830	\$ 8,240
Net cash flows from financing activities	(78,830)	(10,680)
Non-cash changes		
New leases	-	42,186
Disposal leases	-	(920)
Effect of foreign currency exchange differences	<u>3,000</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 300,000</u>	<u>\$ 38,826</u>

For the year ended December 31, 2021

	Short-term borrowings	Lease liabilities
Balance at January 1, 2021	\$ 342,400	\$ 8,413
Net cash flows from financing activities	35,148	(5,866)
Non-cash changes		
New leases	-	5,693
Effect of foreign currency exchange differences	<u>(1,718)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 375,830</u>	<u>\$ 8,240</u>

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company. The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments that are not measured at fair value, such as cash, financial assets at amortized cost - current, accounts receivable (including related parties), refundable deposits (classified under other non-current assets), accounts payable (including related parties), short-term borrowings, short-term bills payable and guarantee deposits received (classified under other non-current liabilities) approximate their fair values.

b. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,014,746	\$ 893,907
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,192,557	1,368,539

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost - current, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits (classified under other non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties), and guarantee deposits received (classified under non-current liabilities).

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts

payable, borrowings, short-term bills payable and lease liabilities.

The Company'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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

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 28.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to an increase and decrease of 1% in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit. For a 1% weakening of the functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 3,135	\$ 3,032

Exchange rate fluctuations are mainly attributable to the exposure on outstanding cash, accounts receivable, other receivables, short-term borrowings and accounts payable in foreign currency which were not hedged at the end of the reporting period.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. Sales quoted in USD may change with the fluctuation of client orders.

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:

	For the Year Ended December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 5,600	\$ -
Financial liabilities	28,115	93,713
Cash flow interest rate risk		
Financial assets	147,375	76,952
Financial liabilities	300,000	375,830

Sensitivity analysis

For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$1,526 thousand and \$2,989 thousand, respectively, which was mainly a result of variable-rate 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. As at the end of the reporting period, 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 and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's credit risk primarily arose from sales of the top 3 clients, which contributed more than 10% of the operating revenue in the statements of comprehensive income. The total percentages of accounts receivable (include related parties) from the above clients for the years ended December 31, 2022 and 2021 were 69% and 68%, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company'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 Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	\$ 892,317	\$ 240
Lease liabilities	11,133	28,689
Variable interest rate liabilities	<u>300,074</u>	<u>-</u>
	<u>\$ 1,203,524</u>	<u>\$ 28,929</u>

December 31, 2021

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	\$ 902,469	\$ 240
Lease liabilities	4,608	3,755
Variable interest rate liabilities	375,972	-
Fixed interest rate liabilities	<u>90,000</u>	<u>-</u>
	<u>\$ 1,373,049</u>	<u>\$ 3,995</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities		
Amount used	\$ 300,000	\$ 465,830
Amount unused	<u>1,280,000</u>	<u>1,114,170</u>
	<u>\$ 1,580,000</u>	<u>\$ 1,580,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Associates
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
India Japan Lighting Private Limited	Subsidiary of Koito Manufacturing Co., Ltd.
PT. Indonesia Koito	Subsidiary of Koito Manufacturing Co., Ltd.
Thai Koito Company Limited	Subsidiary of Koito Manufacturing Co., Ltd.
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
North American Lighting Inc.	Subsidiary of Koito Manufacturing Co., Ltd.
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of Koito Manufacturing Co., Ltd.
TYC Brother Industrial Co., Ltd.	Substantive related party
DBM Reflex of Taiwan Co., Limited	Substantive related party
Juoku Technology Co., Ltd.	Substantive related party
KUO CHI MIN Investment Co., Ltd. (Formerly known as Ta Yih Investment Co., Ltd.)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	\$ 595,705	\$ 730,847
Associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	46,312	95,694
Subsidiary of Koito Manufacturing Co., Ltd.	84,643	21,137
Substantive related party	<u>77</u>	<u>337</u>
	<u>\$ 726,737</u>	<u>\$ 848,015</u>

The prices of sales of goods with related parties did not have substantive difference compared to non-related parties, except the prices of sales of goods with associates were added based on the costs. The collection term of domestic sales with related parties is 90 days, the collection term of export sales with related parties apart from associates, according to the term of individual transaction, is 120 to 180 days, and the collection term does not have substantive difference compared to non-related parties.

The unrealized gains on sales with associates for the years ended December 31, 2022 and 2021 were \$4,060 thousand and \$4,349 thousand, respectively, and had been recognized as a reduction of

investments accounted for using the equity method.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	\$ 195,402	\$ 327,491
Associates	42,505	21,632
Subsidiary of Koito Manufacturing Co., Ltd.	3,426	934
Substantive related party	<u>8,067</u>	<u>18,425</u>
	<u>\$ 249,400</u>	<u>\$ 368,482</u>

The payment term and price of goods purchased do not have substantive difference between related and non-related parties. The payment term for related parties depends on individual transaction, which is normally 90 days, and does not have substantive difference from non-related parties.

d. Contract liabilities

Related Party Category/Name	December 31	
	2022	2021
Subsidiary of Koito Manufacturing Co., Ltd.	<u>\$ 2,317</u>	<u>\$ 7,288</u>

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 99,599	\$ 46,714
	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	29,910	16,711
	Subsidiary of Koito Manufacturing Co., Ltd.	18,669	1,976
	Substantive related party	<u>-</u>	<u>57</u>
		148,178	65,458
	Less: Allowance for impairment loss	<u>1,754</u>	<u>1,769</u>
		<u>\$ 146,424</u>	<u>\$ 63,689</u>
Other receivables	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	\$ 9,558	\$ 14,411
	Subsidiary of Koito Manufacturing Co., Ltd.	48	921
	Substantive related party	<u>84</u>	<u>-</u>
		<u>\$ 9,690</u>	<u>\$ 15,332</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 49,605	\$ 55,216
	Associates	14,227	7,653
	Subsidiary of Koito Manufacturing Co., Ltd.	26	-
	Substantive related party	<u>2,764</u>	<u>5,951</u>
		<u>\$ 66,622</u>	<u>\$ 68,820</u>
Other payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	\$ 44,808	\$ 49,906
	Associates	132	110
	Substantive related party	<u>934</u>	<u>-</u>
		<u>\$ 45,874</u>	<u>\$ 50,016</u>

The outstanding payables to related parties are unsecured.

g. Prepayments

Line Item	Related Party Category	December 31	
		2022	2021
Prepaid expenses (classified under prepayments)	Investors with significant influence over the Company	<u>\$ 110</u>	<u>\$ 191</u>

h. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Substantive related party	<u>\$ 880</u>

i. Acquisition of other assets (classified under intangible assets)

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Investors with significant influence over the Company Koito Manufacturing Co., Ltd.	\$ <u>518</u>

The group acquired intangible assets \$2,226 thousand from investors with significant influence Koito Manufacturing Co. by agent for the collecting and paying for the year ended December 31, 2021.

j. Lease arrangements

Related Party Category/Name	January 1 to December 31, 2022
<u>Acquisition of right-of-use assets</u>	
Substantive related party Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>40,738</u>

Line Item	Related Party Category/Name	December 31 2022
Lease liabilities	Substantive related party Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>34,752</u>

Line Item	Related Party Category/Name	January 1 to December 31, 2022
Interest expense	Substantive related party Ta Yih Kenmos Auto Parts Co., Ltd.	\$ <u>314</u>

The Company leased right-of-use of plant from Ta Yih Kenmos Auto Parts Co., Ltd. in April 2022. The lease term of the contract was 5 years; the rental is based on market prices and monthly payments as agreed.

k. Other transactions with related parties

1) Royalty expenses

The Company entered into a royalty expense contract with its investor with significant influence - Koito Manufacturing Co., Ltd on June 1, 1987, original contract period 8 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty expenses were \$81,842 thousand and \$84,962 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as operating costs and operating expenses.

2) Royalty revenue

The Company entered into a royalty revenue contract with its associate - Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. on December 26, 2016, original contract period 2 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty revenues were \$30,153 thousand and \$35,943 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses. According to the contract, 50% of the royalty revenue should be paid to its investor with significant influence - Koito Manufacturing Co., Ltd. which amounted to \$10,221 thousand and \$15,174 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other losses, net of non-operating income and expenses.

The Company entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Hubei Koito Automotive Lamp Co., Ltd. from December 25, 2015 to December 24, 2020. The royalty revenue were \$0 thousand and \$331 thousand for the year ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

The Company entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Guangzhou Koito Automotive Lamp Co., Ltd. on November 11, 2019. The contract period is one year, and it shall be automatically renewed for successive one year term thereafter until and unless either the Party provides the other Party within 3 months prior notification to expire or modify the contract. The royalty revenue was \$5,177 thousand and \$9,936 thousand for the years ended December 31, 2022, and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

1. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 9,443	\$ 11,880
Post-employment benefits	<u>130</u>	<u>128</u>
	<u>\$ 9,573</u>	<u>\$ 12,008</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,401	30.71	\$ 319,423
CNY	10,983	4.408	48,412
JPY	564,394	0.2324	131,165
Non-monetary items			
Investments accounted for using the equity method			
CNY	40,406	4.409	178,168
USD	27	30.71	815

Financial liabilities

Monetary items			
USD	193	30.71	5,936
CNY	5,732	4.408	25,267
JPY	242,889	0.2324	56,447

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,295	27.690	\$ 340,540
CNY	12,740	4.355	55,481
JPY	225,896	0.2407	54,373
Non-monetary items			
Investments accounted for using the equity method			
CNY	63,547	4.341	275,890
USD	28	27.680	784

Financial liabilities

Monetary items			
USD	1,347	27.690	37,288
CNY	7,221	4.355	31,449
JPY	457,298	0.2407	110,072

The carrying amount of investments accounted for using the equity method does not contain the reduction of unrealized gains.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.88 (USD:NTD)	\$ 98,303	27.92 (USD:NTD)	\$ (16,253)
CNY	4.42 (CNY:NTD)	99	4.34 (CNY:NTD)	535
JPY	0.2275 (JPY:NTD)	<u>5,115</u>	0.2536 (JPY:NTD)	<u>(271)</u>
		<u>\$ 103,517</u>		<u>\$ (15,989)</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 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 (Table 1)
- 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)

b. Information on investees (Table 2)

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 3)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or

losses (Table 4):

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - 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
- 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 5)

TABLE 1**Ta Yih Industrial Co., Ltd. And Subsidiaries**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company	Sales	\$ (595,705)	(13)	60 days	No significant differences	No significant differences	Accounts receivable	12	
			Purchases	195,402	6	90 days	No significant differences	No significant differences	\$ 99,599 Accounts payable (49,605)	(7)	

TABLE 2**Ta Yih Industrial Co., Ltd. And Subsidiaries****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Ta Yih International Investment Co., Ltd.	Omar Hodge Building, Wickhams Cay I P.O. Box 362, Road Town, Tortola, British Virgin Islands	Investment	\$ 1,367	\$ 1,367	50,000	100	\$ 815	\$ (53)	\$ (53)	

Note: Information on investments in mainland China, refer to Table 3.

TABLE 3**Ta Yih Industrial Co., Ltd. And Subsidiaries**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022**
(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 December 31, 2021 (Note 5)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022 (Note 4)
					Outward	Inward						
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Import, export and sale of automobile lamps in mainland China	US \$9 million (Note 2) (NT \$ 276,390 thousand) (Note 3)	Entrusting Ta Yih International Investment Co., Ltd. which was established in third region to invest in mainland China. Items referred to Rule No. 84022220 issued by the Investment Commission, MOEA.	\$ 42,470	\$ -	\$ -	\$ 42,470	\$ (209,498)	49	\$ (102,654)	\$ 174,108	\$ 238,605

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by The Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by The Investment Commission, MOEA (Note 6)
\$ 42,470	US\$4.41 million (Note 2) (NT\$ 135,431 thousand) (Note 3)	\$1,793,508×60% = \$ 1,076,105

Note 1 : Amount was recognized based on the audited financial statements.

Note 2 : On January 18, 1996, the Investment Commission, MOEA approved the investment of US\$2.5 million (including cash investment of US\$1.76 million and machinery investment of US\$740,000) through the approval of the Rule No. 84022220. On February 20, 2001, according to the Rule No. 90003791, approved by the Investment Commission, MOEA, the Company entrusted Ta Yih Investment Co., Ltd. which was established in the third region to invest US\$500,000 on machinery equipment. However, there was still US\$150,000 left unpaid. Therefore, the amount of capital owned by Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was only US\$2.85 million. However, at the end of November 2005, the Company transferred 51% of the investment to Koito Manufacturing Co., Ltd. In December 2007, Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd resolved to issue share dividends from capital surplus of US\$2.45 million, of which the investment amount belonged to the Company was US\$2.45 million × 49% = US\$1.205 million, and had been approved by the Investment Commission, MOEA on March 24, 2008. In August 2008, the Company applied for issuing share dividends from capital surplus of US\$1.5 million, of which the amount of investment belonged to the company was US\$1.5 million × 49% = US\$735,000, and had been approved by the Investment Commission, MOEA on August 6, 2008. In May 2010, the Company applied for issuing share dividends from capital surplus of US\$2.2 million, of which the amount of investment belonged to the Company was US\$2.2 million × 49% = US\$1.078 million. As of December 31, 2022, the paid-in capital of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was US\$9 million. The registration was completed in July 2010 and had been approved by the Investment Commission, MOEA on November 30, 2010.

Note 3 : The amount in the table should be shown in NTD (exchange rate was 30.71 at reporting date).

Note 4 : Inward cash dividends.

Note 5 : The original amount of investment was NT\$86,673 thousands. 51% equity of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was sold for NT\$44,203 thousands.

Note 6 : The upper limit according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA on August 29, 2008.

TABLE 4**Ta Yih Industrial Co., Ltd. And Subsidiaries****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Sales	\$ 46,312	Cost plus pricing	120 to 180 days	90 days	Accounts receivable	4	\$ 1,473
	Royalty revenue	30,153	According to the contract	Every 180 days.	N/A	\$ 29,910 Other receivables 9,530	62	-

TABLE 5**Ta Yih Industrial Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS****December 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred 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 in the standalone financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.



TA YIH INDUSTRIAL CO.,LTD

Chairman : Chun-I Wu