

Stock code : 1521

# **TA YIH INDUSTRIAL CO., LTD.**

## **2023 ANNUAL REPORT**

Address : No. 11, Xinxin Road, South Dist., Tainan City

Telephone : (06)2615151

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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>

**1. Company Spokesman**

Name : Cheng Ching-Siang

Title : Assistant Manager

Contact Telephone : (06)2615151 ext. 225

Email : [joanc@tayih-ind.com.tw](mailto:joanc@tayih-ind.com.tw)

**2. Company Acting Spokesman**

Name : Tsai Tsung-Han

Title : Manager

Contact Telephone : (06)2615151 ext. 216

Email : [Jefftime@tayih-ind.com.tw](mailto:Jefftime@tayih-ind.com.tw)

**3. Address and telephone of Company and factory**

Address of Company and factory : No. 11, Xinxin Road, South Dist., Tainan City

Telephone : (06)2615151

**4. Contact information of agency handling shares transfer**

Name : CTBC Bank

Address : No.83, 5th Floor, Section 1, Chongqing South Road, Taipei

Website : [www.ctbcbank.com](http://www.ctbcbank.com)

Telephone : (02)66365566

**5. Contact information of the certified public accountant for the most recent annual financial report**

Name of accounting firm : PwC Taiwan

Independent accountant : Accountant Yeh Fang-Ting, Accountant Tien Chung-Yu.

Address : No. 395, 12th Floor, Section 1, Linsen Road, East Dist , Tainan City.

Website : [www.pwc.tw](http://www.pwc.tw)

Telephone : (06)2343111

**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>**

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# 1•The shareholders' report

## 1-1.Business results for 2023 :

### 1-1-1.Business Result :

The all-year Net Operating Revenue of the Company in 2023 was NT\$4,817,004 thousand, Increase by NT\$70,599 thousand compared to that of 2022 at NT\$4,746,405 thousand; in addition, the Pre-tax Income in 2023 was NT\$78,756 thousand, decreased by NT\$5,999 thousand compared to that of 2022 at NT\$84,755 thousand.

Comparison table of revenue and net profit after tax for the years 2023 and 2022:

Unit: NT\$ Thousands

Year	2023	2022	Increase/ Decrease by	Increase/ Decrease by %
Net Operating Revenue	4,817,004	4,746,405	(+) 70,599	(+) 1.5
Operating Income	198,486	55,550	(+) 142,936	(+) 257.3
Pre-tax Income	78,756	84,755	(-) 5,999	(-) 7.1
Net Income	42,410	88,824	(-) 46,414	(-) 52.3
EPS (NT\$/Share)	0.56	1.17	(-) 0.61	(-) 52.1

1-1-2.Budget implementation: no financial forecast was released for 2023.

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

(1)Financial structure

Debt to assets ratio : 47.18%

Long-term capital accounted for real estate, plant and equipment ratio : 202.42%

(2)Profitability

Return on assets : 1.42%

Return on assets : 2.38%

Return on equity : 0.88%

Earnings per share : NT\$0.56

1-1-4.Status of research and development

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

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

In 2023, the expenses were NT\$172,268 thousands, which accounted for 3.58% of the net operating income.

(2)On-going research and development projects :

A). Low-cost and interchangeable LED fog light system.

B). Optical "film" marking light system with exhibition capabilities.

C). Road surface imaging tail light system for improved road safety.

D). Efficient LED tail light system with low cost.

E). Multi-segment array LED adaptive module.

F). Slim design far and near light lens module.

G). Motorcycle identification tail light using OLED-like technology.

H). Track traffic light guide composite headlight (penetrating type) with exhibition and variable color capabilities.

I). Track traffic light guide composite headlight (non-penetrating type) with exhibition and variable color capabilities.

J). Development of multifunctional composite headlights for track vehicles.

K). Development of penetrating type composite headlights for track vehicles.

L). Development of aircraft exterior lighting systems.

M). Development of 1200W dual-color fishing lamp.

1-2. Overview of Business Plan of 2024:

1-2-1. Management Guidelines

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

(2) Grasp on technical trends, and strengthening design and development.

(3) Establishing a manufacturing site with low waste, automation, and a comprehensive

contingency system.

- (4) Raising quality awareness, and building SOPs.
- (5) Perfecting talent incubation, and cultivating successor echelons.
- (6) Adhering to regulatory requirements, rigorously enforce security and disaster prevention measures, actively promote energy conservation and carbon reduction, and fulfill social responsibilities.

1-2-2. Expected Sales and Their Foundations:

- (1) Expected Sales: about 440~450 thousand automobiles are sold domestically.
- (2) Foundation: projected based on plans of automotive makers.

1-2-3. Important Production and Sales Policies

- (1) Securing domestic automobile orders and developing motorcycles and export markets in a progressive manner.
- (2) Adjusting inventory in a timely manner by grasping expenses of raw materials and logistics and changes in exchange rates.
- (3) Building a zero-waste production management through the promotions of post-supplement production system TPS (Toyota Production System), TPM (Total Productive Management) planned maintenance and self-initiated maintenance.
- (4) Improving energy conservation, waste reduction, pollution prevention, etc., on an ongoing manner and ensuring that restricted substances hazardous to the environment are not used in the design and manufacturing process.

1-3. Future Development Strategies of the Company :

- 1-3-1. Gaining knowledge of trends and styles of EV lightings plus preliminary technical R&D to satisfy needs by automotive makers in the future.
- 1-3-2. Introduction of new information technology, and facilitating operation efficiency and cyber security through IOT and Industry 4.0 systems.
- 1-3-3. Implementing the resource and energy management mechanism as well as sustainable use of resources for heightened awareness of green environmental protection in the planning and manufacturing of products.

1-4. Effects by External Competition, Legal Circumstances and Overall Business Environment :

Looking back at 2023, the automotive industry saw a relief in pandemic conditions and an improvement in the semiconductor shortage situation. The supply of imported brand vehicles stabilized gradually, and the sales volume in Taiwan's automotive market (about 476,000 units) showed a significant increase compared to the previous year. However, international factors such as U.S.-China tensions, the Russia-Ukraine conflict, and the Red Sea crisis contributed to rising raw material costs, increased export freight rates, global inflation, and exchange rate fluctuations. Consequently, the supply chain system continues to face considerable challenges, adversely affecting performance.

Prospecting the year 2024, on the grounds of expected ease in the parts and component deficiency, along with the launch of new vehicle models and the extension of the vehicle replacement subsidy policy, are expected to stimulate consumer car purchases. Consequently, Taiwan's annual automobile sales volume is forecasted to remain between 440,000 to 450,000 units. In terms of export sales, the Company will continue to develop new customers in the North American market in addition to contending for overseas orders from the Koito Group, 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 near 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 and all-out effort by our employees in solidarity, guarantees its stable growth and will create reasonable gains and values for shareholders, employees and the society. We sincerely expect the support, encouragement and feedbacks from all the shareholders, with adherence to the original intention.

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 101 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.
	October	Won the "Q1 Quality Award" from Ford Lio Ho Motor Company.

1993		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.

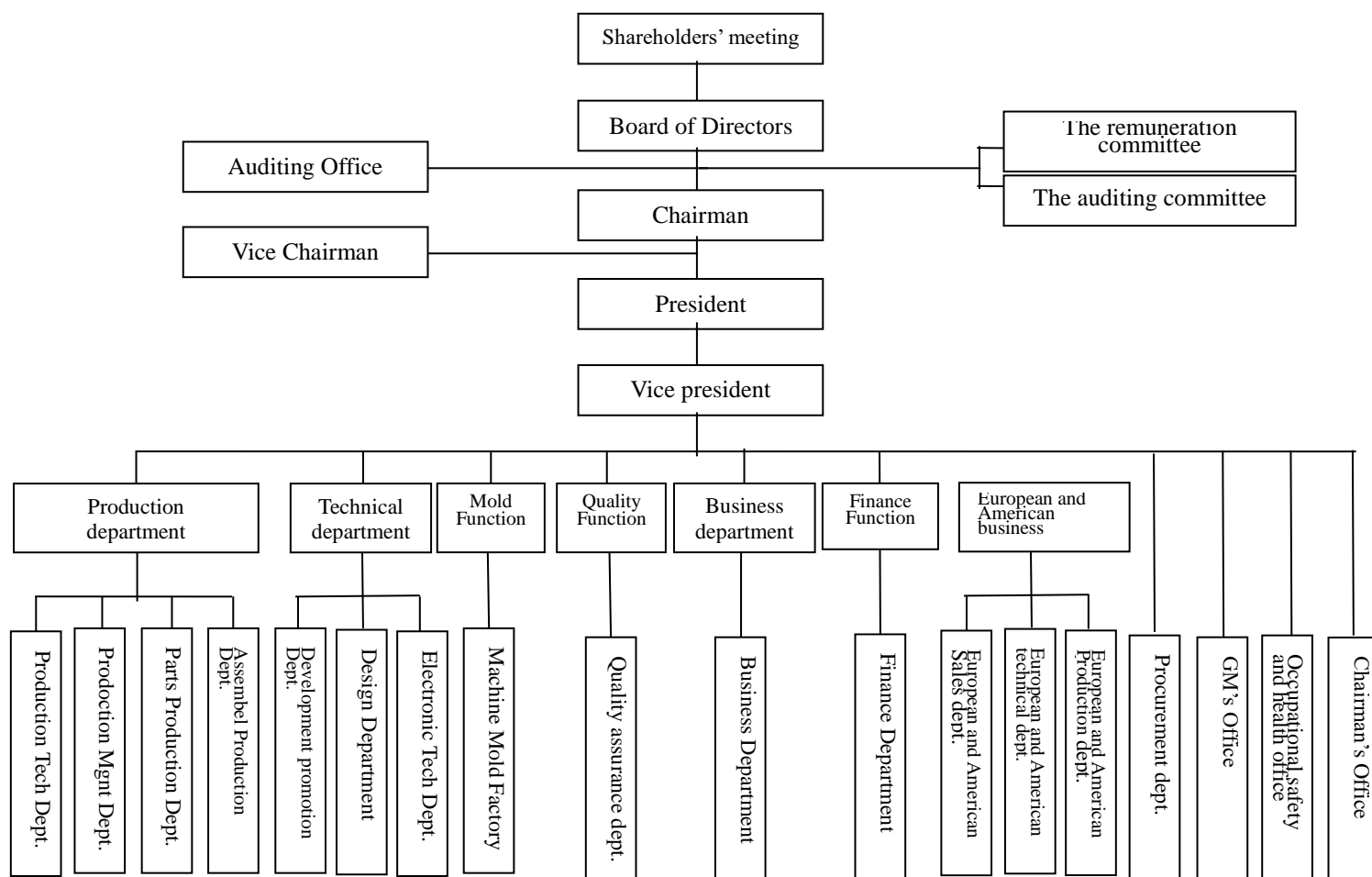


2011	January	Won the excellent supplier of China Motor Corporation.
	February	Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
	April	Won the Kuozui Motors Original Price Plan award.
		Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
2012	February	Won the excellent supplier of China Motor Corporation.
	April	Won the VA/VE and the excellent supplier of China Motor Corporation.
		Won the silver medal of the excellent manufacturer of Ford Lio Ho Motor Company.
		Won the first quality award from Luxgen, Yulon Motor Company.
2013	November	Registered as a traffic safety and health family of the Ministry of Labor.
	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.
2014	November	Appraised as the senior store over 30 years by the Tainan City Business Association.
	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.
	March	Won the A-level rating of TQ Evaluation of China Motor Corporation.
		Awarded the Excellent Quality Award of Yulon Nissan Motor Co., Ltd.
		Won the 2014 Kuozui Motors Original Price Plan award.
		Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
2016	November	Won the best supplier for electric equipment of FCA..
	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.
		Won the Kuozui Motors Best quality award
2017	April	Won the Kuozui Motors VA best performance award.
		Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
		Awarded the Excellent Design and Development Award of Yulon Nissan Motor Co., Ltd.
		Won the Kuozui Motors Best quality award
	July	Won the Kuozui Motors TTT best performance award.
2018	February	Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
		Won Nissan Motor Company Taiwan Regional Quality Award.
		Won Received Toyota Motor Company Taiwan Regional Contribution Award.
		Won the excellent supplier of China Motor Corporation.
	March	Received the Yulon Nissan Motor Company's Design and Development Excellence Award and the Improved Skills Award
2019	March	Received the overall outstanding performance award of Luxgen, Yulon Motor Company.
		Won the excellent supplier of China Motor Corporation.
		Won the Kuozui Motors VA best performance award.
		Won the Kuozui Motors' original price improvement award.
	November	Won the YAMAHA Technology Development Excellence Global Award.
2020	January	Won the best supplier of FCA
	March	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.
	June	Passed Automotive SPICE ® Level 2 capability test. passed ISO 27001 Information security verification.

### 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.
Procurement department	Procurement of production materials
Finance department	Planning and execution of accounting operations, cost management, fund scheduling and budget control
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
European and American business	Comprehensively handling product design, quality inspection, assembly and operation matters of European and American market

3-2.Information on the company's directors, 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 13, 2024

Title	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)	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
							Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Title	Name	Relation	
Chairman	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%	0	0	0	0	—	—	—	—	—	—
	Republic of China	Representative : Wu Chun-I	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%	0	0	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.	—	—	—	—
Vice chairman (note 5)	Japan	Koito Manufacturing Co., Ltd.		June 12,2020	3 years	June 15,1988	24,774,750	32.50%	24,774,750	32.50%	0	0	0	0	—	—	—	—	—	—
	Japan	Representative : Iwanabe Megumi	Male/ 51-60	January 1,2023	3 years	April 01,2004	0	0	0	0	0	0	0	0	VP of our Company Faculty of Engineering, Osaka Electro-Communication University, Japan	—	—	—	—	—
Director	Japan	Koito Manufacturing Co., Ltd.		June 12,2020	3 years	June 15,1988	24,774,750	32.50%	24,774,750	32.50%	0	0	0	0	—	—	—	—	—	—
	Japan	Representative : Yamamoto Kakuya	Male/ 51-60	June 12,2020	3 years	August 08, 2019	0	0	0	0	0	0	0	0	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	Koito Manufacturing Co., Ltd.		June 12,2020	3 years	June 15,1988	24,774,750	32.50%	24,774,750	32.50%	0	0	0	0	—	—	—	—	—	—
	Japan	Representative : Konagaya Hideharu	Male/ 51-60	June 12,2020	3 years	June 12,2020	0	0	0	0	0	0	0	0	Faculty of Science and Engineering, Waseda University, Japan	General Manager of Management Headquarters, Koito Manufacturing Co., Ltd.	—	—	—	—
Independent director	Republic of China	Chang Jui-Hui	Female 51-60	December 23,2023	(Note1)	December 23,2023	0	0	0	0	0	0	0	0	Deputy Director of Finance and Accounting Department of Mitsui & Co.(Taiwan),Ltd. Graduate School of Commerce,WASEDA University Department of Accounting NCHU	Chairman of Qifu Industrial Co.,Ltd Director of Chenwang Industrial Co., Ltd.	—	—	—	—
Independent director	Republic of China	Lo Bin-Hsien	Male / 61-70	December 23,2023	(Note1)	December 23,2023	0	0	0	0	0	0	0	0	Branch Director and Chief Secretary of the National Taxation Bureau of the Southern Area, Ministry of Finance PhD.School of Finance and Economics National Kaohsiung University of Science Technology	Assistant Professor,Department of Accounting and Information National Kaohsiung University of Science Technology	—	—	—	—
Independent director	Republic of China	Hsien Sung-Wen	Male/ 11-50	December 23,2023	(Note1)	December 23,2023	0	0	0	0	0	0	0	0	Master of The Department of Account and Information Technology, National Chung Cheng University Department of Accounting, Feng Chia University	Director of Jie Xiang Accounting Firm Director of Y.Y. Cable Accessories Co.,Ltd.	—	—	—	—

Note 1 : The Independent director Mr. Kao Hsin-Chung, Huang Chang-Fu and Cheng Yu-Wei resigned . Mrs. Chang Jui-Hui, Mr. Lo Bin-Hsien and Mr. Hsien Sung-Wen were elected as the new Independent directors by the shareholders meeting on December 23, 2023.

Note 2 : The original director representative of Yi-Jian Investment Co., Ltd. Mr. Cheng Hsien Tsong resigned, the director representative Mr. Kreng Bor-Wen was reassigned on June 14,2023. The director representative of Yi-Jian Investment Co., Ltd. Mr. Kreng Bor-Wen resigned, the director representative Mr. Wang Yu-Che was reassigned on June 26,2023. The director of Yi-Jian Investment Co., Ltd. Chen Chao-Lung was reassigned on November 06,2023. And the director Yi-Jian Investment Co., Ltd. Resigned on November 27,2023. Mr. Wu Yu-Hsien was elected as the new director by the shareholders meeting on June 13, 2023 and he was dismissed as the director by the extraordinary shareholders meeting on December 23, 2023.

(1) Major shareholders of institutional shareholders

April 13, 2024		
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	

## (2)Major shareholders of institutional shareholders

April 13, 2024

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	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	
Japan Master Trust Bank Co., Ltd. (Trust account )	Unable to provide due to local practice restrictions	—
STATE STREET BANK AND TRUST COMPANY 505223	Unable to provide due to local practice restrictions	—
Sumitomo Mitsui Banking Corporation	Stock companyMitsui Sumitomo Finance Co., Ltd.	100%
Japan Trustee Services Bank, Ltd. (trust account)	Unable to provide due to local practice restrictions	—
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mitsubishi UFJ Finance Corporation	100%
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	—
JP MORGAN CHASE BANK 385632	Unable to provide due to local practice restrictions	—
Aioi Nissay Dowa Insurance Co., Ltd.	Unable to provide due to local practice restrictions	—

(3)Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
Ding wan Investment Industrial Co., Ltd. Representative : Wu Chun-I	Chairman Wu Chun-I has been the Chairman of the Company for more than 40 years and has extensive experience in the business and currently the Chairman of Tayih Kenmos Auto Parts Co., Ltd. and Director of T.Y.C. Brother Ind. Co., Ltd.	①Comcurrently the chairman of of the Company's affiliate (100% subsidiary). ②Chairman Wu and his spouse are natural person shareholders who rank among the top ten in shareholdings. ③Chairman of corporate shareholder, Dawei Investment Enterprise Co., Ltd. which holds five percent of total number of issued shares of the company. ④Chairman Wu is also the chairman of affiliate, Tayih Kenmos Auto Parts Co., Ltd.. ⑤Except for the above circumstances, Conformity to the independence specified of the 'Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies'.	0
Koito Manufacturing Co., Ltd. Representative : Iwanabe Megumi	Vice chairman of Iwanabe Megumi graduated from the Faculty of Engineering, Osaka Electro-Communication University, Japan . He was previously Manager of Manufacturing of Koito Manufacturing Co., Ltd. He has over five years of relevant work experience.	①Koito Manufacturing Co., Ltd. is the first majority shareholderhold which holds five percent of total number of issued shares of the company. ②Iwanabe Megumi is elected as director in the Designated Representative of Koito Manufacturing Co., Ltd. ③Except for the above circumstances, Conformity to the independence specified of the 'Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies'.	0
Koito Manufacturing Co., Ltd. Representative : Konagaya Hideharu	Director of Konagaya Hideharu graduated from the Faculty of Science and Engineering, Waseda University, Japan. Currently the General Manager of Management Headquarters, Koito Manufacturing Co., Ltd. He has over five years of relevant work experience.	①Koito Manufacturing Co., Ltd. is the first majority shareholderhold which holds five percent of total number of issued shares of the company. ②Konagaya Hideharu is elected as director in the Designated Representative of Koito Manufacturing Co., Ltd. ③Except for the above circumstances, Conformity to the independence specified of the 'Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies'.	0
Koito Manufacturing Co., Ltd. Representative : Yamamoto Kakuya	Director of Yamamoto Kakuya graduated from the Department of Industrial Chemistry, Faculty of Engineering, Shizuoka University, Japan. Currently Deputy Manager of the International Headquarters of Koito Manufacturing Co., Ltd. The Chairman of Fuzhou Koito Tayih Automotive Lamp Co.,Ltd. He has over five years of relevant work experience.	①Koito Manufacturing Co., Ltd. is the first majority shareholderhold which holds five percent of total number of issued shares of the company. ②Yamamoto Kakuya is elected as director in the Designated Representative of Koito Manufacturing Co., Ltd. ③Director Yamamoto is the Chairman of Fuzhou Koito Tayih Automotive Lamp Co., Ltd. There are financial and business transactions between it and the company. ④Except for the above circumstances, Conformity to the independence specified of the 'Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies'.	0

Condition Name	Professional qualifications and experience	Independence Status	Number of other public companies in which director is acting as independent director
Chang Jui-Hui	Independent Director of Chang Jui Hui graduated from the Graduate School of Commerce, WASEDA University. She was previously Deputy Director of Finance and Accounting Department of Mitsui & Co.(Taiwan),Ltd. Currently Chairman of Qifu Industrial Co.,Ltd. She has over five years of relevant work experience.	The three independent directors listed on the left are in compliance with the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure. In addition, independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	0
Lo Bin-Hsien	Independent Director of Lo Bin-Hsien graduated from the PhD, School of Finance and Economics National Kaohsiung University of Science Technology . He was previously Branch Director and Chief Secretary of the National Taxation Bureau of the Southern Area, Ministry of Finance. Currently Assistant Professor, Department of Accounting and Information National Kaohsiung University of Science Technology. Qualified as a Public or Private Junior College, College or University. He has over five years of relevant work experience.		0
Hsien Sung-Wen	Independent Director of Hsien Sung-Wen graduated from the Master of The Department of Account and Information Technology, National Chung Cheng University . He was previously Deputy Manager of the Audit Department of Gen Zhong United Accounting Firm. Currently Director of Jie Xiang Accounting Firm. Qualified CPA and certificate in professional and technical personnel. He has over five years of relevant work experience.		0

Note: None of the above board members falls under any of the conditions defined in Article 30 of the Company Act.

(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 nomination and election of the Board of Directors of the Company complies with Articles of Incorporation, Company Act and Election regulations for Directors which based directors' qualifications and under none circumstance of Article 30 of the Company Act. To implement diversity policy, and strengthen corporate governance and structure of the board of directors, the current board of directors of the company consists of seven directors aged between 41 and 90. One female director accounts for 14.3%, three directors who specialize in accounting and finance account for 42.9%, and three independent directors' incumbency are less than one year.

The specific management objectives and achievement of the board diversity policy are as follows:

Management Objectives	Status
Directors are in different ages.	Achieved: Directors are aged between 41 and 90.
At least one different gender director.	Achieved: One female director
At least one different nation director of different nationality.	Achieved: Three Japanese directors.
At least one director specializes in accounting and finance.	Achieved: Three directors specialize in accounting and finance.
The time in office and incumbency of independent directors has not exceeded 3 terms	Achieved: Three independent directors' incumbency are less than one year.

The implementation of the Board Diversity Policy is as follows:

Core of Diversity		Basic Information								Professional Knowledge and Skills								
Job Title	Name	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
					41-50	51-60	61-70	71-80	81-90									
Director	Wu Chun-Yi	R.O.C.	Male						V		V		V	V	V	V	V	V
	Iwanabe Megumi	Japan	Male			V					V		V	V	V	V	V	V
	Konagaya Hideharu	Japan	Male				V				V		V	V	V	V	V	V
	Yamamoto Kakuya	Japan	Male			V					V		V	V	V	V	V	V
Independent Director	Chang Jui Hui	R.O.C.	Female			V				V	V	V	V	V		V	V	V
	Lo Bin-Hsien	R.O.C.	Male					V		V	V	V	V	V		V	V	V
	Hsien Sung-Wen	R.O.C.	Male		V					V	V	V		V		V	V	V



②Independence of the Board of Directors

The company has 3 independent directors, accounting for 42.9% of the total board members. Before and after assuming their positions, these independent directors all meet the qualification requirements set forth by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The directors of the company do not have circumstances as stipulated in Article 26-3, Paragraphs 3 of the Securities Exchange Act. There are also no situations of spousal or second-degree relatives among the directors, ensuring the independence of the board of directors.

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 13, 2024

Job title	Nationality	Name	Gender	Elect Date	Holding shares		Shares held by spouse and minor children		Shares held under other nominees		Major work experience (educational background)	Holding a concurrent post in other companies	For those who are the spouses of or are managers within the second degree of kinship.			Note
					Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Title	Name	Relation	
President	Republic of China	Jyh Chin-Juang	Male	2023.11.14	0	0	0	0	0	0	President of the company Chungwon University Chemistry	Director of Fuzhou Koito Tayih automotive Lamp Co., Ltd. (legal representative) Director of Tayih Kenmos Auto Parts (Thailand) Co., Ltd. Director of Ningbo Kenmos Technology Ltd.(legal representative) Director of Tayih Auto Parts (USA) LLC (legal representative) Director of Guang yu Electronics Co., Ltd. (legal representative) Manager of Kenmos Auto Parts (USA) LLC	—	—	—	—
Vice President	Japan	Yamamoto Hidetsugu	Male	2016.04.01	0	0	0	0	0	0	Vice President of the company Master of Mechanical Engineering, Meiji University, Japan.	None	—	—	—	—
Assistant Manager	Republic of China	Chen Jin-Wen	Male	2024.01.16	0	0	0	0	0	0	Assistant Manager of the Company's Sales Department Master's degree from the Institute of Motivation, Tsinghua University	None	—	—	—	—
Assistant Manager	Republic of China	Cheng Ching Hsiang	Female	2024.01.16	0	0	0	0	0	0	Assistant Manager of the Company's Finance Department Evergreen University Accounting Department	Supervisor of Fuzhou Koito Tayih automotive Lamp Co., Ltd. (legal representative) Director of Tayih Kenmos Auto Parts (Thailand) Co., Ltd Supervisor of Guang yu Electronics Co., Ltd. Director of Macauto Industrail Co., Ltd. (legal representative)	—	—	—	—

Job title	Nationality	Name	Gender	Elect Date	Holding shares		Shares held by spouse and minor children		Shares held under other nominees		Major work experience (educational background)	Holding a concurrent post in other companies	For those who are the spouses of or are managers within the second degree of kinship.			Note
					Number of shares	shareholding ratio	Number of shares	shareholding ratio	Number of shares	shareholding ratio			Title	Name	Relation	
Assistant Manager	Republic of China	Chen Yao-Bao	Male	2024.01.16	0	0	0	0	0	0	Associate Manager of the Company's European and American Business Division Master's degree from Institute of Mechanical Engineering, Central University	None				
Assistant Manager	Republic of China	Wang Zhi-Cheng	Male	2024.01.16	0	0	0	0	0	0	Assistant Manager of the Company's Production Headquarters Department of Electrical Engineering, Southern Taiwan University of Science and Technology	None	—	—	—	—

Note : Wu Cheng-Yuan, the President, retired and dismissed on March 31st, 2023. The board of directors appointed Jyh Chin-Juang as the new president set effectively on April 1, 2023. Jyh Chin-Juang, the President, retired and dismissed on June 27, 2023. The board of directors appointed Lin Huan –Ting as the new president set effectively on July 10, 2023. The board of directors dismissed Mr.Lin Huan -Ting and appointed Jyh Chin-Juang as the new president set effectively on November 14, 2023.

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

#### 3-3-1. Remuneration of directors(including the independent directors)

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.		Part-time employees receive relevant remuneration								The ratio of the summation of A, B, C ,D, E, F andG to the net profit after tax		Whether a remuneration is received from a subsidiary company	
		Remuneration (A)		Resignation Pensions (B)		Remuneration of directors (C)		Business execution expenses (D)				Compensation and bonuses payable and special allowances (E)		Resignation Pensions (F)		Employee compensation (G)							
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report		
Cash amount	Amount of shares															Cash amount	Amount of shares						
Chairman	Ding wan Investment Industrial Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
	Representative：Wu Chun-I	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	6,323	6,323	12	12	0	0	0	0	6,355 14.98%	6,355 14.98%	None	
Vice chairman	Koito Manufacturing Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
	Representative：Iwanabe Megumi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Representative：Yamamoto Kakuya	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Representative：Konagaya Hideharu	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Wu Yu-Hsien (note 2)	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	0	0	0	0	0	0	0	0	20 0.05%	20 0.05%	None	
Director	Wu Cheng-Yuan (note 1)	0	0	0	0	0	0	0	0	0	0	870	870	59	59	0	0	0	0	929 2.19%	929 2.19%	None	
Independent director	Wu Wan-I (note 1)	0	0	0	0	0	0	70	70	70 0.17%	70 0.17%	0	0	0	0	0	0	0	0	70 0.17%	70 0.17%	None	
Independent director	Chen Hsiu-Fon (note 1)	0	0	0	0	0	0	40	40	40 0.09%	40 0.09%	0	0	0	0	0	0	0	0	40 0.09%	40 0.09%	None	
Independent director	Ting Ze-Xiang (note 1)	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	0	0	0	0	0	0	0	0	20 0.05%	20 0.05%	None	
Independent director	Cheng Yu-Wei (note 3)	0	0	0	0	0	0	80	80	80 0.19%	80 0.19%	0	0	0	0	0	0	0	0	80 0.19%	80 0.19%	None	
Independent director	Huang Chang-Fu (note 4)	0	0	0	0	0	0	60	60	60 0.14%	60 0.14%	0	0	0	0	0	0	0	0	60 0.14%	60 0.14%	None	
Independent director	Chang Jui-Hui (note 5)	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	0	0	0	0	0	0	0	0	20 0.05%	20 0.05%	None	
Independent director	Lo Bin-Hsien (note 5)	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	0	0	0	0	0	0	0	0	20 0.05%	20 0.05%	None	
Independent director	Hsien Sung-Wen (note 5)	0	0	0	0	0	0	20	20	20 0.05%	20 0.05%	0	0	0	0	0	0	0	0	20 0.05%	20 0.05%	None	

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.
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 °

Note 1. 2023.06.13 dismissed at the shareholders' meeting.

Note 2. 2023.12.23 dismissed at the shareholders' meeting.

Note 3. 2023.06.13 newly-elected at the shareholders' meeting, 2023.11.13 resigned.

Note 4. 2023.06.13 newly-elected at the shareholders' meeting, 2023.11.7 resigned.

Note 5. 2023.12.23 newly-elected at the extraordinary shareholders' meeting.

### 3-3-2. Remuneration of President and Vice president :

December 31, 2023    Unit : NT\$ thousands														
Title	Name	Salary (A)		Retirement allowance (B)		Bonuses and special allowances (C)		Employee compensation (D)				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
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
President	Wu Cheng-Yuan (note 1)	530	530	59	59	340	340	0	0	0	0	929 2.19%	929 2.19%	None
President	Jyh Chin-Juang (note 2)	645	645	0	0	147	147	0	0	0	0	792 1.87%	792 1.87%	None
President	Lin Huan -Ting (note 3)	811	811	0	0	75	75	0	0	0	0	886 2.09%	886 2.09%	None
Vice president	Hidetsugu Yamamoto	0	0	0	0	0	0	0	0	0	0	0 0%	0 0%	None

Note 1 : Wu Cheng-Yuan, president, he resign on March 31<sup>st</sup> 2023.

Note 2 : Jyh Chin-Juang, president, as the new president on April 1, 2023. And he resigned on June 27, 2023. And as the new president on November 14, 2023.

Note 3 : Lin Huan -Ting, president, as the new president on July 10, 2023. And Dismissal on November 14.

3-3-3.Disclosure of the remuneration of the top five executives individually :

December 31, 2023 Unit : NT\$ thousands

Title	Name	Salary (A)		Retirement allowance (B)		Bonuses and special allowances (C)		Employee compensation (D)				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
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
Assistant Manager	Chuang Chao-Ching	377	377	4,910	4,910	476	476	0	0	0	0	5,763 13.59%	5,763 13.59%	None
Senior Assistant Manager	Wang Hung-Chi	429	429	3,975	3,975	762	762	0	0	0	0	5,166 12.18%	5,166 12.18%	None
Senior Assistant Manager	Chang Chao-Wen	114	114	3,658	3,658	203	203	0	0	0	0	3,975 9.37%	3,975 9.37%	None
Special assistant to the President	Chen Chun-Hung	784	784	1,624	1,624	433	433	0	0	0	0	2841 6.70%	2841 6.70%	None
Assistant Manager	Hsu Fang-Ming	615	615	678	678	0	0	0	0	0	0	1,293 3.05%	1,293 3.05%	None

Note 1 : Chuang Chao-Ching , Assistant Manager ,retired on June 5, 2023.

Note 2 : Wang Hung-Chi, Senior Assistant Manager, resigned on March 31, 2023.

Note 3 : Chang Chao-Wen, Senior Assistant Manager, resigned on March 31, 2023.

Note 4 : Chen Chun-Hung, Special assistant to the President, resigned on July 31, 2023.

Note 5 : Hsu Fang-Ming, Assistant Manager , The term of office is June 30, 2023.~November 14, 2023.

3-3-4. The 2023 employee profit sharing granted to the management team.

December 31, 2023 NT\$ thousands

Title	Name	Stock dividends Amount	Cash: dividends Amount	Total	Proportion of total amount to net profits after tax (%)
President	Jyh Chin-Juang	0	0	0	0.00%
Vice president	Hidetsugu Yamamoto				
Assistant Manager	Cheng Ching Hsiang				

Note 1: The President Jyh Chin-Juang was appointed as the new president set effectively on April 1, 2023. He retired and dismissed on June 27, 2023., The board of directors appointed he as the new president set effectively on November 14, 2023.

Note 2: Assistant Manager Cheng Ching Hsiang, was appointed as the new accounting supervisor on March 8, 2023. resigned on June 21, 2023. and was appointed as the financial supervisor on November 14, 2023. and was promoted to associate manager on January 16, 2023.

3-3-5. 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, 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
2022	Remuneration - Director	9,036	9,036	In 2023, the remuneration of the directors, President and Vice president accounted for 24.15% of the net income after taxes, which is improve than the 14.83% in the previous year 2022. The main reason for Net income after tax decreased by 52% in 2023.
	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	
2023	Remuneration - Director	7,634	7,634	
	President and Vice president	2,607	2,607	
	Total	10,241	10,241	
	Proportion of total remuneration to net profit after tax	24.15	24.15	
Differences		Increase 9.32%	Increase 9.32%	

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 11 board of directors' meeting(A) held in 2023 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)	7	4	64%	2023.06.13 re-elected
Vice chairman	Iwanabe Megumi (Representative of Koito Manufacturing Co., Ltd.)	11	0	100%	2023.06.13 re-elected
Director	Konagaya Hideharu (Representative of Koito Manufacturing Co., Ltd.)	10	1	91%	2023.06.13 re-elected
Director	Yamamoto Kakuya (Representative of Koito Manufacturing Co., Ltd.)	10	1	91%	2023.06.13 re-elected
Director	Wu Yu-Hsien	6	1	60%	2023.06.13 re-elected 2023.12.23 dismissed 4 meetings were held during the period.
Director	Wu Cheng-Yuan	1	3	25%	2023.06.13 dismissed 4 meetings were held during the period.
Director	Cheng Hsien Tsong ( Representative of Yi-Jian Investment Co., Ltd.)	0	1	0%	2023.06.13 newly-elected 2023.06.14 resiged 1 meetings were held during the period.
Director	Kreng Bor-Wen ( Representative of Yi-Jian Investment Co., Ltd.)	-	-	-	2023.06.14 newly-elected 2023.06.26 resiged No meetings during this period.
Director	Wang Yu-Che ( Representative of Yi-Jian Investment Co., Ltd.)	2	0	100%	2023.06.26 newly-elected 2023.11.06 2 meetings were held during the period.
Director	Chen Chao-Lung ( Representative of Yi-Jian Investment Co., Ltd.)	3	0	100%	2023.06.14 newly-elected 2023.06.26 resiged 3 meetings were held during the period.
Independent director	Wu Wan-I	4	0	100%	2023.06.13 dismissed 4 meetings were held during the period.
Independent director	Chen Hsiu-Fon	4	0	100%	2023.06.13 dismissed 4 meetings were held during the period.
Independent director	Ting Ze-Xiang	4	0	100%	2023.06.13 dismissed 4 meetings were held during the period.
Independent director	Cheng Yu-Wei	3	0	75%	2023.06.13 newly-elected 2023.11.13 resiged 4 meetings were held during the period.
Independent director	Huang Chang-Fu	3	0	75%	2023.06.13 newly-elected 2023.11.07 resiged 4 meetings were held during the period.
Independent director	Kao Hsin-Chung	0	1	0%	2023.06.13 newly-elected 2023.06.14 resiged 1 meetings were held during the period.
Independent director	Chang Jui-Hui	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.
Independent director	Lo Bin-Hsien	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.
Independent director	Hsien Sung-Wen	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.

(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 specified in Article 14-3 of the Securities and Exchange Act: The company has established an audit committee; therefore Article 14-3 does not apply. For explanations regarding matters specified in Article 14-5 of the Securities and Exchange Act, please refer to the "Operation of the Audit Committee" section".

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 8, 2023 (16th Session, 14th Time)	Appointment of executive Director	Wu Chun-I, Wu Yu-Hsien	The content of the motion involves of The Director Wu Yu-Hsien's conflicts of interest. Director Wu Yu-Hsien and the chairman Wu Chun-I are first-degree relatives.	Two 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 3 of directors opposed the proposal and 4 of the directors in attendance approved , the proposal was passed .
	Discussion on the directors' and managers' FY2022 year-end bonuses and FY2023-year salaries.	Wu Chun-I, Wu Yu-Hsien	The content of the motion involves the annual salary of the chairman Wu Chun-I. Director Wu Yu-Hsien and the chairman Wu Chun-I are first-degree relatives.	Two 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 related party.	Wu Chun-I, Wu Yu-Hsien	The chairman of the related party is the same person as Mr. Wu Chun-I. Director Wu Yu-Hsien and the chairman Wu Chun-I are first-degree relatives.	Two 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.
April 11, 2023 (16th Session, 15th Time)	Lifting non-competition restrictions on directors and their representatives	Wu Chun-I Wu Yu-Hsien Konagaya Hideharu Yamamoto Kakuya	The content of the motion involves the self-interests of 4 people	Four 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.



Board of Directors Date and session	Content of Motion	Name of directors	Reason for avoidance	Participation in voting
				Therefore, the motion was passed.
July 10, 2023 (17th Session, 2th Time)	Appointment of members of the Remuneration Committee	Cheng Yu-Wei Huang Chang-Fu	The content of the motion involves the self-interests of 2 people	Two 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.
Aug 4, 2023 (17th Session, 3th Time)	Transportation expenses for independent directors and Remuneration Committee to participate in the meetings.	Cheng Yu-Wei Huang Chang-Fu	The content of the motion involves the self-interests of 2 people	Two 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.
	Independent director Cheng Yu-Wei is in Industry-Academy Cooperation Projects concurrently.	Cheng Yu-Wei	The content of the motion involves of The Independent Director Cheng Yu-Wei's conflicts of interest.	Independent director Cheng Yu-Wei 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.
	Issuing letter to Koito Manufacturing Co., Ltd. and Fuzhou Koito Tayih automotive Lamp Co., Ltd. about investigation of Fuzhou Koito Tayih automotive Lamp and clarification of the company's loss.	Iwanabe Megumi Konagaya Hideharu Yamamoto Kakuya	The content of the motion involves of The Director Koito's conflicts of interest.	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.
December 23, 2023 (17th Session, 7th Time)	Appointment of members of the Remuneration Committee	Chang Jui-Hui Hsien Sung-Wen		Two 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.

- ③ the board of directors and self-evaluation or peer evaluation for board members and committee :

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 the year, the Company handled the self-evaluation or peer evaluation for board members and committee. The 2023 results were reported on the board of directors' meeting on March 08, 2024. The Evaluation results are as follows :

Item	Description			
Evaluation cycle	Once every year			
Evaluation period	From January 1, 2023 to the end of December 31 (A part of directors were from their induction to the end of December 31)			
Evaluation scope	Board members	Board of director and Board members	Functional Committee	
Evaluation method	valuation for the overall board members	Evaluation of deliberative units	self-assessment for the overall Audit Committee members	self-assessment for the overall Remuneration Committee members
Evaluation content	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	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	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	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
Evaluation result	1. Obtained all directors' self-evaluation reports on February 19, 2024 and proposed to the Board of Directors on on March 8, 2024 2. Director's individual self-evaluation report for overall assessment score was 96%. The result was excellent. 3. To be improved part is to enhance studies for directors. The company will arrange on-the-job training courses to increase directors' study hours.	1. Procedure unit completed evaluation for overall Board and all directors on February 20, 2024. The overall assessment score was 95%. The result was excellent. and proposed to the Board of Directors on on March 8, 2024. 2. To be improved part is to enhance studies for directors. The company will arrange on-the-job training courses to increase directors' study hours.	1.Obtained all members' self-evaluation reports on January 16, 2024 and proposed to the Board of Directors on on March 8, 2024. 2. Audit Committee members's individual self-evaluation report for overall assessment score was 100%. The result was excellent.	1.Obtained all members' self-evaluation reports on January 16, 2024 and proposed to the Board of Directors on on March 8, 2024. 2. Remuneration Committee members's individual self-evaluation report for overall assessment score was 100%. The result was excellent.

- ④Evaluation of the implementation of the objectives in strengthening the functions of the board of directors in the current year :

① Strengthening the functions of the board of Directors

A) The company arranged on-the-job training courses after Board Meeting for directors not only attending the meetings but also further studying to

improve directors' competency and corporate governance skills. Every director studied at least three hours in 2023 and the future object is at least six hours on-the-job training for each director.

- B) The Company established the Code of Practice for Corporate Governance and the Code of Practice for Corporate Social Responsibility in March 2017. Amendment to the Company's " Rules Governing the Scope of Powers of Independent Directors " and Proposal to establish the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in 2024.
  - 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, namely Mrs. Chang Jui-Hui , Mr. Lo Bin-Hsien, and Mr. Hsien Sung-Wen. 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.
- ② To improve information transparency :
- A) The Company entrusts PwC Taiwan 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.

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

#### (1) Authorities and annual work tasks of the Auditing Committee.

- ① Adoption or amendment of an internal control system pursuant to Article 14-1.
- ② Assessment of the effectiveness of the internal control system.
- ③ 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.
- ④ A matter bearing on the personal interest of a director.
- ⑤ A material asset or derivatives transaction.
- ⑥ A material monetary loan, endorsement, or provision of guarantee.
- ⑦ The offering, issuance, or private placement of any equity-type securities.
- ⑧ The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- ⑨ The appointment or discharge of a financial, accounting, or internal auditing officer.
- ⑩ 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.
- ⑪ Any other material matter so required by the company or the Competent Authority.

#### (2) Professional Qualifications of Audit Committee members, Please refer to page 11.

#### (3) The auditing committee held 7 meetings(A) in 2023 and the attendance is as follows :

Title	Name	Actual attendance B	By proxy Times	Actual Rate of Attendance B/A	Note
Independent director (convener)	Wu Wan-I	3	0	100%	2023.06.13 dismissed 3 meetings were held during the period.
Independent director	Chen Hsiu-Fon	3	0	100%	2023.06.13 dismissed 3 meetings were held during the period.
Independent director	Ting Ze-Xiang	3	0	100%	2023.06.13 dismissed 3 meetings were held during the period.

Independent director (convener)	Cheng Yu-Wei	3	0	100%	2023.06.13 newly-elected, 2023.11.13 resigned 3 meetings were held during the period.
Independent director	Huang Chang-Fu	3	0	100%	2023.06.13 newly-elected 2023.11.7 resigned 3 meetings were held during the period.
Independent director	Kao Hsin-Chung	0	1	0%	2023.06.13 newly-elected 2023.6.14 resigned 1 meetings were held during the period.
Independent director (convener)	Chang Jui-Hui	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.
Independent director	Lo Bin-Hsien	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.
Independent director	Hsien Sung-Wen	1	0	100%	2023.12.23 newly-elected 1 meetings were held during the period.

(4) Other noteworthy matters :

- ① If the operation of the auditing committee encounters one of the following circumstances, the date, session, content of the proposal, the contents of Independent Director's dissenting or qualified opinions or significant suggestions, the resolution of the audit committee, and the company's handling of the audit committee's opinions shall all be stated.

① Matters listed in Article 14-5 of Securities and Exchange Act.

Auditing Committee's meeting Date and session	Content of proposal	The contents of Independent Director's dissenting or qualified opinions or significant suggestions	Auditing Committee The resolution of the proposal	The company's handling of the auditing committee's opinion.
2023/3/8 1st session the 11 <sup>th</sup> meeting	1. Discussion on 2022 Internal Control System Statement	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	2. 2022 Financial Statements and Profit Distribution	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	3. 2023 Evaluation of Independence of CPAs	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	4. Donations of related parties	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	5. Appointment of executive Director	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	6. Appointment of Financial officer and Accounting officer	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
	7. To change of accounting firm	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 14th meeting of the 16th Board.
2023/4/11 1st session the 12 <sup>th</sup> meeting	1. List of Director and Independent Director Candidates	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 15th meeting of the 16th Board.

Auditing Committee's meeting Date and session	Content of proposal	The contents of Independent Director's dissenting or qualified opinions or significant suggestions	Auditing Committee The resolution of the proposal	The company's handling of the auditing committee's opinion.
	2. Lifting non-competition restrictions on directors and their representatives	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 15th meeting of the 16th Board.
2023/5/10 1st session the 13 <sup>th</sup> meeting	1. Discussion on 2023 Q1 financial statements	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 16th meeting of the 16th Board.
2023/7/7 2st session the 1 <sup>th</sup> meeting	Appointment of Financial officer and Accounting officer	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 2th meeting of the 17th Board.
2023/8/4 2 <sup>st</sup> session the 2 <sup>th</sup> meeting	1. To change Certified Public Accountants due to the internal rotation of PWC accounting firm	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 3th meeting of the 17th Board.
	2. Discussion on 2023 Q2 financial statements	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 3th meeting of the 17th Board.
2023/11/6 2 <sup>st</sup> session the 3 <sup>th</sup> meeting	1. Discussion on 2023 Q3 financial statements	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 4th meeting of the 17th Board.
	2. Internal Audit Plan Discussion for the Year 2024	None	Passed without objection after the chairman's consultation	Passed the proposal and proposed for discussion in the 4th meeting of the 17th Board.

② 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 : Because all directors resigned when board meeting was convened on November 14, 2023, the auditing committee could not be held. The proposals have not been approved by more than two-thirds of the directors in the board of directors are below based on “Securities and Exchange Act” Article 14-5, item 3 and “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies” Article 8, item 5:

A. Removing Hsu Fang-Ming as Financial officer and Accounting officer and corporate governance officer.

B. Appointment of Cheng Ching Hsiang as Financial officer and Accounting officer and corporate governance officer.

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) :

① Summary of the communication between independent directors and internal audit supervisors (discussion when submitting the internal audit reports)

Date of communication	Method	Topics for communication	Results of communication	Participants
2023/01/04 2023/01/10 2023/01/05	Discussion	Report on internal audit results of Dec 2022.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen

Date of communication	Method	Topics for communication	Results of communication	Participants
2023/01/30 2023/02/03 2023/02/02	Discussion	Report on internal audit results of Jan 2023.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2023/03/01 2023/03/08 2023/03/06	Discussion	Report on internal audit results of Feb 2023. Self-evaluation on internal audit in 2022.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2023/04/06 2023/04/11 2023/04/11	Discussion	Report on internal audit results of Mar 2023.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2023/05/04 2023/05/10 2023/05/08	Discussion	Report on internal audit results of Apr 2023.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2023/06/05 2023/06/09 2023/06/06	Discussion	Report on internal audit results of May 2023.	No advice of all independent directors	Independent directors : Chen Hsiu-Fon, Wu Wan-I, Ting Ze-Xiang. Internal audit supervisor : Chen Chia- Chen
2023/07/05 2023/07/05	Discussion	Report on internal audit results of June 2023.	No advice of all independent directors	Independent directors : Cheng Yu-Wei, Huang Chang-Fu. Internal audit supervisor : Chen Chia- Chen
2023/08/04 2023/08/04	Discussion	Report on internal audit results of July 2023.	No advice of all independent directors	Independent directors : Cheng Yu-Wei, Huang Chang-Fu. Internal audit supervisor : Chen Chia- Chen
2023/11/06 2023/11/06	Discussion	Report on internal audit results of Aug - Oct 2023.	No advice of all independent directors	Independent directors : Cheng Yu-Wei, Huang Chang-Fu. Internal audit supervisor : Chen Chia- Chen
2024/01/16 2024/01/16 2023/01/16	Discussion	Report on internal audit results of Nov - Dec 2023	No advice of all independent directors	Independent directors : Chang Jui-Hui, Lo Bin-Hsien, Hsien Sung-Wen. Internal audit supervisor : Chen Chia- Chen

**2 Summary of the communication between independent directors and accountants**

Date of communication	Method	Topics for communication	Results of communication	Participants
2023/03/08	Discussion	Review the results of the consolidated and individual financial statements in 2022.	No advice of all independent directors	Independent director : Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang Accountant : Liu,Zi-Meng, Lin Tzu-Shu
2023/05/10	Discussion	Review the results of the consolidated financial statements for Q1 2023.	No advice of all independent directors	Independent director : Wu Wan-I, Chen Hsiu-Fon, Ting Ze-Xiang Accountant : Liu,Zi-Meng, Lin Tzu-Shu
2023/08/04	Discussion	Review the results of the consolidated financial statements for Q2 2023.	No advice of all independent directors	Independent directors : Cheng Yu-Wei, Huang Chang-Fu. Accountant : Tien Chung-Yu
2023/11/06	Discussion	Review the results of the consolidated financial statements for Q3 2023.	No advice of all independent directors	Independent directors : Cheng Yu-Wei, Huang Chang-Fu. Accountant : Tien Chung-Yu

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.
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.
(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.
(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.
(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. Furthermore, we followed the regulations for the prevention of insider trading and Corporate	(4) There is no significant difference.

			Governance Best Practice Principles from 2024 to raise personnel's awareness in writing (by email) on January 31, 2023, that directors and insiders shall not trade their shares during the 30 days before the disclosure of the annual financial statements and during the 15 days before the disclosure of the quarterly. Insiders shall comply with the related regulations	
3. Composition and responsibilities of Board of Directors				
(1) Has the Company established a diversification policy for the composition of its board of Directors and has it been implemented accordingly?	V		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 7, 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", and the specific management object of at least one different gender director has driven the company to achieve full play to the functions of business decision-making and supervision. Please refer to page 12 for details on the implementation of board members' diversification.	(1) There is no significant difference.
(2) Has the Company establish other functional committees besides the Remuneration Committee and Auditing Committee?	V		(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.	(2) There is no significant difference..
(3) Has the Company set performance assessment rules and methods for the BOD and does it perform this evaluation every year?	V		(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 2023 was implemented in Q1 2024 and the evaluation results were reported to the board meeting in March 8, 2024. In addition, the evaluation results will be applied to individual directors'	(3) There is no significant difference.



(4) Does regularly evaluate the independence of the Certified Public Accountant?	V	remuneration and nomination renewal reference. (4) The Finance Department of the Company regularly and annually according to the provisions of Article 29, Paragraph 3 of the "Corporate Governance Best Practice Principles for TWSE/TPEx", and referring to "Audit Quality Indicators"(AQIs), to review the CPAs for their independence and competency with 22 evaluation items(refer to page 33-34, note 1), 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 approved to the Auditing committee then reported to the Board of Directors in March 8 of 2024.	(4) There is no significant difference.
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)?	V	1.The company has allocated qualified and proper number of corporate governance staffs, and approved CFO, senior manager, Cheng Ching-Siang to serve as the corporate governance officer in boards meeting on November 14, 2023 to be responsible for handling and promotion of corporate governance related business. The main responsibilities are as follows : (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.	There is no significant difference.

		<p>(4) Evaluate and purchase the appropriate "Liability Insurance for Directors, Supervisors and Managers".</p> <p>(5) Conduct annual performance review for board and members, and report the results to board of directors in the first quarter of every year.</p> <p>(6) Maintain the investor relationship section of the company's website.</p> <p>(7) The company also stipulates standard operating procedures for "handling the requirements of directors" to follow.</p> <p>(8) Review the annual corporate governance evaluation indicators issued by the Corporate Governance Center.</p> <p>2. The number of training hours by Assistant manager Cheng Ching-Siang, a corporate governance officer, in 2023, is shown in the table below:</p> <table border="1"> <thead> <tr> <th>Date of training</th><th>Organizer</th><th>Course</th><th>Training hours</th></tr> </thead> <tbody> <tr> <td>2023/12/23</td><td>Corporate Governance Association of the Republic of China</td><td>Directors' responsibilities and obligations under the Securities Exchange Act</td><td>3.0</td></tr> </tbody> </table>	Date of training	Organizer	Course	Training hours	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0	
Date of training	Organizer	Course	Training hours								
2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0								
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 (refer to page 35, note 2) and is appropriately responded to by the spokespersons on important corporate social responsibility issues of concern to stakeholders.	There is no significant difference.								
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.								
7.Information disclosure (1) Has the Company established a corporate website to disclose information regarding its finance,	V	(1) The Company discloses its financial, business and corporate governance information on its website.	(1)There is no significant difference.								

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		(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. ④Has disclosed the information of the investor conference on the website.	(2)There is no significant difference from the Code of Practice for Corporate Governance.
(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?	V		(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.	(3)There is no significant difference.
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)?	V		Other important information for better understanding the company governance : (1)Maintenance the Interests and rights of employees : ①Handle employee health insurance and labor insurance, and provide group insurance for employees (medical insurance and accident insurance) at no cost. ②In 2023, provided the staff with free health checkups and arranged inspection at the factory by the Tainan Municipal Hospital. ③Provide relevant medical counseling to employees by arranging doctors to station in the factory on a monthly basis. ④Establish a staff welfare committee to handle various employee benefits (such as emergency assistance, wedding and funeral celebrations, and bonuses for three festivals). ⑤Funding for the activities of the Colleague Badminton and Basketball Club in 2023.	There is no significant difference.

			<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>⑨Enhance the professional knowledge of employees and provide on-the-job training for employees.</p> <p>⑩To avoid the hardships of travelling, free dormitory are provided for employees whom stay far away.</p> <p>⑪To guarantee the basic human rights of female employees, measures for sexual harassment prevention, appeal and punishment were set up in 2004.</p> <p>⑫To create a friendly workplace environment, a special room is allocated for breast feeding (or collection milk) for female employees.</p> <p>⑬To uphold the health of non-smoking colleagues, smoking is completely banned in the factory, and only designated places are allowed for smoking.</p> <p>⑭A labor-management meeting is held every three months in 2023 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. The company holds regular symposiums and dinner parties 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 2023:refer to page 35, note 3 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> <p>(8)Liability insurance for the Company's directors and supervisors : liability insurance for directors and supervisors will be</p>	
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covered by end of June, 2023.

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 2023 TWSE Evaluation results:

Indicator	Content	Explanation
1.15	Does the company formulate internal rules of prohibiting insider trading on undisclosed information, including (not limiting) that directors shall not trade their shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports, and disclose it on the company's website to describe implementation status?	In 2024, the company has informed insiders by email during the 30 days before the disclosure of the annual financial statements and during the 15 days before the disclosure of the quarterly financial reports of not trade their shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.
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.
2.11	Does all company's interim financial reports be approved by Audit Committee and propose for resolution in the boards meeting?	Every quarterly financial report is approved by Audit Committee and propose for resolution in the boards meeting effective from the third quarter of 2023.
2.18	Does the company evaluate the functional committees for their internal performances and disclose the implementation status on company's website or in the annual report?	The company will disclose evaluation results of internal performances for the functional committees in 2023 annual report.

(2)Suggestions and measures for priority improvement

Indicator	Content	Explanation
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 will arrange on-the-job training courses for independent directors to achieve the number of hours of continuing education required by the directions in 2024.
4.2	Does the company set up a special full (part)-time unit that promotes the integrity management of the company to be responsible for establishment of integrity management policy, prevention plan, and supervising implementation? Additionally, it describes implementation status on company's website and in the annual report, also reports it at least once a year to the board of directors.	The company has formulated Integrity Management Principles on March 8, 2024 board meeting and set up a special part-time unit that promotes the integrity management. It will report operation and implementation status annually to the board of directors.

Note 1: 2024 assessment of the independence and suitability of CPAs.

Item	assessment of the independence and suitability	Assessment result
1	There is no investment of interest sharing relationship between the company and the CPA himself/herself, spouse, or minors	Y
2	The CPA himself/herself, spouse, or minors has no loans relationship with the company. It is not limited to financial Institutions and normal dealers.	Y

Item	assessment of the independence and suitability	Assessment result
3	CPA firm didn't issue an assurance report on the effectiveness of the operation on its financial systems which were designed or implemented assist by the firm before.	Y
4	The non-audit service that the firm of the designated accountant offered to the Company does not have direct influence on any important items of the audit case.	Y
5	The non-audit service that the firm of the designated accountant offered to the Company does not have direct influence on any important items of the audit case.	Y
6	The designated accountant or any member of audit service team does not promote or act as an intermediate for the shares or other securities issued by the Company.	Y
7	The CPA or audit service team members didn't act as an advocate on behalf of an audit client in litigation or disputes with third parties, besides legally permitted businesses.	Y
8	The CPA or audit service team members are not the spouse, direct blood relatives, direct relative in-laws, or of kinship within the second degree with the Company's directors, managers, or persons of other positions that have significant impact on the audit cases.	Y
9	CPAs from the joint CPA firm, within one year after the retirement, have not served as directors, supervisors, managerial officers or positions that have a significant impact on the audit.	Y
10	The CPA or audit service team members do not take gifts or receive favors with great values from the Company's directors, managers, or major shareholders.	Y
11	The CPA is not currently employed by the client or the person under investigation with regular work, receiving fixed salary, or serving as a director or supervisor.	Y
12	The CPA has not offered auditing service to the Company for 7 consecutive years.	Y
13	Does CPA avoid handling the engagement when he/she may have involved in any direct or material indirect interests which may impair their impartiality and independence?	Y
14	Does CPA maintain independence of mind and in appearance in the work of assurance services including audit, review of financial statements, or a special audit case?	Y
15	Do the members of audit team, the partners of the firm or shareholders of corporate accounting firms, accounting firms, and any of affiliates, and network firms als maintain independence with their clients?	Y
16	Does CPA perform professional services with integrity and strict position?	Y
17	Does the CPA offer professional service with meticulousness and integrity and maintain an impartial and objective stance to avoid bias, conflict of interest or interest affecting professional judgment?	Y
18	CPA doesn't lose the position of integrity and objectivity becuase the lack of or impairment of independence,	Y
19	CPA didn't receive punishment of the CPA Discipline committee within two years.	Y
20	Does the CPA firm have quite large scale, resource, and regional coverage when offering auditing service to the Company?	Y
21	Does CPA firm have specific quality control procedure? Does the procedure cover the level of positions to be reviewed, the method to deal with as well as make judgement on the auditing issues, the quality inspection on independence measures, and management of risks?	Y
22	Does CPA firm notify the Board of Directors timely (Audit Committee) of any significant problem and development in risk management, corporate governance, financial accounting and related risk control?	Y

Note 2: 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 , Assistant 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: Tsai Tsung-Han, Manager Telephone: 06-2615151 # 216 Email: jefftime@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: Hou,Wei-Zhe , Special assistant Telephone: 06-2615151 #393 Email: kevin@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. Collaborative Factory Symposium (Once every year)	Procurement manager: Gong Min-long, Manager Telephone: 06-2615151 # 250 Email: evan@tayih-ind.com.tw

Note 3 : Status of education and training for directors and supervisors:

Name of director/supervisor	Date	Organizer	Course	Hours
Wu Chun-I	2023/03/16	Corporate Governance Association of the Republic of China	The Net Zero Trend: Practical Observations from Board ESG Decision-making	3.0
	2023/03/24	Corporate Governance Association of the Republic of China	Honest corporate management and fraud prevention and forensics practice	3.0
Iwanabe Megumi	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0
Konagaya Hideharu	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0
Yamamoto Kakuya	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0
Chang Jui-Hui	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0
Lo Bin-Hsien	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0
Hsien Sung-Wen	2023/12/23	Corporate Governance Association of the Republic of China	Directors' responsibilities and obligations under the Securities Exchange Act	3.0

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

#### (1) Information on the members of the 5th Committee :

Identity	Condition Name	Professional qualifications and experiences	Independence Situations	The number of public companies the member of the remuneration committee is concurrently serving	Note
Independent director (Convener)	Chang Jui-Hui	refer to page 11.		0	Appointed on December 23, 2023.
Independent director	Lo Bin-Hsien			0	Appointed on July 10, 2023.
Independent director	Hsien Sung-Wen			0	Appointed on December 23, 2023.

#### (2) 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: July 10, 2023 to June 12, 2026.
- ③ The remuneration committee held 2 meetings (A), the qualifications and the attendance is as follows :

- ① Members of the 4th Committee : Re-election on June 13, 2023. One meeting was convened before dismissal.

Title	Name	Actual attendance B	By proxy	Actual Rate of Attendance B/A (Note)	Note
Convener	Wu Wan-I	1	0	100%	Dismissal after director re-election on June 13, 2023.
Committee member	Chen Hsiu-Fon	1	0	100%	
Committee member	Zhou Mei-Ling	1	0	100%	

- ② Members of the 5th Committee : Appointment in the board meeting on July 10, 2023. One meeting was convened in 2023. Two committee members resigned in November, 2023. Board of directors appointed two committee members on December, 23, 2023.

Title	Name	Actual attendance B	By proxy	Actual Rate of Attendance B/A	Note
Convener	Cheng Yu-Wei	1	0	100%	2023.11.13 resigned 1 meeting was held during the period.
Committee member	Huang hang-Fu	1	0	100%	2023.11.7 resigned 1 meeting was held during the period.
Committee member	Lo Bin-Hsien	1	0	100%	
Convener	Chang Jui-Hui	-	-	-	Appointed on 2023.12.23. No meetings during this period.
Committee member	Hsien Sung-Wen	-	-	-	Appointed on 2023.12.23. No meetings during this period.

#### (3) 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) : none
- ② The 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 : none.



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 two units: the general manager's office, and the safety and hygiene office, and is organized by the President. 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 2023:</p> <ol style="list-style-type: none"> <li>1.Strengthen corporate governance, improve the company's operating performance and enhance shareholders' rights and interests.</li> <li>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.</li> <li>3.Save energy, recycle and effectively use energy, and prevent pollution.</li> <li>4.Actively enhance the environmental awareness and ability of employees and suppliers.</li> <li>5.Protect employees' rights and benefits, and encourage employees to participate in social welfare activities.</li> </ol>	There is no major differences.
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with	V		The company set up ESG Committee as a designated full-time unit to promote sustainable development in January 2024.The company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance	There is no major differences.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
the principle of materiality, and formulate relevant risk management policies or strategies?			with the principle of materiality, and formulates relevant risk management policies or strategies (refer to page 46,Note 1).And also submit regular reports (at once a year) to the board of directors.	
3.Environmental issues : (1) Whether the company establishes an appropriate environmental management system according to its industrial characteristics	V		(1) A)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) were certificated after re-assessment on Oct. 16 <sup>th</sup> , 2023 and upared valid until December 31, 2026. B)The company also has an environmental and safety as follows : Established on 1964, the Company is engaged in the 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. C)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 : ①Follow the regulations :	(1) There is no major differences.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
			<p>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 :</p> <p>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.</p> <p>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 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>	
(2)Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental loadings.	V		(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.	(2) There is no major difference.
(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?	V		(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.	(3) There is no major difference.
(4)Has the Company counted greenhouse gas emissions, water consumption and	V		(4) Since 2018, our company has established an Environmental Management Committee, which has improved and demonstrated	(4) There is no major difference.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
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?			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 page 47, Note 2 for our 2023 activity targets and achievements.	
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 : A) The management goal is zero disaster. B) Analyze the results of health examinations and work-related factors to track and manage specific ethnic groups to prevent potential health risks. C) Guided 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.	(1)There is no major difference.

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>④ Prohibition of forced working : Do not force or threaten any unwilling person to perform labor services.</p> <p>⑤ To help employees maintain physical and mental health and work-life balance : Provide diverse activities such as arts, sports, family 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.</p> <p>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.

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% in 2023), and promote sustainable and inclusive economic growth. The average proportion of female employees in 2023 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> <p>① For 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>② Arrange physicians to be stationed in the factory every month to</p>	(3) There is no major difference.

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies									
	Yes	No	Description of summary										
			<p>provide consulting services related to employee health. 114 employees consulted physicians in 2023.</p> <p>③For the health, the company occasionally organizes various educational and training courses related , to improve employees’ physical, mental and spiritual wellness. There were 33 attendees in Stroke Prevention Lecture in 2023.</p> <p>④ The company attended “The miniature action in workplace, the new plan in heart” hold by Health Promotion Administration in 2023 to create healthy workplace.</p> <p>⑤The infirmary provided health consultation and related injured care assessments, and there were 48 visits in 2023.</p> <p>⑥It has been proved by Health Promotion Administration to renew the badge of accreditation healthy workplace in 2023.</p> <p>⑦For 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>⑧In 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>⑨In 2022 years and 2023 years, the number of injuries was 0, and the goal of 0 injuries in the year was achieved.</p> <p>⑩In the past two years, industrial safety education, training and publicity:</p> <table><tr><td>Year</td><td># of classes</td><td># of attendees</td></tr><tr><td>2022</td><td>39</td><td>989</td></tr><tr><td>2023</td><td>31</td><td>1,654</td></tr></table> <p>⑪Through regular fire evacuation drills and fire extinguisher operation training, as well as irregular fire and disaster prevention education, the company improved employees' ability and awareness to response to fire effectively, and therefore</p>	Year	# of classes	# of attendees	2022	39	989	2023	31	1,654	
Year	# of classes	# of attendees											
2022	39	989											
2023	31	1,654											

Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies																		
	Yes	No	Description of summary																			
			<p>reduced the possibility of fire accidents heavily.</p> <p>⑫In the past two years, disaster prevention education, training and publicity:</p> <table><tr><td>Year</td><td># of classes</td><td># of attendees</td></tr><tr><td>2022</td><td>9</td><td>535</td></tr><tr><td>2023</td><td>11</td><td>1,239</td></tr></table> <p>⑬For the repair of fire-fighting equipment and the control of public dangerous goods on site, the company conducted not only regular on site inspections and repairs in accordance with laws and regulations, but also self-directed monthly fire inspections to implement fire prevention and disaster prevention.</p> <p>⑭The number of fire and death toll in the recent two years:</p> <table><tr><td>Year</td><td>The number of fire</td><td>The death toll</td></tr><tr><td>2022</td><td>0</td><td>0</td></tr><tr><td>2023</td><td>0</td><td>0</td></tr></table>	Year	# of classes	# of attendees	2022	9	535	2023	11	1,239	Year	The number of fire	The death toll	2022	0	0	2023	0	0	
Year	# of classes	# of attendees																				
2022	9	535																				
2023	11	1,239																				
Year	The number of fire	The death toll																				
2022	0	0																				
2023	0	0																				
(4)Does the company establish an effective career development training program for employees?	V		(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 acquire the skills required for promotion and work.	(4) There is no major difference.																		
(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		(5)The Company’s products all meet the international safety regulations such as VSTD in Taiwan, UNECE in Europe, FMVSS in America, Safety Standard in Japan, GB 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	(5) There is no major difference.																		



Items	Implementation status			Differences and Causes of Corporate Social Responsibility Codes with Listed Companies
	Yes	No	Description of summary	
			and a complaint channel.	
(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.
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 or verified by third-party verification units?		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.
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 48,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 ISO14001, operation of environment management system, 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 Succession plan	<p>(1) 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.</p> <p>(2) To strengthen the competency of the directors, the Company arranges relevant training for the directors every year and takes out directors' liability insurance for the directors.</p> <p>(3) Succession plans for directors major management levels</p> <p>①Successor and succession plans for directors The age of the company's directors ranges from 40 to 80 years old with professional skills and industrial experience including business management, finance, accounting, industry, etc., for providing a good foundation for the company's sustainable operations. The company arranges regular training and evaluation for directors, and introduces internal or external talents with diverse backgrounds, experiences, expertise, operational management capabilities, leadership, and decision-making abilities to understand and participate in the operations of the board of directors or functional committees in the event of a board election or board vacancy, for cultivation of the next generation of board members and the Chairman's successor candidates.</p> <p>②Succession plans for major management levels The basic conditions for a company's arrangement for management succession are not only good communication skills, necessary professional skills, and experience background, but also in line with company's corporate philosophy, including the core spirit of integrity, progress, efficiency, and the key leadership qualities of integrity and responsibility in order to implement corporate governance. The Company inventories and selects potential key management successor candidates through annual employee performance evaluation, and regular observations and performance evaluations. Through project assignments, internal job rotations, and management courses, the Company assists supervisors in deepening their management skills and expanding their multi-perspective thinking to ensure a smooth transition of senior talent in the future. The incumbent general manager Jyh Chin-Juang joined the company in 2003, and led Production and QA departments consecutively. He took over the general manager in 2023.</p>

Note 2 : Energy conservation and carbon reduction performance and target

Note 2: Energy conservation and carbon reduction performance and target																		
Items	Performance of 2022	Performance of 2023	Higher (Lower) than the previous period	Plans of 2024	Higher (Lower) than the previous period	Methods of achieving the goal:												
Production of business waste	60.73 mt	60.89 mt	60.28 mt	reduction 1.0%	60.73 mt	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.												
						3. Proportion by category of industrial waste generated in the recent two years.												
						(Unit:mt)												
						<table><tr><td>Year</td><td>Hazardous industrial waste</td><td>General industrial waste</td><td>Total</td></tr><tr><td>2022</td><td>23.73</td><td>37.00</td><td>60.73</td></tr><tr><td>2023</td><td>23.01</td><td>37.88</td><td>60.89</td></tr></table>	Year	Hazardous industrial waste	General industrial waste	Total	2022	23.73	37.00	60.73	2023	23.01	37.88	60.89
Year	Hazardous industrial waste	General industrial waste	Total															
2022	23.73	37.00	60.73															
2023	23.01	37.88	60.89															
Reduction of CO2 emission	13,113.16 ton-CO2e	11,958.01 ton-CO2e	11,599.27 ton-CO2e	reduction 3.0%	13,113.16 ton-CO2e	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	19.80 mt	19.88 mt	19.68 mt	reduction 1.0%	19.80 mt	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	54,051 mt	53,246 mt	52,714 mt	reduction 1.0%	54,051 mt	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 2023 :

Item	Project Name	Implementation Results
1	Staff education and training: To organize various trainings inside and outside the factory to improve the quality of human resources.	1.A total of 68 in-plant education and training courses were held, with 136 hours of training and a total of 1,700 participants in 2023. 2. As of the end of 2023, there were 1,744 views of the courses, and total times 2,937 hours by online course platform.
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.	(1)In 2023, the Tainan Municipal Hospital was arranged to carry out regular health examinations for 621 employees in the factory. (2) There were 32 attendees in the speech on health development "Stroke Prevention" in 2023. (3) It has been proved to renew the "Badge of Accreditation Healthy Workplace" in 2023.
3	Energy conservation and waste reduction: (1)Reduction of business waste (2)Reduction of CO2 emission (3)Reduction of Voc volatile organic emissions (4)Reduction on water consumption	The actual performance for 2023 as follows : (1) 60.73→60.89 mt : annual increment 0.26% (2) 13,113.16→11,958.01 ton-CO2e : annual reduction 8.81% (3) 19.80→19.88 mt : annual increment 0.41% (4) 54,051→53,246 mt : annual reduction 1.49%
4	Sponsor various charity activities:	The participation in community and charity activities, and actual donation performance for 2023 as follows : (1) For response to blood donation the company co-organized a blood donation activity with Wu Jinmao memorial culture and education foundation. There were total 112 people to donate blood, and 35 people for in-plant blood donation car two times. (2) There were 32 attendees to join Anping safety walking. (3) Sponsored the Friends of the Police Association of the Republic of China (4) Attending beach cleanup held by vehicles Manufacturer. (5) Sponsored the Golf team of Yizai Association. Totaling NT\$10,000. (6) Sponsored the Ghost Festival praying ceremony in the An-Ping Industry Zone. Totaling NT\$20,000. (7) Sponsored the Taiwan's First Temple of Heaven praying ceremony. Totaling NT\$12,000. (8) Sponsored the Matsu Temple praying ceremony in Qigu Dist, Zhongliao. Totaling NT\$60,000. (9) Donation to Tiangong Temple. Totaling NT\$60,000.
5	Couducting Industry-Academy Cooperation Projects	The company conducted Industry-Academy Cooperation Projects with Kun Shan University of Science and Technology. There were 9 students to learn in the company for job opportunity and talent training.

### 3-4-6. Execution Status of Climate-related Information :

Items	Execution Status
1. Description of the supervision and governance of climate-related risks and opportunities by the board of directors and management.	<p>1. Given the increasingly significant impact of climate change on corporate operations, the Board of Directors plays a role in supervisor for the company's sustainable development management strategy.</p> <p>(1) Environmental Management Committee will review and formulate a policy for climate and environment related issues, and report it to the management level (general manager) for review and implementation. The general manager will report the final implementation results to the board of directors.</p> <p>(2) According to the ISO14064-1 standard in 2023, the company completed self-directed greenhouse gases inventory. Additionally, the company plan to obtain external assurance report following the plan of Sustainable Development Roadmap for TSE and OTC companies in 2027.</p>
2. Explain how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	<p>2. Company needs to identify potential climate risks, including the impact of extreme weather events on business.</p> <p>(1) The short-term impacts of climate events : Such as interruptions in production, affecting related supply chains and company operations; The company must devise strategies to address climate change, such as enhancing production processes to reduce carbon emissions; financially, climate risks may lead to asset depreciation, requiring higher insurance premiums to cover climate-related risks.</p> <p>(2) The medium to long-term impacts : As climate change alters market structures and consumer behaviors, company need to comprehensively review their business models and value chains, considering possible climate change scenarios, adjusting products and services to meet market demands, investing in research and innovation projects, developing lowcarbon, recyclable products or services, and financially planning for additional capital investments.</p>
3. Describe the impact of extreme weather events and transition actions on finances.	<p>3. Extreme weather events, such as hurricanes, floods, etc., can have direct and indirect impacts on company operations and finances. Direct impacts include production interruptions, supply chain disruptions, facility damage, etc., all of which can lead to a decrease in company revenue and profits. Indirect impacts include rising insurance costs, increased capital costs, etc., all of which can have negative effects on the financial condition. To address climate change, the company will undergo a transformation in energy and economic structures. This includes investing in renewable energy, improving energy efficiency, developing low-carbon technologies, etc. These transformation actions require significant capital investment, but at the same time, they also bring about new business opportunities. By participating in these transformation actions, the company can gain new sources of revenue and improve financial performance.</p>
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>4. The process of identifying, assessing, and managing climate risks can be integrated into the overall risk management system through the following step.</p> <p>(1) Risk Identification: Conduct annual risk identification of climate risks and opportunities based on the company's business characteristics.</p> <p>(2) Risk Assessment: Integrate climate risk assessment with the overall risk assessment conducted jointly with the risk management department.</p> <p>(3) Risk Management: Consider climate change as a strategic business risk and incorporate its identification, measurement, and management processes into the company's overall risk procedures.</p> <p>(4) Risk Reporting: If using scenario analysis to assess resilience to climate change risks, provide details on the scenarios, parameters, assumptions, analysis factors, and key financial impacts.</p>

<p>5. If scenario analysis is used to assess resilience to climate change risks, details should be provided on the scenarios, parameters, assumptions, analysis factors, and key financial impacts.</p> <p>6. If there is a transformation plan to address and manage climate-related risks, describe the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.</p> <p>7. If using internal carbon pricing as a planning tool, details should be provided on the pricing basis.</p> <p>8. If climate-related goals are set, details should be provided on the activities covered, greenhouse gas emission scopes, planning timeframe, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of carbon offsets or the quantity of RECs.</p> <p>9. Greenhouse gas inventory and confirmation status with reduction targets, strategies, and specific action plans.</p>	<p>5. The company currently does not use scenario analysis for assessment but is carefully considering the use of this tool to enhance resilience to climate change risks.</p> <p>6. The Company will conduct detailed risk assessment and strategy planning to respond to the transition of climate-related risk management for decreasing the impact on climate change and transition risks.</p> <p>7.The company currently does not use internal carbon pricing as a planning tool.</p> <p>8. The planning schedule of the greenhouse gas inventory and verification of the company :</p> <table><tr><th>item</th><th>Work projects</th><th>estimated finish time</th><th>Execution Status</th></tr><tr><td>1</td><td>Set up a dedicated (part-time) unit and internal verification unit.</td><td>December, 2025</td><td>Safety and health committee convened a meeting to initiate greenhouse gas inventory and education in February 2023.</td></tr><tr><td>2</td><td>Prepare talent training plan (14064-1 Internal verification personnel).</td><td>December, 2025</td><td>Completed internal verification personnel training for one in May 2023.</td></tr><tr><td>3</td><td>Formulate policy, control mechanism and objects in 2026 and 2027.</td><td>December, 2025</td><td>Poepose the procedure of greenhouse gas inventory in the end of 2023.</td></tr><tr><td>4</td><td>Internal verification</td><td>2026</td><td>Completed first inventory in September 2023.</td></tr><tr><td>5</td><td>Complete greenhouse gas inventory</td><td>2026</td><td>—</td></tr><tr><td>6</td><td>External verification (Issue 2027 verification statement)</td><td>2026</td><td>—</td></tr></table> <p>9. According to the ISO14064-1 standard in 2023, the company completed self-directed greenhouse gases inventory and plan to obtain verification in 2025. Related reduction objects please refer to page 47,Note2.Greenhouse gas inventory emissions in 2023 are in the table below without third party verification:</p> <table><tr><th>Ambit</th><th>Total emissions intensity (metric tons CO2e per year)</th><th>Proportion of emissions source classification</th><th>Planning schedule</th></tr><tr><td>Direct emissions (Scope 1, i.e.)</td><td>624.1721</td><td>5.34%</td><td>Plan to obtain external assurance report in 2027.</td></tr><tr><td>energy indirect emissions (Scope 2, i.e.)</td><td>11,057.5773</td><td>94.66%</td><td>Plan to obtain external assurance report in 2027.</td></tr></table>	item	Work projects	estimated finish time	Execution Status	1	Set up a dedicated (part-time) unit and internal verification unit.	December, 2025	Safety and health committee convened a meeting to initiate greenhouse gas inventory and education in February 2023.	2	Prepare talent training plan (14064-1 Internal verification personnel).	December, 2025	Completed internal verification personnel training for one in May 2023.	3	Formulate policy, control mechanism and objects in 2026 and 2027.	December, 2025	Poepose the procedure of greenhouse gas inventory in the end of 2023.	4	Internal verification	2026	Completed first inventory in September 2023.	5	Complete greenhouse gas inventory	2026	—	6	External verification (Issue 2027 verification statement)	2026	—	Ambit	Total emissions intensity (metric tons CO2e per year)	Proportion of emissions source classification	Planning schedule	Direct emissions (Scope 1, i.e.)	624.1721	5.34%	Plan to obtain external assurance report in 2027.	energy indirect emissions (Scope 2, i.e.)	11,057.5773	94.66%	Plan to obtain external assurance report in 2027.
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3-4-7.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	
1.Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(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?	V		(1) On March 8, 2024, the board of directors formulated to establish the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”. 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 according to the Principles and Procedures. In addition, 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.	(1)There is no significant differences
(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"?	V		(2) The “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and the 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.	(2)There is no significant differences
(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 “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct” and “Provisions on Preventing Bribery and Acceptance of Bribes”, and actively promote	(3)There is no significant differences

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
			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.	
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 differences
(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) On March 8, 2024, the board of directors formulated to establish the "Procedures for Ethical Management and Guidelines for Conduct". This Corporation shall designate the Finance Department as the solely responsible unit. The responsible unit shall be in charge of the following matters and also submit regular reports (at once a year) to the board of directors. A) Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. B) Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. C) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. D) Promoting and coordinating awareness and educational activities with respect to ethics policy.	(2) There is no significant difference



Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
(3)Does the company set up a policy to prevent conflicts of interest, provide a proper complaint channel, and its implementation?	V		<p>E)Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>F)Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>(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.</p>	(3)There is no significant differences
(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?.	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 differences
(5)Does the company regularly hold education training internally and externally of the corporate integrity management?	V		(5)The integrity management has been included in the education and training for the new comer.	(5)There is no significant differences
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	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 differences

Items	Implementation status			Differences and reasons for the integrity management code of the listed company
	Yes	No	Description of summary	
investigate the report malpractice? (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 differences
(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 differences
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 <a href="http://www.tayih-ind.com.tw">www.tayih-ind.com.tw</a> and MOPS disclosed the company's integrity principles.	There is no significant differences
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 : On March 8, 2024, the company formulated to establish the "Ethical Corporate Management Best Practice Principles" and operated based on the principles without difference.				
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", On March 8, 2024, the board of directors formulated to establish the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct". 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. The Company will also pay attention to the development of relevant domestic and foreign integrity management regulations anytime to improve the existing integrity management policies and implementation accordingly. In addition, the Company will announce the company's significant financial information on Market observation Post System in accordance with relevant regulations for investors and interested parties to refer to.				

3-4-8.If the company has established a corporate governance code and related regulations, it should disclose its mode of inquiry : The company has established relevant "Corporate Social Responsibility Principles" and regulations for corporate governance, As disclosed in the company's website(<https://www.tayih-ind.com.tw/>) and MOPS([https://mops.twse.com.tw/mops/web/t100sb04\\_1](https://mops.twse.com.tw/mops/web/t100sb04_1)) .

3-4-9.Other key information conducive to the understanding of the implementation of integrity management : None

3-4-10.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 : 2024.03.08

The 2023 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, 2023, 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, 2024; 0 of the 7 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 : Jyh Chin-Juang

(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.

3-4-11. 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.

3-4-12. 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
2023.06.13	1. To accept 2022 Business Report and Financial Statements.	Voting results for this motion: The participating shareholders of voting powers: 59,333,682 voting powers. Votes approved : 59,200,079 votes , Percentage of the total representation at the time of voting : 99.77% , Votes against : 6,202 votes , Votes invalid : 0 vote , Votes abstained : 127,401 votes ; The case was approved as per the original proposal.			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 accept 2022 earnings distribution. Dividends : Cash dividends of NT\$ 0.7 per share	Voting results for this motion: The participating shareholders of voting powers: 59,333,682 voting powers. Votes approved : 59,181,070 votes , Percentage of the total representation at the time of voting : 99.74% , Votes against : 25,210 votes , Votes invalid : 0 vote , Votes abstained : 127,402 votes ; The case was approved as per the original proposal.			Distribute according to the resolution of the shareholders' meeting. The Board of Directors was convened on July 10, 2023, and the resolution was to set on August 2, 2023 as the benchmark date for the interest-bearing, and August 30, 2023 as the issue date.
	3. Re-election of 6 directors and 3 independent directors of the Company.	Candidate Type	Name	Number of election rights	Based on the results of re-election as directors in shareholders meeting and effective immediately
		Director	Ding Wan Investment Industrial Co., Ltd. Representative: Wu, Chun-I	76,579,151	
		Director	Koito Manufacturing Co., Ltd. Representative: Iwanabe Megumi	177,557,990	
		Director	Wu, Yu-Hsien	75,746,366	
		Director	Yi-Jian Investment Co., Ltd. Representative: Cheng Hsien Tsong	55,430,284	
		Director	Koito Manufacturing Co., Ltd. Representative: KONAGAYA HIDEHARU	25,178,704	
		Director	Koito Manufacturing Co., Ltd. Representative: YAMAMOTO KAKUYA	25,181,176	
		Independent Director	Cheng, Yu-Wei	32,078,923	
		Independent Director	Huang Chang Fu	32,057,173	
		Independent Director	Kao Hsin Chung	31,973,687	
	4. Release of	Voting results for this motion:			Processed

	Prohibitions on Directors and their representatives from Participation in Competitive Business	The participating shareholders of voting powers: 59,333,682 voting powers. Votes approved : 59,061,880 votes , Percentage of the total representation at the time of voting : 99.54% , Votes against : 108,075 votes , Votes invalid : 0 vote , Votes abstained : 163,727 votes ; The case was approved as per the original proposal.	according to the resolution.								
2023.12.23	1.Removing Wu Yu-Hsien as Director.	Voting results for this motion: The participating shareholders of voting powers: 52,808,128 voting powers. Votes approved : 52,608,873 votes , Percentage of the total representation at the time of voting : 99.62% , Votes against : 149,013 votes , Votes invalid : 0 vote , Votes abstained : 50,242 votes ; The case was approved as per the original proposal.	Processed according to the resolution.								
	2.By-election of 3 independent directors of the Company.	<table><tr><td>Name</td><td>Number of election rights</td></tr><tr><td>Chang Jui- Hui</td><td>52,730,478</td></tr><tr><td>Lo Bin-Hsien</td><td>52,719,133</td></tr><tr><td>Hsien Sung-Wen</td><td>52,716,995</td></tr></table>	Name	Number of election rights	Chang Jui- Hui	52,730,478	Lo Bin-Hsien	52,719,133	Hsien Sung-Wen	52,716,995	Based on the results of re-election as independent directors in shareholders meeting and effective immediately
	Name	Number of election rights									
	Chang Jui- Hui	52,730,478									
Lo Bin-Hsien	52,719,133										
Hsien Sung-Wen	52,716,995										
3.Release of the non-competition for new independent directors.	Voting results for this motion: The participating shareholders of voting powers: 52,808,128 voting powers. Votes approved : 52,715,092 votes , Percentage of the total representation at the time of voting : 99.82% , Votes against : 49,984 votes , Votes invalid : 0 vote , Votes abstained : 43,052 votes ; The case was approved as per the original proposal.	Processed according to the resolution.									

(2)Important resolutions of the board:

Date of meeting	Summary of important proposals
2023.01.10	1. Proposal for the election of Vice Chairman.
2023.03.08	1. Approved the proposal of 2022 distribution of employee compensation.
	2.Borad of directors approved the consolidated financial report for 2022.
	3.The distribution of earnings for the fiscal year 2022.
	4.Assessment of the 2022 "Internal Control System Declaration".
	5.Appointment of Financial officer and Accounting officer
	6.To change of accounting firm
	7. The board's approval for the donation to related parties.
	8. Re-election of 6 directors and 3 independent directors of the Company.
	9. Lifting of the restriction on the non-compete of directors and mamagers.
	10.Matters related to the convening of the shareholder's annual meeting for 2023.
2023.04.11	1.List of Director and Independent Director Candidates

Date of meeting	Summary of important proposals
	2. Release of Prohibitions on Directors and their representatives from Participation in Competitive Business
2023.05.10	Borad of directors approved the financial report for the first quarter of 2023.
2023.06.13	Proposal for the election of Chairman and Vice Chairman.
2023.07.10	1. Set the date for calculation of interest of dividends and the issue date for 2023.
	2.Appointment of members of the Remuneration Committee.
	3.Appointment of Financial officer and Accounting officer.
	4.Establishment of the corporate development officer.
	5.Appointment of President.
2023.08.04	1.To approve the internal rotation of CPA in accounting firms.
	2.Borad of directors approved the financial report for the second quarter of 2023.
	3.Lifting of the restriction on the non-compete of mamagers.
2023.11.06	1.2023 Q3 Financial Report
	2.Submit a request to the extraordinary shareholders' meeting to By-election of 1 independent directors of the Company.
	3.Lifting of non-competition restrictions for new independent directors
	4.Submit a request to the extraordinary shareholders' meeting to Removing Wu Yu- Hsien as Director .
	5. Matters related to the convening the first extraordinary shareholders' meeting of 2023.
2023.11.14	1. Removing Lin Huan-Ting as President.
	2.Removing Hsu Fang-Ming as Financial officer and Accounting officer and corporate governance officer.
	3.Appointment of Jyh Chin-Juang as President.
	4. Appointment of Cheng Ching Hsiang as Financial officer and Accounting officer and corporate governance officer.
	5.Lifting of non-competition restrictions for new managers.
	6.Appointment of spokesperson of company.
	7.Audit execution plan for the fiscal year 2024.
	8.Amend matters related to convening the first extraordinary shareholders' meeting of 2023.
2023.11.27	Review the qualifications of nominated independent director candidates.
2023.12.23	1.Appointment of members of the Remuneration Committee
	2.Proposal to change the legal person director and supervisor representative of the invested company.
	3.Lifting of the restriction on the non-compete of mamagers.
2024.01.16	Operating Plan and Budget Proposal for the fiscal year of 2024.
2024.03.08	1.Approved the proposal of 2023 distribution of employee compensation
	2.Borad of directors approved the consolidated financial report for 2023.
	3.The distribution of earnings for the fiscal year 2023.
	4.Assessment of the 2023 "Internal Control System Declaration".

Date of meeting	Summary of important proposals
	5.Assessment of the independent and competence of the company's CPA.
	6.To approve the CPA of the financial statement and CPA's fee.
	7.Amendment of the company's "Articles of Incorporation".
	8. Amendment to the Company's "Rules of Procedures for Board of Directors ' Meetings".
	9. Amendment to the Company's " Rules Governing the Scope of Powers of Independent Directors ".
	10. Proposal to establish the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”.
	11. Proposal to establish the "Operational Procedures for Financial Transactions among Related Parties" of the company.
	12.Director by-election.
	13.Lifting of non-competition restrictions for new directors.
	14.The company accepts matters related to nominate of director candidates by shareholder.
	15.The company accepts matters related to propose motion by shareholder.
	16.Matters related to the convening of the shareholder's annual meeting for 2024.
	17. The board's approval for the donation to related parties.
2024.04.17	1.Nomination of the candidates for directors.
	2.Lifting of non-competition restrictions for new directors.

3-4-13.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

3-4-14.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	Wu Cheng-Yuan	2022.03.25	2023.03.31	Job adjustment
Accounting Supervisor/ Finance Supervisor.	Wang Hong-Chi	1987.10.06	2023.02.01	Retirement
Accounting Supervisor/ Finance Supervisor.	Cheng Ching-Hsiang	2023.03.08	2023.06.21	Job adjustment
President	Jyh Chin-Juang	2023.04.01	2023.06.27	Job adjustment

Title	Name	On Board Date	Resignation Date	Reason for Resignation
Corporate governance officer	Hsu Fang-Ming	2023.06.30	2023.11.14	Dismissal
Accounting Supervisor/ Finance Supervisor.	Hsu Fang-Ming	2023.07.10	2023.11.14	Dismissal
President	Lin Huan-Ting	2023.07.10	2023.11.14	Dismissal

### 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
PwC Taiwan	Lin Tzu-Shu	2023.01.01	2,400	890	3,290	CPA change due to internal job transfer in CPA firm.
	Yeh Fang-Ting	~2023.06.30				
	Yeh Fang-Ting	2023.07.01				
	Tien Chung-Yu	~2023.12.31				

Note : Non-audit service content: : NT\$250 thousands for the transfer pricing report service fee, NT\$40 thousands for reading and consideration of additional information NT\$480 thousands for assessment of profit-seeking enterprise income tax, NT\$20 thousands for assessment table of information on salaries of full-time employees in non-management positions, and NT\$100 thousands for English translation for individual financial report.

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 : The amount of audit fees are the same in the most recent years, mainly because of re-classification of audit service, such as Tax Compliance Audit to non-audit service this year to reduce audit fees in accordance with “Regulations Governing Information to be Published in Annual Reports of Public Companies”

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. Regarding the former accountant

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		

Change of Date	2023.08.04		
Reason for Change and Explanation	The Company has cooperated with the internal transfer of PwC Taiwan, which was originally certified by CPAs Lin Tzu-Shu and Liu, Yeh Fang-Ting. Starting from the Two quarter of 2023, these personnel have been replaced by CPAs Yeh Fang-Ting and Tien Chung-Yu .		
Explanation of Termination or Non-Acceptance of Appointment	Condition \ litigant	Accountant	Appointed person
	Voluntary termination of appointment.	No longer accepting (continuing) appointment	Not applicable
	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 Yeh Fang-Ting, Accountant Tien Chung-Yu
Date of Appointment	2023/08/04
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, managers and shareholders whose shareholdings exceeding 10% :

Job title	Name	2023		As of the year till 2023.03.31	
		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
Director cum principal shareholder	Koito Manufacturing Co., Ltd.	0	0	0	0
Vice chairman	Iwanabe Megumi (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 (note 2)	0	0	N/A	N/A
Director and President	Wu Cheng-Yuan (Note 3)	0	0	N/A	N/A
Independent director	Wu Wan-I (Note 3)	0	0	N/A	N/A
Independent director	Chen Hsiu-Fon (Note 3)	0	0	N/A	N/A
Independent director	Ting Ze-Siang (Note 3)	0	0	N/A	N/A
Director	Yi-Jian Investment Co., Ltd. (Note 4)	0	0	N/A	N/A
Independent director	Cheng Yu-Wei (Note 4)	0	0	N/A	N/A
Independent director	Huang Chang-Fu (Note 4)	0	0	N/A	N/A
Independent director	Kao Hsin-Chung (Note 4)	0	0	N/A	N/A
Independent director	Chang Jui Hui (Note 5)	0	0	0	0
Independent director	Lo Bin-Hsien (Note 5)	0	0	0	0
Independent director	Hsien Sung-Wen (Note 5)	0	0	0	0
Principal shareholder	Da Wei Investment Enterprise Co., Ltd.	0	0	0	0

Job title	Name	2023		As of the year till 2023.03.31	
		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
President	Jyh Chin-Juang (Note 6)	0	0	0	0
President	Lin Huan -Ting (Note 7)	0	0	N/A	N/A
Vice president Manager	Yamamoto Hidetsugu	0	0	N/A	N/A
Senior Assistant Manager	Chang Chao-Wen (Note 8)	0	0	N/A	N/A
Assistant Manager	Wang Chiung-Lun (Note 8)	0	0	N/A	N/A
Senior Assistant Manager	Wang Hung-Chi (Note 9)	0	0	N/A	N/A
Assistant Manager	Chuang Chao-Ching (Note 10)	0	0	N/A	N/A
Assistant Manager	Hsu Fang-Ming (Note 11)	0	0	N/A	N/A
Assistant Manager	Chen Chun-Hung (Note 12)	0	0	N/A	N/A
Assistant Manager	Cheng Ching Hsiang (Note 13)	0	0	0	0
Senior Assistant Manager	Chen Chin-Wen (Note 14)	N/A	N/A	0	0
Senior Assistant Manager	Chen Yao-Bao (Note 14)	N/A	N/A	0	0
Assistant Manager	Wang Zhi-Cheng (Note 14)	N/A	N/A	0	0

Note 1 : The Board of Directors approved the appointment of Mr. Iwanabe Megumi as Vice Chairman on January 10, 2023.

Note 2 : 2023.12.23 dismissed.

Note 3 : 2023.06.13 dismissed.

Note 4 : The original director representative of Yi-Jian Investment Co., Ltd. Mr. Cheng Hsien Tsong resigned, the director representative Mr. Kreng Bor-Wen was reassigned on June 14,2023. The director representative of Yi-Jian Investment Co., Ltd. Mr. Kreng Bor-Wen resigned, the director representative Mr. Wang Yu-Che was reassigned on June 26,2023. The director of Yi-Jian Investment Co., Ltd. Chen Chao-Lung was reassigned on November 06,2023. And the director Yi-Jian Investment Co., Ltd. Resigned on November 27,2023. Mr. Wu Yu-Hsien was elected as the new director by the shareholders meeting on June 13, 2023 and he was dismissed as the director by the extraordinary shareholders meeting on December 23, 2023.

Note 5 : 2023.12.23 newly-elected

Note 6 : 2023.01.01 newly-elected,2023.06.27 resigned,

Note 7 : 2023.07.10 newly-elected,

Note 8 : 2023.01.31 resigned

Note 9 : 2023.02.01 resigned

Note 10 : 2023.03.31 retired

Note 11 : 2023.06.30 newly-elected,

Note 12 : 2023.07.31 resigned

Note 13 : 2023.03.08 newly-elected,2023.06.21 resigned,

Note 14 : 2024.01.16 newly-elected

Note 15 : The table above disclosed only changes in shareholder's equity during headship of directors and managers.

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.

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 :

2024.04.13

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 : Oshima Masahiro	24,774,750	32.50%	0	0	0	0	—	—	
	0	0	0	0	0	0			
Da Wei Investment Enterprise Co., Ltd. Representative : Wu Chun-I	20,797,622	27.28%	0	0	0	0	Yi Heng Investment Co., Ltd Wu Chun-I Wu Ma Hui-Er Wu Chun-Lang Yun-Hsien Enterprise Co., Ltd.	The representative is the second degree Same person Spouse The second degree The representative is the first degree	
	1,254,488	1.65%	396,821	0.52%	0	0			
Yi Heng Investment Co., Ltd Representative : Wu Chun-Lang	2,554,258	3.35%	0	0	0	0	Da Wei Investment Enterprise Co., Ltd. Wu Chun-I Wu Ma Hui-Er Yuan Hong Investment Co., Ltd Wu Chun-Lang	The representative is the second degree The second degree The second degree in-laws The representative is the first degree Same person	
	383,561	0.50%	127,681	0.17%	0	0			
Wu Chun-I	1,254,488	1.65%	396,821	0.52%	—	—	Da Wei Investment Enterprise Co., Ltd. Yi Heng Investment Co., Ltd Wu Ma Hui-Er Wu Chun-Lang Yun Hsien Enterprise Co., Ltd	The representative is the same person The representative is the second degree Spouse The second degree The representative is the first degree	
Kuo Qi Min Investment Co., Ltd. Representative : Wu Kuo-zhen	1,200,601	1.57%	0	0	0	0	—	—	
	0	0	0	0	0	0			
Yuan Hong Investment Co., Ltd. Representative : Wu Cheng-Yuan	746,000	0.98%	0	0	0	0	Yi Heng Investment Co., Ltd Wu Chun-Lang	The representative is the first degree The first degree	
	0	0	0	0	0	0			
Wu Ma Hui-Er	396,821	0.52%	1,254,488	1.65%	—	—	Da Wei Investment Enterprise Co., Ltd. Yi Heng Investment Co., Ltd Wu Chun-I Wu Chun-Lang Yun Hsien Enterprise Co., Ltd.	The representative is the spouse The representative is the second degree in-laws Spouse The second degree in-laws The representative is the first degree	
Wu Chun-Lang	383,561	0.50%	127,681	0.17%	—	—	Da Wei Investment Enterprise Co., Ltd. Yi Heng Investment Co., Ltd Wu Chun-I Wu Ma Hui-Er Yuan Hong Investment Co., Ltd.	The representative is the second degree The representative is the same person The second degree The second degree in-laws The representative is the first degree	
Yun-Hsien Enterprise Co., Ltd. Representative: Wu Yu-Hsien	241,000	0.32%	0	0	0	0	Da Wei Investment Enterprise Co., Ltd. Wu Chun-I Wu Ma Hui-Er	The representative is the first degree The first degree The first degree	
	25,101	0.03%	0	0	0	0			
Zhang Hong-Wei	239,000	0.30%	0	0	0	0	—	—	

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.	35,000	100%	—	—	35,000	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

2024.04.13

Unit : NT\$ thousands ; share

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	—	1986.03.14 MOEAIC Cert. No. 10995	
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	

##### (2) Classes of shares :

2024.04.13

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

(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

2024.04.13

Structure of shareholders	Government institution	Financial institution	Other institutions	Foreign institution and foreigner	Individual	Treasury stock	Total
Number of people	0	0	193	32	23,761	0	23,986
Number of shares held	0	0	26,538,633	25,751,035	23,940,332	0	76,230,00
% shareholding	0.00	0.00	34.81	33.78	31.41	0.00	100.00

#### 4-1-3. Dispersion of equity ownership :

##### (1) Common shares :

2024.4.13

Grading of shareholding	Number of shareholders	Number of shares held	% shareholding
1 to 999	19,054	158,743	0.21%
1,000 to 5,000	4,019	7,902,456	10.37%
5,001 to 10,000	518	4,128,650	5.42%
10,001 to 15,000	135	1,737,821	2.28%
15,001 to 20,000	82	1,506,433	1.98%
20,001 to 30,000	72	1,873,852	2.46%
30,001 to 40,000	30	1,082,000	1.42%
40,001 to 50,000	18	848,000	1.11%
50,001 to 100,000	32	2,268,000	2.98%
100,001 to 200,000	15	1,915,944	2.51%
200,001 to 400,000	5	1,480,382	1.94%
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	50,581,719	66.34%
Total	23,986	76,230,000	100.00%

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

#### 4-1-4. List of principal shareholders

2024.04.13

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%
Wu Chun-I	1,254,488	1.65%
Kuo Qi Min Investment Co., Ltd.	1,200,601	1.57%
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%
Zhang Hong-Wei	230,000	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.Price per share, net worth, surplus, dividends and related information in the last two years

Item		Year	2022	2023	The year till March 31, 2024 (Note 6)
Per share price	Highest		44.25	50.90	46.45
	Lowest		33.30	34.00	39.00
	Average		36.72	37.67	42.53
Net value per share	Before distribution		23.52	23.26	Not applicable
	After distribution		22.83	-	
Earnings per share	Weighted average number of shares		76,230,000	76,230,000	
	Earnings per share (note 3)		1.17	0.56	
Dividend per share	Cash dividends		0.7	0.7(Note 2)	
	Stock dividends	Dividends from Retained Earnings	0	0(Note 2)	
		Dividends from Capital Reserve	0	0(Note 2)	
	Accumulated unpaid (Note 4)		0	0	
Investment compensation Analysis	Price to earning ratio (note 5)		31.38	67.27	
	Price to dividend ratio (note 6)		52.46	53.81	
	Cash dividend yield (note7)		1.91	1.86	

Note 1 : .Source: Financial statements audited and assured by CPAs in 2022 and 2023.

Note 2 : Cash dividend of 2023 was approved by the board of directors meeting on March 8, 2024, and will be proposed for discussion in shareholders' meeting.

Note 3 : Price-earnings ratio = Year's average per share closing price / earnings per share.

Note 4 : Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note 5 : Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note 6 : Financial data for the first quarter of the 2024, 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:

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

①Employee 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.

②Percentages and ranges of remuneration of Directors :

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 :

- ①For 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.
- ②For 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.
- ③In 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 :

①Employee compensation :

①Distribution of employee compensation : Cash NT\$1,651,747.

②If there is a difference between the employee's remuneration and the annual estimated amount, the difference, reason and treatment shall be revealed :  
In 2024, the Board of Directors proposed to distribute the 2023 employees' compensation of NT\$1,651,747 and there is no difference between the employee's compensation as set in the 2023 financial statements.

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

③The 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 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 compensation, additionally the discrepancy, cause, and how it is treated :

①The actual distribution of the employees' compensation of the previous year : Cash of NT\$1,151,932.

②If 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 2023, the Board of Directors proposed to distribute the 2022employees' compensation of NT\$1,151,932 and there is no difference between the employee's compensation as set in the 2022 financial statements.

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

④If there is a difference between the distribution of the remuneration of the directors 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 : The company does not issue or privately raise securities, 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 :

Period: 2023

Unit : NT\$ thousands

Industry category	Car lights	Molds	others	total
sum of business	4,089,309	321,864	405,831	4,817,004
specific gravity (%)	84.90	6.68	8.42	100.00

(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 Tamhai 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.

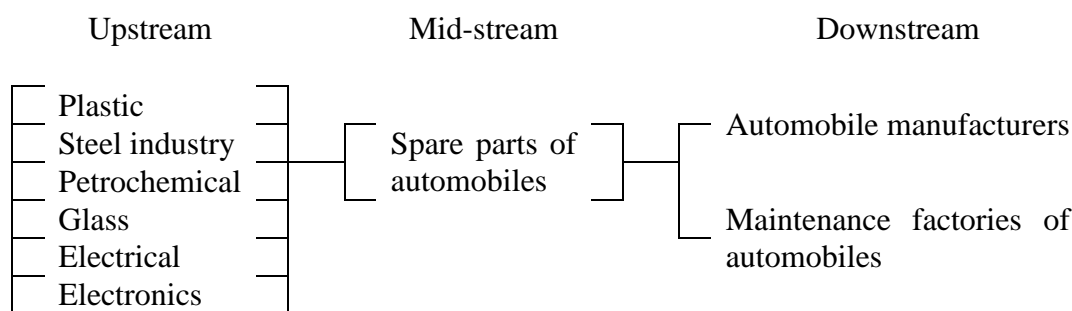
##### ⑥ The government is planning a medium to long-term (10-20 years) plan for the development and promotion of the railway industry. Dayi has over 20 years of experience in developing railway vehicle lighting systems, with practical

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.

- ⑦ With 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 :

① Future trends and developments in the company and vehicle lighting industry:

① Stable 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.

③ Grasp 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.

② Competition situation: Ta-Yih has already moved away from the market of price competition and is focusing on the international market of high standards or advanced technology, ensuring Ta-Yih'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	2023	As of the date 2024.03.31
Cost of research and development	147,122	172,268	41,192

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

- ①ISD ntielligent interactive lighting system.
- ②Thin lens illumination motorcycle headlight.
- ③Translucent metal coating emissive logo light.
- ④Aviation floor light and formation light.
- ⑤Track Par56 glare-free headlight.

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

(1)Short-term :

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

(2)Long-term :

- ①Cotinue to improve customers' satisfaction and to promote European markets.
- ②Develop 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.

Period: 2023

Unit : NT\$ thousands

Area	Taiwan	United States	Japan	China	Others	Total
sum of business	2,279,948	1,742,679	606,849	15,305	172,223	4,817,004
specific gravity (%)	47.33	36.18	12.60	0.32	3.57	100.00

(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 working out, and stable supply of imported vehicles, the sales volume of the Taiwan automobile market in 2023 (approximately 470,000 vehicles) did significantly increase compared to the previous year. 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.

②Expand the integration of technology with the Koito Group, allocation of resources and cooperation, and expand the mainland, North America and other markets.

③The 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, Tai Yih also participated in the development, production and sales of international division of lamps.

④The 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.

②Disadvantages and countermeasures

Disadvantage : Increase in cost.

Countermeasure :

① Assign dedicated personnel to promote cost reduction activities (VA/VE).

②Globalization 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.
- ⑨ E-newsletter of production information, and automated manufacturing equipment reduce labor costs.

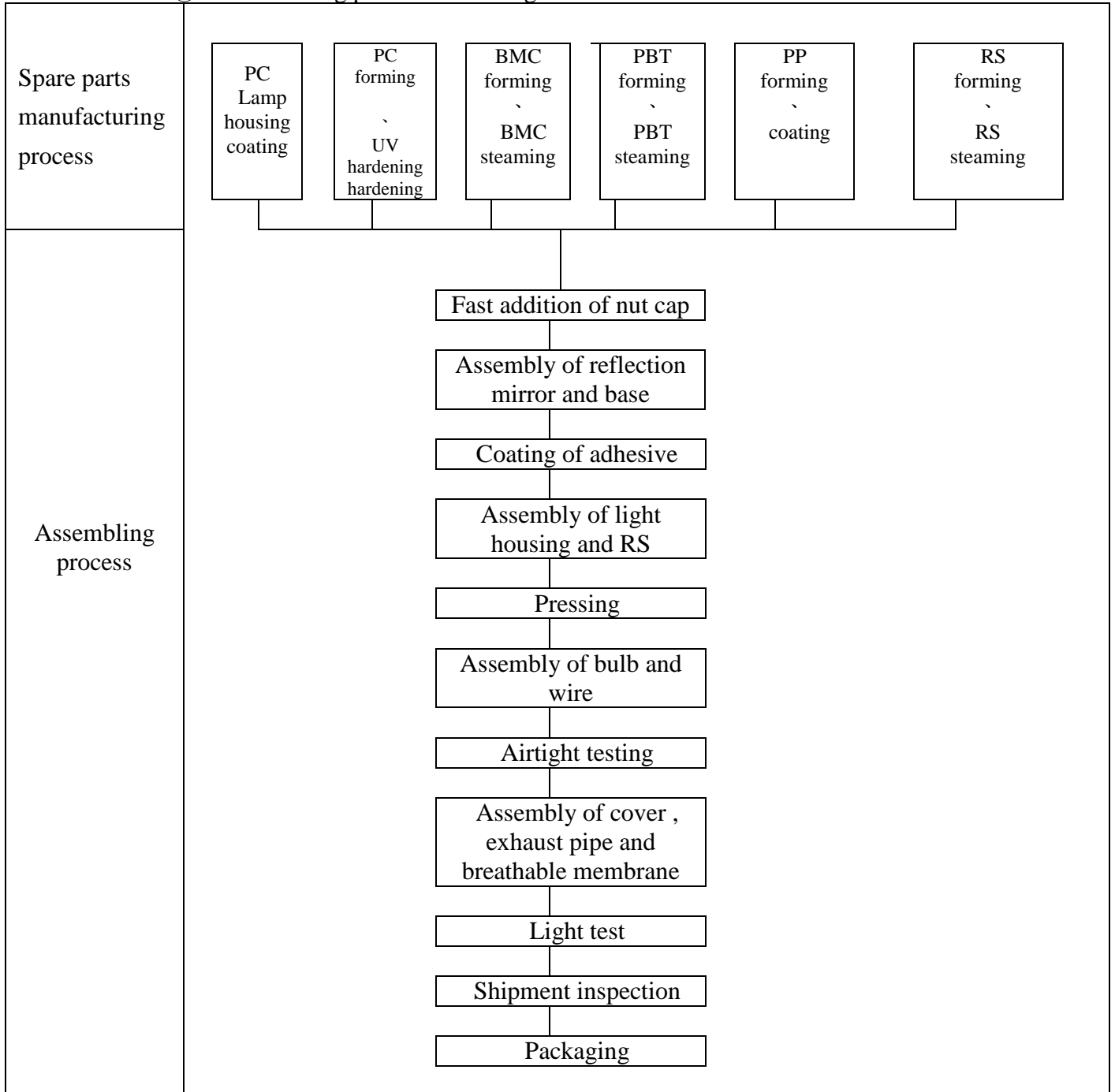
5-2-2.Important application of major products and production processes:

(1)Important application of major products

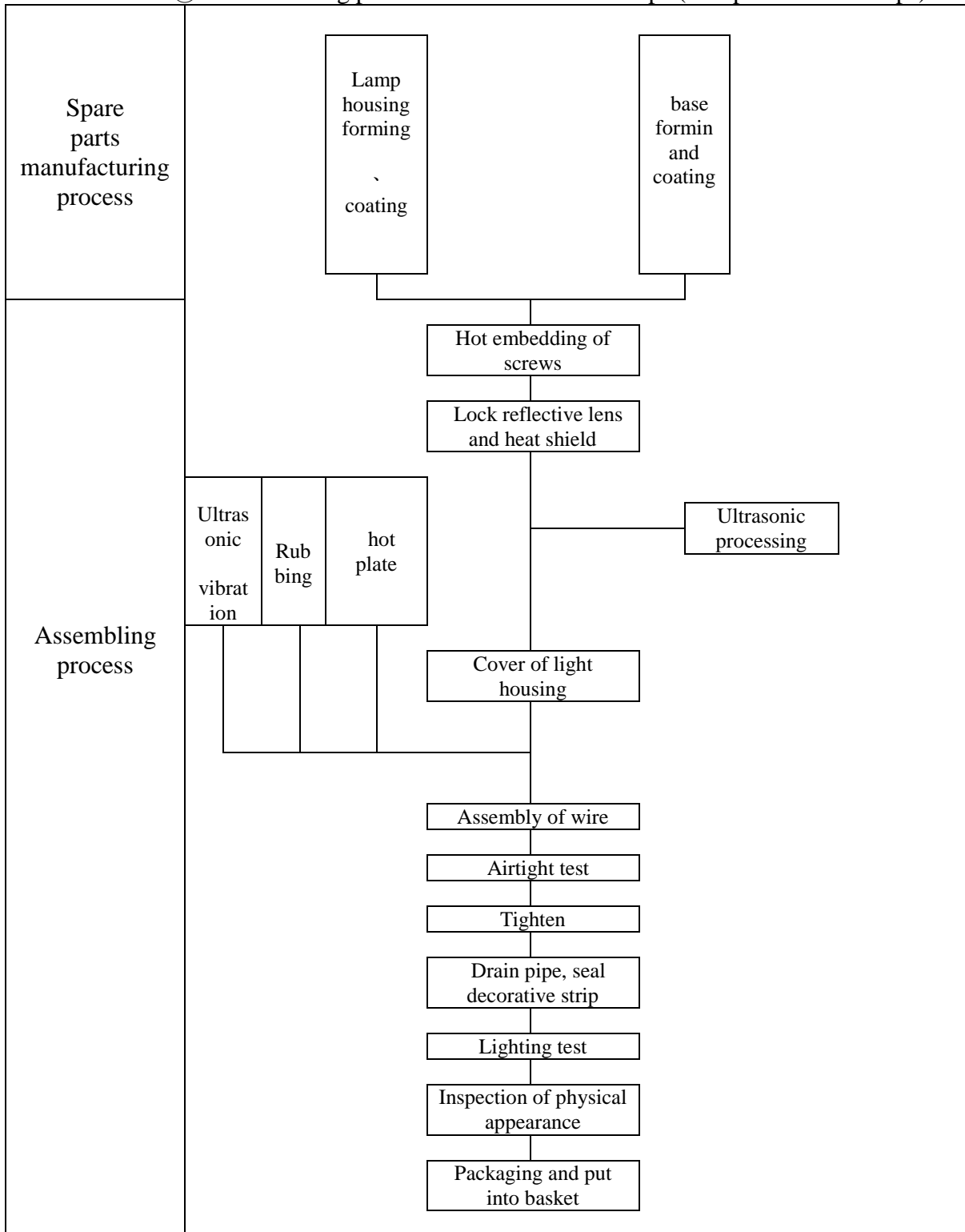
Major products	Important application
(1) Lighting for cars	For the car assembling industry.
(2) Lighting for motorcycles	For motorcycle assembling industry

(2)Production of major products

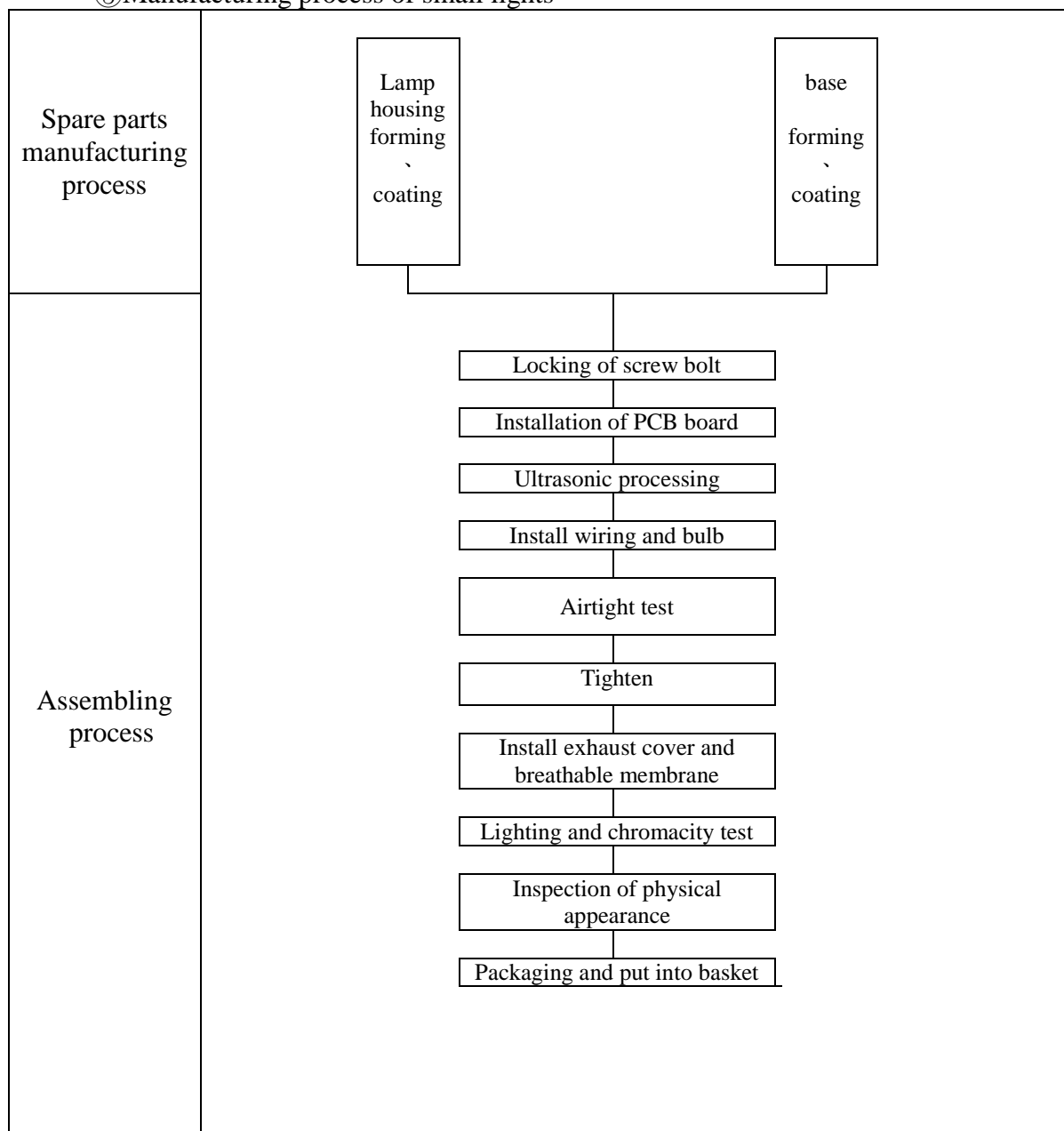
①Manufacturing process of headlight :



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



### ③Manufacturing process of small lights



#### 5-2-3. Supply status of the major raw materials :

Items	Supply area
PMMA	Local (Chi Mei) Oversea(Mitsubishi chemical, Asahi Kasei)
ABS	Local (Chi Mei)
PP	Local (Dynachem, Ginar Technology Engineering Plastics)
AAS	Local (Ginar, Chi Mei) Oversea(Japan A/L)
BMC	Local (Wah Hong Industrial Corp.)
PC	Local (Chi Mei) Oversea(Teijin ,SABIC)
PET+PBT	Local (Nan Ya) Oversea(SABIC, Dupont)

5-2-4. 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	2022				2023				Till the first quarter of 2024 (Note 2)			
	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	691,357	21	None	Company A	664,915	19	None	Not Applicable			
2	Company B	385,572	12	None	Company B	395,439	11	None				
	Others	2,223,922	67	-	Others	2,418,992	70	-				
	Net purchases	3,300,851	100	-	Net purchases	3,479,346	100	-				

Note 1 : 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 2: The financial information for the first quarter of 2024 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	2022				2023				Till the first quarter of 2024 (Note 2)			
	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 C	1,727,333	36	None	Company C	1,826,128	38	None	Not Applicable			
2	Company D	1,231,602	26	None	Company D	1,377,631	29	None				
3	Koito Manufacturing Co., Ltd.	595,705	13	Director and major shareholder	Koito Manufacturing Co., Ltd.	559,039	12	Director and major shareholder				
4	Others	1,191,765	25	-	Others	1,054,206	21	-				
	Net sales	4,746,405	100	-	Net sales	4,817,004	100	-				

Note 1: 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 2: The financial information for the first quarter of 2024 has not been reviewed by the accountant as of the printing date, and therefore is not disclosed.

5-2-5. Production value in the most recent two years :

Unit : NT\$ thousands each

Year of occurrence	2022			2023		
Major products	Production	Yield	Value	Production	Yield	Value
Car lights	9,500,000	8,731,119	2,562,454	12,700,000	11,705,221	3,904,544
Molds	1,036	64	188,185	1,036	231	304,388
Others	—	—	36,292	—	54,357	50,659
Total	9,501,036	8,731,183	2,786,931	12,701,036	11,759,809	4,259,591

### 5-2-6.Sales volume in the last two years :

Unit: each/NT\$ thousands

Year	2022				2023			
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	2,595,435	1,766,657	14,728,027	2,251,394	2,553,560	1,772,328	14,583,156	2,316,981
Molds	105	67,844	242	203,274	42	181,653	189	140,348
Others	—	355,835	—	101,401	—	325,967	—	79,727
Total	2,595,540	2,190,336	14,728,269	2,556,069	2,553,602	2,279,948	14,583,345	2,537,056

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		2022	2023	As of the date 2024.03.31
Number of employees	Sales person	17	19	23
	Management staff	321	180	195
	Factory personnel	516	652	637
	Total	854	851	845
Average age		43	41	41
Average service years		11	10	11
The educational background breakdown	PhD.	0	0	0
	Master degree	87	95	98
	College	407	393	403
	Senior high school	292	293	278
	Below senior high school	68	70	66

### 5-4.Disbursements for environmental protection

5-4-1.Total losses (including damage awards and violation of environmental protection laws and regulations after environmental protection inspection) 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 :

①All 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.

②Regular health inspection for the employees :

①To ensure the health of the employees, the company not only provides regular free health inspections, but also provides special health checks to certain operators.

②In September 2023, the Tainan Municipal Hospital was arranged to carry out

health inspections for the Special Operation employees who's over 30 years old at the factory for 621 employees.

- ③Purchase games and fitness equipment and provide the employees to use at no cost.
- ④Provide employee meal allowance, set up a restaurant for employees to dine, and have a sales department for colleagues.
- ⑤Held 2023 year-end party in Formosa Yacht Resort.
- ⑥Provide the colleagues free flu vaccine and covid-19 injection in January 2024.
- ⑦Set up a breast feeding room for female worker to breast feed after birth.
- ⑧To arrange for a doctor to visit the company once a month and to provide medical advice and assistance to colleagues.
- ⑨For those on business trips, their travel insurance shall be covered by the company.

⑩Establish 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 :

- ①Issuing birthday monetary gifts for employees and vouchers for mother's day.
- ②Issuing monetary gifts for the Dragon Boat Festival, Mid-Autumn Festival and the Spring Festival.
- ③Issue monetary gifts for new weds employees, and subsidies for funerals.
- ④Issue employee hospitalization condolences for injuries.
- ⑤Issue maternity grant.
- ⑥In August of the year 2023, provide travel subsidy.
- ⑦Sponsor the activitie fee for colleagues' social activity, such as baseball and basketball club, etc.
- ⑧Sign 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

- ①Continuously cultivate talents, assist colleagues to grow, and improve the quality of human resources.

②In 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 :

- ①In-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.

A)Training for new comers.

B)Strata training: distinguish between managerial level, section class, group level etc.

C)Professional training : distinguish between talent development, safety environment, production, quality, original price, development and other types of courses.

- ②Off-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.

- ③On job training :

A) 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.

B) In 2023, a total of 68 in-plant training courses were conducted, with 136

participants.

C) In addition, as of the end of 2023, employees completed 1,744 views of the courses, and cumulative viewing times were 2,937 hours by online course platform to diversify training courses..

(3)Implementation of retirement system :

①In 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.

②Since 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 thee applicable provisions of the Labor Pensions, the Regulations of the company are as follows :

①Voluntary 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) :

- A) Those who have worked for more than 15 years and have reached the age of 55.
- B) Those who have worked for more than 25 years.
- C) Those who have worked for more than 10 years, and have reached the age of 60.

②Forced retirement : The company may not force its employee to retire if the employee does not meet any of the following circumstances.

- A) Have reached 65 years in age.
- B) 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.

③Criteria for pension grant :

- A) 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.
- B) 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%.
- C) 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.

④Payment 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 :

①In 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.

②The annual safety and health activities for 2023:

①Zero disaster activities

- A) 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.
- B) 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.

②Promotion 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".

③Prevention of fire and disasters

- A) Management of fire prevention of high risk fire and explosion areas.
- B) Maintenance and improvement of fire safety facilities.
- C) 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:

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

(3)Specific management plan:

①Internet Information Security Control:

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

②Data Access Control:

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

③Strain recovery mechanism

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

(4)The resources invested in information security management:

- ①Purchase professional information security, anti-virus software, firewall software, and ask the manufacturer to maintain it regularly every year.
- ②Obtained ISO27001 information security management system certification in 2023.
- ③The investment in information security management relevant software, hardware, and system integration services in 2023 was NT\$11,268,500.
- ④The company set up Information Security Management Committee on February 1<sup>st</sup>, 2023.
- ⑤There were 2 first level documents, 16 second level documents, and 16 fourth level documents added in 2023.
- ⑥Obtained ISO27001 information security management system certification in June 28, 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	—
The basic contract of the company's purchase transaction	Koito Manufacturing Co., Ltd.	2023.03.31~2024.03.31	Regulation for parties to the sub-contract	—

## 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

Items	Year of occurrence	Financial information of the most recent five years (Note 1)					As of the year 2024.03.31 Financial information(Note 3)
		2019	2020	2021	2022	2023	
Current assets		2,190,901	2,213,313	2,038,360	2,087,020	2,351,163	Not Applicable
Investment accounted for using the equity method		393,213	332,286	271,541	174,108	0	
Property, plants and equipment		976,469	1,026,160	1,003,804	1,005,293	958,028	
Intangible assets		0	18,924	13,716	8,521	5,035	
Other non-current assets		76,473	79,093	67,042	36,079	42,572	
Total net assets		3,637,056	3,669,776	3,394,463	3,311,021	3,356,798	
Current liabilities	Before distribution	1,497,087	1,723,562	1,482,328	1,358,388	1,417,523	
	After distribution	1,802,007	1,822,661	1,528,066	1,411,749	(Note2)	
Non-current liabilities		238,352	185,885	177,630	159,125	166,070	
Total liabilities	Before distribution	1,735,439	1,909,447	1,659,958	1,517,513	1,583,593	
	After distribution	2,040,359	2,008,546	1,705,696	1,570,874	(Note 2)	
Equity Attributed to Shareholders of the Parent Company		1,901,617	1,760,329	1,734,505	1,793,508	1,773,205	
Share capital		762,300	762,300	762,300	762,300	762,300	
Capital reserve		60,736	60,832	60,924	61,023	61,145	
Reserved earnings	Before distribution	1,119,941	974,660	950,192	1,005,083	984,890	
	After distribution	815,021	875,561	904,454	951,722	(Note 2)	
Other equity		(41,360)	(37,463)	(38,911)	(34,898)	(35,130)	
Treasury stock		0	0	0	0	0	
Non controlling interest		0	0	0	0	0	
Total equity	Before distribution	1,901,617	1,760,329	1,734,505	1,793,508	1,773,205	
	After distribution	1,596,697	1,661,230	1,688,767	1,740,147	(Note 2)	

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

Note 2: Proposal of dividend distribution in 2023 has not been submitted to the shareholders' general meeting for resolution.

Note 3: The financial information for the first quarter of year 2024 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

Items	Year of occurrence	Financial information of the most recent five years (note 1)					As of the year March 31, 2024 Financial information(Note2)
		2019	2020	2021	2022	2023	
Operating revenue		5,390,196	4,797,165	4,992,142	4,746,405	4,817,004	Not Applicable
Operating gross profit		967,870	673,534	641,786	595,671	713,423	
Operating net income		411,978	186,734	127,211	55,550	198,486	
Non-operating income and expenses		36,373	(8,105)	(39,670)	29,205	(119,730)	
Net profit before tax		448,351	178,629	87,541	84,755	78,756	
Continuing operations net profit for the period		360,457	159,750	82,524	88,824	42,410	
Loss for Discontinued operations		0	0	0	0	0	
Net profit after tax		360,457	159,750	82,524	88,824	42,410	
Other comprehensive profit and loss (net after tax)		(17,902)	3,786	(9,341)	15,818	(9,474)	
Current comprehensive profit and loss		342,555	163,536	73,183	104,642	32,936	
Net income attribute to the shareholder of the parent company		360,457	159,750	82,524	88,824	42,410	
Net profit attributable to non-controlling interests		0	0	0	0	0	

Comprehensive profit and loss attributed to the shareholders of the parent company	342,555	163,536	73,183	104,642	32,936	
Comprehensive profit and loss attributed to non- controlling interest	0	0	0	0	0	
Earning per share (NT\$)	4.73	2.10	1.08	1.17	0.56	

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 2024 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		2019	2020	2021	2022	2023
Current assets		2,189,941	2,212,453	2,037,576	2,086,205	2,343,545
Investment accounted for using the equity method		394,173	333,146	272,325	174,923	7,618
Property, plants and equipment		976,469	1,026,160	1,003,804	1,005,293	958,028
Intangible assets		0	18,924	13,716	8,521	5,035
Other non-current assets		76,473	79,093	67,042	36,079	42,572
Total net assets		3,637,056	3,669,776	3,394,463	3,311,021	3,356,798
Current liabilities	Before distribution	1,497,087	1,723,562	1,482,328	1,358,388	1,417,523
	After distribution	1,802,007	1,822,661	1,528,066	1,411,749	(Note1)
Non-current liabilities		238,352	185,885	177,630	159,125	166,070
Total liabilities	Before	1,735,439	1,909,447	1,659,958	1,517,513	1,583,593
	After distribution	2,040,359	2,008,546	1,705,696	1,570,874	(Note 1)
Equity Attributed to Shareholders of the Parent Company		1,901,617	1,760,329	1,734,505	1,793,508	1,773,205
Capital stocks		762,300	762,300	762,300	762,300	762,300
Capital reserve		60,736	60,832	60,924	61,023	61,145
Reserved earnings	Before distribution	1,119,941	974,660	950,192	1,005,083	984,890
	After distribution	815,021	875,561	904,454	951,722	(Note 1)
Other equity		(41,360)	(37,463)	(38,911)	(34,898)	(35,130)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,901,617	1,760,329	1,734,505	1,793,508	1,773,205
	After distribution	1,596,697	1,661,230	1,688,767	1,740,147	(Note 1)

Note1 : Proposal of dividend distribution in 2023 has not been submitted to the shareholders' general meeting for resolution.

Note2 : 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		2019	2020	2021	2022	2023
Operating revenue		5,390,196	4,797,165	4,992,142	4,746,405	4,817,004
Operating gross profit		967,870	673,534	641,786	595,671	713,423
Net income		412,020	186,789	127,264	55,606	200,985
Non-operating income and expenses		36,331	-8,160	-39,723	29,149	(122,229)
Net profit before tax		448,351	178,629	87,541	84,755	78,756
Continuing operations net profit for the period		360,457	159,750	82,524	88,824	42,410
Loss for Discontinued operations		0	0	0	0	0
Net profit after tax		360,457	159,750	82,524	88,824	42,410
Other comprehensive profit and loss (net after tax)		-17,902	3,786	-9,341	15,818	(9,474)
Current total comprehensive income		342,555	163,536	73,183	104,642	32,936
Earnings per share (NT \$)		4.73	2.10	1.08	1.17	0.56

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	2019	2020	2021	2022	2023
Accountant Name	Liao Hung-Ju	Li Chi-Chen	Li Chi-Chen	Li Chi-Chen	Yeh Fang-Ting
	Li Chi-Chen	Yang Chao-Chin	Yang Chao-Chin	Yang Chao-Chin	Tien Chung-Yu
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 :

Item analysed (Note 3)		Year (Note 1)	Financial analysis of the most recent five years					As of the date 2024.03.31(Note2)	
		2019	2020	2021	2022	2023			
Financial structure (%)	Debt to asset ratio:	47.72	52.03	48.90	45.83	47.18	Not Applicable		
	Long term fund to property, plant and Equipment Ratio	219.15	189.66	190.49	194.24	202.42			
Debt service ability	Current ratio	146.34	128.42	137.51	153.64	165.86			
	Quick ratio	67.89	67.55	60.92	75.56	87.31			
	Interest coverage folds	278.27	65.35	26.37	16.82	14.13			
Operational ability	Account receivables’ turnover rate (times)	6.51	5.11	5.54	5.82	5.90			
	Average sales days	56	71	66	62.71	61.86			
	Inventory turnover rate(times)	5.49	4.65	4.29	4.07	3.97			
	Account payables turnover rate(times)	5.73	4.83	5.57	6.13	5.46			
	Average sales days	66	78	85	89.68	91.94			
	Property, plants and equipment turnover rate (times)	5.55	4.79	4.92	4.72	4.91			
	Turnover rate of total	1.52	1.31	1.41	1.42	1.44			
Profittability	Return on assets(%)	10.21	4.43	2.41	2.78	1.42			
	Return of equity (%)	19.22	8.72	4.72	5.04	2.38			
	Proportion of pre-tax profit to paid up capital(%)	58.82	23.43	11.48	11.12	10.33			
	Net income margin(%)	6.69	3.33	1.65	1.87	0.88			
	Earnings per share (NT\$)	4.73	2.10	1.08	1.17	0.56			
Cash flow	Cash flow ratio	26.00	11.16	5.65	32.63	30.87			
	Fund flow adequacy ratio	83.58	71.34	63.98	74.31	83.49			
	Cash reinvestment ratio(%)	2.89	(3.37)	(0.45)	11.01	10.56			
Leverage	Operational leverage	1.92	2.95	3.86	7.83	2.52			
	Financial leverage	1.00	1.02	1.03	1.11	1.03			
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 Return on assets : Mainly because increased loss in investment reduced profits.									
2.Reasons for the change in Return of equity : Mainly because increased loss in investment reduced profits.									
3.Reasons for changes in Net income margin : Mainly because increased loss in investment reduced profits.									
4. Reasons for changes in Earnings per share (NT\$) : Mainly because increased loss in investment reduced profits.									
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 2024 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  $\times$  (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)	Year (Note 1)	Financial analysis of the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio:	47.72	52.03	48.90	45.83	47.18
	Long term fund to property, plant and Equipment Ratio	219.15	189.66	190.49	194.24	202.42
Debt service ability	Current ratio	146.28	128.37	137.46	153.58	165.33
	Quick ratio	67.83	67.50	60.87	75.50	86.77
	Interest coverage folds	278.27	65.35	26.37	16.82	14.13
Operational ability	Account receivables' turnover rate (times)	6.51	5.11	5.54	5.82	5.90
	Average sales days	56	71	66	62.71	61.86
	Inventory turnover rate(times)	5.49	4.65	4.29	4.07	3.97
	Account payables turnover rate(times)	5.73	4.83	5.57	6.13	5.46
	Average sales days	66	78	85	89.68	91.94
	Property, plants and equipment turnover rate (times)	5.55	4.79	4.92	4.72	4.91
	Turnover rate of total assets(times)	1.52	1.31	1.41	1.42	1.44
Profittability	Return on assets(%)	10.21	4.43	2.41	2.78	1.42
	Return of equity (%)	19.22	8.72	4.72	5.04	2.38
	Proportion of pre-tax profit to paid up capital (%)	58.82	23.43	11.48	11.12	10.33
	Net income margin (%)	6.69	3.33	1.65	1.87	0.88
	Earnings per share (NT\$)	4.73	2.10	1.08	1.17	0.56
Cash flow	Cash flow ratio	26.00	11.17	5.66	32.63	31.04
	Fund flow adequacy ratio	82.18	69.96	63.99	74.33	83.63
	Cash reinvestment ratio (%)	2.89	(3.37)	(0.45)	11.01	10.63
Leverage	Operational leverage	1.92	2.95	3.86	7.82	2.49
	Financial leverage	1.00	1.02	1.03	1.11	1.03
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 Return on assets : Mainly because increased loss in investment reduced profits.						
2.Reasons for the change in Return of equity : Mainly because increased loss in investment reduced profits.						
3.Reasons for changes in Net income margin : Mainly because increased loss in investment reduced profits.						
4. Reasons for changes in Earnings per share (NT\$) : Mainly because increased loss in investment reduced profits.						
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.Profittability

(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 2023 (including the consolidated financial statements) prepared by the board of directors have been audited and attested by CPAs Yeh Fang-Ting and Tien Chung-Yu of PwC Taiwan, which along with the Business Report and the proposals for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

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

Ta Yih Industrial Co., Ltd.

Convenor of Audit Committee : Chang Jui -Hui

March 8, 2024

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

6-5.Certified Individual Financial Statements : Refer to 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 : 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

Unit : NT thousands ; %

Items	Year of occurrence	2023	2022	Differences		Change analysis
				Amount	%	
Current assets		2,351,163	2,087,020	264,143	12.66	
Investments accounted for using the equity method		0	174,108	(174,108)	(100.00)	1
Property, plants, and equipment		958,028	1,005,293	(47,265)	(4.70)	
Intangible assets		5,035	8,521	(3,486)	(40.91)	
Other non-current assets		42,572	36,079	6,493	(18.00)	
Total net assets		3,356,798	3,311,021	45,777	1.38	
Current liabilities		1,417,523	1,358,388	59,135	4.35	
Non-current liabilities		166,070	159,125	6,945	4.36	
Total liabilities		1,583,593	1,517,513	66,080	4.35	
Capital stocks		762,300	762,300	0	0.00	
Capital surplus		61,145	61,023	122	0.20	
Retained Earnings		984,890	1,005,083	(20,193)	(2.01)	
Other equity		(35,130)	(34,898)	(232)	0.66	
Total equity		1,773,205	1,793,508	(20,303)	(1.13)	
If there is a change of more than 20%, and the amount of the change reaches NT\$10 million, an explanation shall be given :						
1. Mainly due to the recognition of investment company profits and losses.						

7-2.Review and analysis of financial performance

7-2-1 The annual report shall list the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years :

Unit : NT\$ thousands

Item	Year of occurrence	2023	2022	Amount increased(decreased)	Change ratio (%)	Change Analysis
Operating revenue		4,817,004	4,746,405	70,599	1.49	
Operating gross profit		713,423	595,382	117,752	19.77	
Operating expenses		514,937	540,121	(25,184)	(4.66)	
Net income		198,486	55,550	142,936	257.31	1
Non-operating income and expenses		(119,730)	29,205	(148,935)	(509.96)	2
Net profit before tax		78,756	84,755	(5,999)	(7.08)	
Income tax expense		36,346	(4,069)	40,415	(993.24)	3
Net income for this reporting period		42,410	88,824	(46,414)	(52.25)	4
Other comprehensive income		(9,474)	15,818	(25,292)	(159.89)	5
Total comprehensive income		32,936	104,642	(71,706)	(68.53)	6

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

1. The increase in Net income:
2. The decrease in Non-operating income and expenses: Main reason is appreciation of US Dollar.
3. The increase in Income tax expense: Main reason in recognition of loss in investment.
4. The decrease in Net income for this reporting period: Main reason is income tax expense from unrealized loss in investment.
5. The decrease in Other comprehensive income : It's mainly due to the decrease 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.
6. The decrease in Total comprehensive income : It's mainly due to the decrease 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.

7-2-2. Provide a sales volume forecast for future and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response :

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 2024 compared to 2023. No significant impact on the company's future financial operations.

### 7-3. Analysis of cash flow

#### 7-3-1. Analysis of changes in recent annual cash flow :

Item	Year of occurrence	2023	2022	Increase (Decrease) ratio
Cash flow ratio		30.87%	32.63%	(5.39%)
Fund Flow Adequacy Ratio		83.49%	74.31%	12.35%
Cash reinvestment ratio		10.56%	11.01%	(4.09%)
1. Analysis of changes in recent annual cash flow : (1) Decrease in cash flow ratio : Mainly due to the decrease 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 decrease compared to the previous period.				

7-3-2. Corrective measures to be taken in response to illiquidity : There is no liquidity risk for fund raising due to bank loans if operation capital is insufficient.

#### 7-3-3. Analysis of cash flow for the coming year(2024)

Unit : NT\$ thousands					
Initial stage Balance (1)	Throughout the year Net cash flow (2)	Annual cash Outflow (3)	Balance (insufficient) amount (1)+(2)-(3)	Cash deficiency remedy	
				Investment plans	Financial plan
390,349	4,421,351	4,428,953	382,747	N/A	N/A
Analysis of cash flow for the coming year 2024 : (1) Operating activities : The sales revenue for 2024 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 2023 was about NT\$173,905 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 2023 was shrunk vehicle market in Mainland China.

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 2023
Interest expense	NT\$5,997 thousands
Net income ratio	0.12%

①Effect on profit and loss

The interest expenses in 2023 was NT\$5,997 thousands, which accounts for 0.12% 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 2023
Net gain/loss on foreign currency exchange	NT\$20,118 thousands
Net income ratio	0.42%

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	Low cost and replaceable LED high beam system	200	2024	Market functional / customer requirements demand trends
2	Optical coating indicator light set with display function	200	2024	Market functional demand trends.
3	Road imaging taillight system for improvement of road safety	500	2024	Market functional /road safety / demand trends
4	Low cost and high efficiency LED taillight system	310	2024	customer requirements
5	Track traffic photoconductive composite headlight with display and variable light function (run-through)	810	2024	International standard regulations / overseas market expansion
6	Track traffic photoconductive composite headlight with display and variable light function (non run-through)	610	2024	International standard regulations / overseas market expansion
7	Analogue OLED technology indicator taillight of motorcycle	400	2024	Market functional / customer requirements demand trends
8	Multiple splits array LED adaptive headlight set	670	2024	Technological readiness, Market & customer demand trends
9	Lens set of dipped light and high beam with extremely flat design	290	2024	Technological readiness, Market & customer demand trends
10	Development of outside light system of aircraft	5,000	2024	Technological readiness, Market & customer demand trends
11	Development of track vehicle multi-function composite headlight	500	2024	Market functional / customer requirements demand trends
12	Development of track vehicle run-through composite light	500	2024	Market functional / customer requirements demand trends
13	Development of 1200W bi-color fishing lamp	1200	2024	Market functional / customer requirements demand trends

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 2023 and the first quarter of 2024 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 :

Issue of fact	Litigant	Status
Year 2023-SI-ZHI-Quan-Zi No.192	Koito Manufacturing Co., Ltd.	Closed due to voluntary dismissal of compulsory enforcement from creditor

7-6-13. Other important risk management measures :

(1) Intellectual Property Management plan

The company takes "loyalty, diligence and responsibility" as enterprise spirit, in the manufacture and sale of bicycles, motorcycles and parts, lamps and exporting vehicle light, and our high-quality products continue to bring more added value and brand benefits to customers over the years. We introduce foreign advanced technology research and development in line with the development of the domestic automobile industry and invest plenty of design and development costs every year, not only to strengthen the company's production technology, but also to bring higher overall economic benefits for the company.

For protection the company's important technological R&D achievements and

encouragement of innovation and invention, TA YIH INDUSTRIAL CO. announced the "Patent Management Regulations" to encourage the company's R&D dedicated patent personnel to propose the R&D results, and through the internal control process such as internal auditing mechanism for counseling and overall planning, to produce high-quality patents, and to accumulate the patent energy to continue to bring business advantages to the company. Additionally, dedicated patent personnel collect and organize the patent data regularly, and organize the patent literature database to facilitate subsequent analysis and inquiries, and formulate patent strategies based on patent analysis and evaluation. They also formulate corresponding patent strategies based on patent analysis results, including patent applications, technology authorization, etc., and predict possible development trends and market changes based on the patent analysis results, explore business opportunities, and then form the company's technological development strategies and market promotion plans.

Meanwhile, in order to prevent increasing operational risks due to the leakage of important intellectual assets, the Company automatically encrypts and decrypts the Company's documents by means of information technology and restricts the access to only whose electronic devices authorized by the Company in secret operation management, so as to protect the Company's important electronic assets without affecting the efficiency of the work and prevent the risk of the leakage of important assets and reduce the hacker intrusion.

The Company expects to report the implementation status of intellectual property management to the board of directors regularly from 2024

(2)Implementation results in 2023

① Assigned dedicated patent personnel in the fourth quarter of 2023

② Obtained 1 American patent, and 2 Taiwanese patents.

(3)List of intellectual property and achievement

①Patent: There were six Taiwanese invention patents, 19 Taiwanese utility model patents, 1 American invention patent, 3 Chinese invention patents, and 1 Chinese utility model patent as the end of 2023.

②4 Taiwanese trademarks.

7-7.Other important matters : None.

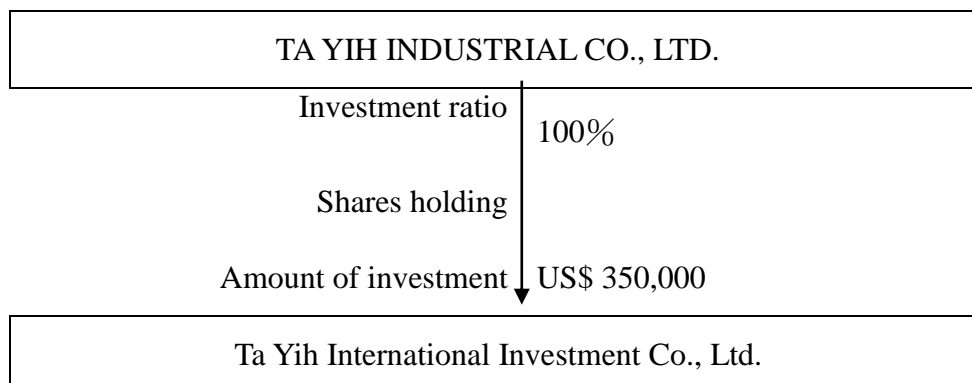


## 8 · Special items

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

#### 8-1-1. The consolidated business report of the Affiliated Enterprise

##### (1)The organizational chart of the affiliated enterprise(2023.12.31)



##### (2).Basic information of each affiliates :

Unit : \$

Name of Enterprise	A. Date of Establishment	Address	Paid-in capital	Primary business items or Production Items
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 350,000	General investment industry

##### (3).Information of shareholders of companies presumed to have a relationship of control and subordination : None.

##### (4).The industries covered by the business operated by the affiliates overall : British Virgin Islands Ta Yih International Investment Company. : General investment industry

##### (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 350,000	100%	

##### (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.	10,749	7,618	0	7,618	0	(2,445)	(69.87)

8-1-2.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 2023).

8-1-3.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

## 2023 Consolidated Financial Statements

**TA YIH INDUSTRIAL CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 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. As a result, Ta Yih Industrial Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

TA YIH INDUSTRIAL CO., LTD.

March 8, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Ta Yih Industrial Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

#### **Key audit matter: Cut-off of sales revenue from hub warehouse**

##### Description

Please refer to Notes 4(24) and 6(14) to the consolidated financial statements for the accounting policy and the details of sales revenue relating to this key audit matter, respectively. The sales revenue generated from the hub warehouse was \$1,670,712 thousand for the year ended December 31, 2023, which accounted for 35% of the total operating revenue.

The Group mainly manufactures and sells automobile and locomotive lamps. The Group also sells its products to overseas markets and recognizes revenue upon acceptance of the goods by the customers (transfer of risks and rewards) if picked up from hub. The sales model of overseas markets depends on the delivery of goods from hub warehouse. The Group recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As there are numerous sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we considered the cut-off of hub sales revenue as the key audit matter of our 2023 annual audit.

#### How our audit addressed the matter

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

1. We validated the effectiveness of the management's controls in respect of the cut-off of sales revenue from hub warehouse.
2. We performed cut-off tests of hub sales revenue for a specific period prior to and after the balance sheet date, including verifying records of picking goods from hubs and confirming records of inventory movements are recorded in appropriate period.
3. We conducted physical count of inventory quantities held at hubs and agreed to accounting records.

#### ***Other matter – Scope of the audit***

The financial statements of the Group as of and for the year ended December 31, 2022 were audited by other auditors whose report dated March 8, 2023 expressed an unmodified opinion on those statements.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ta Yih Industrial Co., Ltd. as of and for the year ended December 31, 2023.

#### ***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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

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

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

1. Identify and assess the risks of material misstatement of the 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 390,349	12	\$ 154,833	5
1136	Financial assets at amortized cost - current	6(1)(2)	-	-	5,600	-
1150	Notes receivable, net	6(3) and 12	9,086	-	416	-
1170	Accounts receivable, net	6(3) and 12	682,672	20	685,440	21
1180	Accounts receivable - related parties	6(3), 7 and 12	96,952	3	146,424	4
1200	Other receivables		26,912	1	5,581	-
1210	Other receivables - related parties	7	3,441	-	9,690	-
130X	Inventories	5 and 6(4)	1,084,652	32	952,784	29
1410	Prepayments	7	28,908	1	107,865	3
1479	Other current assets		28,191	1	18,387	1
11XX	Total current assets		2,351,163	70	2,087,020	63
Non-current assets						
1550	Investments accounted for under equity method	6(5)	-	-	174,108	6
1600	Property, plant and equipment	6(6)	912,720	27	966,643	29
1755	Right-of-use assets	6(7) and 7	45,308	2	38,650	1
1780	Intangible assets		5,035	-	8,521	-
1840	Deferred income tax assets	6(21)	25,237	1	21,449	1
1915	Prepayments for equipment	6(23)	9,541	-	7,053	-
1920	Guarantee deposits paid		7,794	-	7,577	-
15XX	Total non-current assets		1,005,635	30	1,224,001	37
1XXX	Total assets		\$ 3,356,798	100	\$ 3,311,021	100

(Continued)

**TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(8)	\$	210,000	6	\$	300,000	9
2130	Contract liabilities - current	6(14) and 7		25,247	1		113,995	4
2150	Notes payable			92,641	3		78,300	2
2170	Accounts payable			682,796	20		528,522	16
2180	Accounts payable - related parties	7		54,170	2		66,622	2
2200	Other payables	6(9)		187,763	6		172,999	5
2220	Other payables - related parties	7		46,553	1		45,874	1
2230	Current income tax liabilities	6(21)		57,087	2		25,621	1
2280	Lease liabilities - current	7		13,745	-		10,711	-
2399	Other current liabilities			47,521	1		15,744	1
21XX	Total current liabilities			1,417,523	42		1,358,388	41
Non-current liabilities								
2570	Deferred income tax liabilities	6(21)		76,736	2		78,784	2
2580	Lease liabilities - non-current	7		28,041	1		28,115	1
2640	Net defined benefit liabilities - non-current	6(10)		58,894	2		49,797	2
2670	Other non-current liabilities			2,399	-		2,429	-
25XX	Total non-current liabilities			166,070	5		159,125	5
2XXX	Total Liabilities			1,583,593	47		1,517,513	46
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(11)		762,300	23		762,300	23
3200	Capital surplus	6(12)		61,145	2		61,023	2
	Retained earnings	6(13)						
3310	Legal reserve			684,741	20		674,678	20
3320	Special reserve			68,264	2		68,264	2
3350	Unappropriated retained earnings			231,885	7		262,141	8
3400	Other equity interest		(	35,130)	( 1)	(	34,898)	( 1)
31XX	Equity attributable to owners of the parent			1,773,205	53		1,793,508	54
3XXX	Total equity			1,773,205	53		1,793,508	54
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$	3,356,798	100	\$	3,311,021	100

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

**TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14) and 7	\$	4,817,004	100	\$	4,746,405
5000 Operating costs	6(4)(10)(19)(20) and 7	(	4,103,898)	( 85)	(	4,151,023)
5900 Operating margin			713,106	15		595,382
5910 Unrealized gain on sales	6(5)	(	730)	-	(	1,473)
5920 Realized gain on sales	6(5)		1,047	-		1,762
5950 Net operating margin			713,423	15		595,671
Operating expenses	6(10)(19)(20), 7 and 12					
6100 Selling expenses		(	188,649)	( 4)	(	263,744)
6200 General and administrative expenses		(	156,191)	( 3)	(	129,255)
6300 Research and development expenses		(	172,268)	( 4)	(	147,122)
6450 Expected credit gains			2,171	-		-
6000 Total operating expenses		(	514,937)	( 11)	(	540,121)
6900 Operating profit			198,486	4		55,550
Non-operating income and expenses						
7100 Interest income	6(2)(15)		5,133	-		296
7010 Other income	6(16) and 7		41,036	1		43,631
7020 Other gains and losses	6(7)(17), 7 and 12		14,320	-		93,288
7050 Finance costs	6(7)(18) and 7	(	5,997)	-	(	5,356)
7060 Share of loss of associates and joint ventures accounted for under equity method	6(5)	(	174,222)	( 3)	(	102,654)
7000 Total non-operating income and expenses		(	119,730)	( 2)		29,205
7900 Profit before income tax			78,756	2		84,755
7950 Income tax (expense) benefit	6(21)	(	36,346)	( 1)		4,069
8200 Net Profit for the year		\$	42,410	1	\$	88,824

(Continued)

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Actuarial (losses) gains on defined benefit plans	6(10)	(\$ 11,552)	-	\$ 14,756	-
8349 Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(21)	2,310	-	( 2,951)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		( 290)	-	5,016	-
8399 Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(21)	58	-	( 1,003)	-
8300 <b>Other comprehensive (loss) income for the year</b>		(\$ 9,474)	-	\$ 15,818	-
8500 <b>Total comprehensive income for the year</b>		\$ 32,936	1	\$ 104,642	2
Profit attributable to:					
8610 Owners of the parent		\$ 42,410	1	\$ 88,824	2
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 32,936	1	\$ 104,642	2
Earnings per share (in dollars)	6(22)				
9750 Basic		\$ 0.56		\$ 1.17	
9850 Diluted		\$ 0.56		\$ 1.17	

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

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent									
Notes	Share capital - common stock	Capital surplus			Retained earnings			Other equity interest	Total equity
		Share premium	Gain on disposal of assets	Donated assets	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>For the year ended December 31, 2022</u>									
Balance at January 1, 2022	\$ 762,300	\$ 56,330	\$ 4,142	\$ 452	\$ 667,215	\$ 68,264	\$ 214,713	(\$ 38,911 )	\$ 1,734,505
Net income	-	-	-	-	-	-	88,824	-	88,824
Other comprehensive income	-	-	-	-	-	-	11,805	4,013	15,818
Total comprehensive income	-	-	-	-	-	-	100,629	4,013	104,642
Distribution of 2021 net income:									
Legal reserve	-	-	-	-	7,463	-	( 7,463 )	-	-
Cash dividends 6(13)	-	-	-	-	-	-	( 45,738 )	-	( 45,738 )
Unclaimed cash dividends overdue transferred to capital surplus	-	-	-	99	-	-	-	-	99
Balance at December 31, 2022	\$ 762,300	\$ 56,330	\$ 4,142	\$ 551	\$ 674,678	\$ 68,264	\$ 262,141	(\$ 34,898 )	\$ 1,793,508
<u>For the year ended December 31, 2023</u>									
Balance at January 1, 2023	\$ 762,300	\$ 56,330	\$ 4,142	\$ 551	\$ 674,678	\$ 68,264	\$ 262,141	(\$ 34,898 )	\$ 1,793,508
Net income	-	-	-	-	-	-	42,410	-	42,410
Other comprehensive loss	-	-	-	-	-	-	( 9,242 )	( 232 )	( 9,474 )
Total comprehensive income (loss)	-	-	-	-	-	-	33,168	( 232 )	32,936
Distribution of 2022 net income:									
Legal reserve	-	-	-	-	10,063	-	( 10,063 )	-	-
Cash dividends 6(13)	-	-	-	-	-	-	( 53,361 )	-	( 53,361 )
Unclaimed cash dividends overdue transferred to capital surplus	-	-	-	122	-	-	-	-	122
Balance at December 31, 2023	\$ 762,300	\$ 56,330	\$ 4,142	\$ 673	\$ 684,741	\$ 68,264	\$ 231,885	(\$ 35,130 )	\$ 1,773,205

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



TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 78,756	\$ 84,755
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	( 2,171 )	-
Provision for inventory market price decline	6(4)	2,476	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method (including (realized) unrealized gain on sales)	6(5)	173,905	102,365
Depreciation expense	6(6)(7)(19)	146,431	181,886
Net loss (gain) on disposal of property, plant and equipment	6(17)	404 (	59 )
Gain from lease modification	6(7)(17)	( 23 )	-
Amortization expense	6(19)	6,390	10,127
Interest income	6(15)	( 5,133 ) (	296 )
Finance costs	6(18)	5,997	5,356
Net loss (gain) on foreign currency exchange		15,250 (	8,912 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	8,662 )	13,840
Accounts receivable	(	9,504 )	30,895
Accounts receivable - related parties		45,348 (	76,436 )
Other receivables	(	21,331 ) (	3,290 )
Other receivables - related parties		6,273	5,523
Inventories	(	172,205 )	108,406
Prepayments		78,957 (	33,716 )
Other current assets	(	9,804 ) (	492 )
Changes in operating liabilities			
Contract liabilities - current	(	88,748 )	60,042
Notes payable		14,341 (	6,438 )
Accounts payable		155,628	976
Accounts payable - related parties	(	10,521 ) (	5,393 )
Other payables		14,732	1,227
Other payables - related parties		679 (	4,142 )
Other current liabilities		31,777	15,317
Net defined benefit liabilities - non-current	(	2,455 ) (	14,177 )
Other non-current liabilities	(	30 ) (	416 )
Cash inflow generated from operations		446,757	466,948
Interest received		5,133	296
Interest paid	(	5,965 ) (	5,424 )
Income tax paid	(	8,348 ) (	18,616 )
Net cash flows from operating activities		437,577	443,204

(Continued)

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (Increase) in financial assets at amortized cost - current		\$ 5,600	( \$ 5,600 )
Cash paid for acquisition of property, plant and equipment	6(23)	( 44,014 )	( 137,483 )
Proceeds from disposal of property, plant and equipment		-	80
Acquisition of intangible assets		( 2,904 )	( 4,932 )
(Increase) decrease in guarantee deposits paid		( 217 )	1,988
Net cash flows used in investing activities		( 41,535 )	( 145,947 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(24)	( 90,000 )	( 78,830 )
Decrease in short-term notes and bills payable	6(24)	-	( 90,000 )
Payments of lease liabilities	6(24)	( 17,200 )	( 10,680 )
Payment of cash dividends	6(13)	( 53,361 )	( 45,738 )
Unclaimed cash dividends overdue transferred to capital surplus		122	99
Net cash flows used in financing activities		( 160,439 )	( 225,149 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 87 )	84
Net increase in cash and cash equivalents		235,516	72,192
Cash and cash equivalents at beginning of year	6(1)	154,833	82,641
Cash and cash equivalents at end of year	6(1)	\$ 390,349	\$ 154,833

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

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) 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 and its subsidiaries (the “Group”) mainly sell, manufacture and process automobile parts, motorcycle parts, railway vehicle parts, transportation machineries, industrial plastic parts, as well as invest in related industries.

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1997.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 25, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
  - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			December 31, 2023	December 31, 2022	
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	General investment	100.00	100.00	(Note)

(Note) The subsidiary, Ta Yih International Investment Co., Ltd. (BVI) had completed the process of capital increase in November, 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within “Other gains and losses”.

**B. Translation of foreign operations**

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When a foreign operation as an associate or joint arrangement is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.



(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. 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 financial year-end, in order to approach the amount of weighted-average cost. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. When the cost of inventories exceeds net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(12) Investments accounted for using the equity method / subsidiaries

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives		
Buildings			
Main buildings	40	to	60 years
Factory and other buildings	5	to	40 years
Machinery equipment	3	to	12 years
Molding equipment	2	to	3 years
Transportation equipment			5 years
Other equipment	3	to	8 years

(14) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- The amount of the initial measurement of lease liabilities; and
  - Any lease payments made at or before the commencement date.
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(15) Intangible assets

A. Computer software

Stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

B. Patents

Stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the lifetime using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. 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.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

Sales of goods

- A. The Group primarily manufactures and sells car lamps and molds related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(25) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was \$1,084,652.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand and revolving funds	\$ 750	\$ 505
Checking accounts and demand deposits	<u>328,189</u>	<u>154,328</u>
	<u>328,939</u>	<u>154,833</u>
Cash equivalents:		
Time deposits	<u>61,410</u>	<u>-</u>
	<u>\$ 390,349</u>	<u>\$ 154,833</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, the Group's time deposits maturing between three months and one year (listed as "Financial assets at amortized cost - current") were \$— and \$5,600, respectively.

C. The Group has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(2) Financial assets at amortized cost – current

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits with original maturities of over 3 months	<u>\$ -</u>	<u>\$ 5,600</u>

A. The Group recognized interest income in profit or loss on financial assets at amortized cost amounting to \$12 and \$— for the years ended December 31, 2023 and 2022, respectively (listed as "Interest income").

B. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was its carrying amount.



C. The Group has no financial assets at amortized cost pledged to others as of December 31, 2023 and 2022.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2) 'Financial Instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 9,097	\$ 435
Less: Allowance for uncollectible accounts	( 11)	( 19)
	<u>\$ 9,086</u>	<u>\$ 416</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 687,919	\$ 691,198
Less: Allowance for uncollectible accounts	( 5,247)	( 5,758)
	<u>\$ 682,672</u>	<u>\$ 685,440</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	\$ 97,054	\$ 148,178
Less: Allowance for uncollectible accounts	( 102)	( 1,754)
	<u>\$ 96,952</u>	<u>\$ 146,424</u>

A. The aging analysis of notes and accounts receivable (including related parties) is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable		
Not past due	<u>\$ 9,097</u>	<u>\$ 435</u>
Accounts receivable (including related parties)		
Not past due	\$ 772,485	\$ 804,793
Within 90 days	5,945	22,442
91 to 180 days	5,136	3,934
181 to 270 days	1,200	944
Over 271 days	<u>207</u>	<u>7,263</u>
	<u>\$ 784,973</u>	<u>\$ 839,376</u>

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$792,393.

C. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.

D. The Group has no notes and accounts receivable pledged to others as of December 31, 2023 and 2022.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial Instruments'.

(4) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise	\$ 47,966	\$ 38,668
Raw materials	365,382	273,410
Work in progress	68,274	119,236
Finished goods	603,030	521,470
	<u>\$ 1,084,652</u>	<u>\$ 952,784</u>

The cost of inventories recognized as expense for the year:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 4,091,143	\$ 4,141,885
Provision for inventory market price decline	2,476	-
Loss on scrapped inventories	13,139	13,533
Income from sale of scraps	( 2,860)	( 4,395)
	<u>\$ 4,103,898</u>	<u>\$ 4,151,023</u>

(5) Investments accounted for under equity method

A. Movements of investments accounted for under equity method are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
January 1	\$ 174,108	\$ 271,541
Unrealized gain on sales	( 730)	( 1,473)
Realized gain on sales	1,047	1,762
Share of profit or loss of investments accounted for under equity method	( 174,222)	( 102,654)
Other equity - Exchange differences on translation of foreign financial statements	( 203)	4,932
December 31	<u>\$ -</u>	<u>\$ 174,108</u>

B. Details of investments accounted for under equity method are as follows:

<u>Name of investee</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	<u>\$ -</u>	<u>\$ 174,108</u>

### C. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Name of Company	Principal place of business	Shareholding ratio		Nature of relationship
		December 31, 2023	December 31, 2022	
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	China	49.00%	49.00%	Strategic alliance

(b) The summarized financial information of the associates that are material to the Group is as follows:

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

#### Balance Sheets

	December 31, 2023	December 31, 2022
Current assets	\$ 1,358,567	\$ 1,503,436
Non-current assets	1,053,707	1,243,809
Current liabilities	( 2,904,972)	( 2,383,636)
Total net assets	(\$ 492,698)	\$ 363,609
Share in associate's net assets	\$ 3,743	\$ 178,168
Unrealized gain on transactions with associates	( 3,743)	( 4,060)
Carrying amount of the associate	\$ -	\$ 174,108

#### Statements of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	\$ 1,418,857	\$ 1,627,297
Loss for the year	(\$ 843,177)	(\$ 209,498)
Total comprehensive income for the year	(\$ 843,177)	(\$ 209,498)

D. The Group has no investments accounted for under equity method pledged to others as of December 31, 2023 and 2022.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Molding equipment	Transportation equipment	Others equipment	Total
<u>At January 1, 2023</u>							
Cost	\$ 601,050	\$ 264,360	\$ 1,138,863	\$ 245,186	\$ 18,013	\$ 341,493	\$ 2,608,965
Accumulated depreciation	-	( 237,894)	( 935,979)	( 169,426)	( 16,793)	( 282,230)	( 1,642,322)
	<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>
<u>For the year ended December 31, 2023</u>							
January 1	\$ 601,050	\$ 26,466	\$ 202,884	\$ 75,760	\$ 1,220	\$ 59,263	\$ 966,643
Additions	-	6,394	10,332	-	476	24,324	41,526
Transferred from inventories	-	-	15,391	18,462	-	4,008	37,861
Depreciation	-	( 7,579)	( 51,256)	( 46,170)	( 1,004)	( 26,897)	( 132,906)
Disposals - cost	-	-	( 97,089)	-	-	( 3,863)	( 100,952)
- accumulated depreciation	-	-	96,690	-	-	3,858	100,548
December 31	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>
<u>At December 31, 2023</u>							
Cost	\$ 601,050	\$ 270,754	\$ 1,067,497	\$ 263,648	\$ 18,489	\$ 365,962	\$ 2,587,400
Accumulated depreciation	-	( 245,473)	( 890,545)	( 215,596)	( 17,797)	( 305,269)	( 1,674,680)
	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>

	Land	Buildings	Machinery	Molding equipment	Transportation equipment	Others equipment	Total
<u>At January 1, 2022</u>							
Cost	\$ 601,050	\$ 259,996	\$ 1,124,622	\$ 178,147	\$ 17,583	\$ 311,664	\$ 2,493,062
Accumulated depreciation	-	( 230,413)	( 903,406)	( 89,166)	( 15,318)	( 259,121)	( 1,497,424)
	<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>For the year ended December 31, 2022</u>							
January 1	\$ 601,050	\$ 29,583	\$ 221,216	\$ 88,981	\$ 2,265	\$ 52,543	\$ 995,638
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Depreciation	-	( 7,481)	( 57,236)	( 80,260)	( 1,475)	( 24,652)	( 171,104)
Disposals - cost	-	-	( 24,683)	-	-	( 1,544)	( 26,227)
- accumulated depreciation	-	-	24,663	-	-	1,543	26,206
December 31	<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>
<u>At December 31, 2022</u>							
Cost	\$ 601,050	\$ 264,360	\$ 1,138,863	\$ 245,186	\$ 18,013	\$ 341,493	\$ 2,608,965
Accumulated depreciation	-	( 237,894)	( 935,979)	( 169,426)	( 16,793)	( 282,230)	( 1,642,322)
	<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>

A. As of December 31, 2023 and 2022, the Group's property, plant and equipment are all for own use.

B. There was no capitalization of borrowing costs for the years ended December 31, 2023 and 2022.

C. As of December 31, 2023 and 2022, the Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

- A. The Group leases various assets including buildings, office equipment, and business vehicle. Rental contracts are typically made for periods of 2 to 5 years. Certain lease contracts of office equipment and business vehicles do not give priority rights to renew the lease or purchase the properties. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease contracts of buildings. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.
- B. Short-term leases with a lease term of 12 months or less comprise underlying assets such as air compressors, forklift trucks and offices, etc. Low-value assets comprise office equipment such as printers, etc.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 29,158	\$ 34,627
Office equipment	2,830	1,046
Transportation equipment	13,320	2,977
	<u>\$ 45,308</u>	<u>\$ 38,650</u>

	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 8,288	\$ 6,111
Office equipment	529	522
Transportation equipment	4,708	4,149
	<u>\$ 13,525</u>	<u>\$ 10,782</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$21,054 and \$42,186, respectively.
- E. The information on profit or loss relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 606	\$ 402
Expense on short-term lease contracts	978	154
Expense on leases of low-value assets	87	122
Gain on lease modification	( 23)	-

- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$18,871 and \$11,358, respectively.

(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	\$ 210,000	1.70%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	\$ 300,000	1.40% ~ 1.65%	None

For more information about interest expense recognized in profit or loss by the Group for the years ended December 31, 2023 and 2022, please refer to Note 6(18), 'Finance costs'.

(9) Other payables

	December 31, 2023	December 31, 2022
Wages, salaries and bonus payable	\$ 146,926	\$ 140,795
Utilities expenses payable	5,939	5,062
Molding equipment payables	12,900	9,357
Others	21,998	17,785
	<u>\$ 187,763</u>	<u>\$ 172,999</u>

(10) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company has established the pension fund monitoring committee in accordance with the Labor Standards Act and the manager pension fund managing committee in accordance with the Income Tax Act since August, 1987 and July, 1999. 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

Information about the abovementioned pension plan is disclosed as follows:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 236,141)	(\$ 259,563)
Fair value of plan assets	<u>177,247</u>	<u>209,766</u>
Net defined benefit liability	<u>(\$ 58,894)</u>	<u>(\$ 49,797)</u>

(b) Movements in net defined benefit liabilities are as follows:

	<u>For the year ended December 31, 2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1	(\$ 259,563)	\$ 209,766	(\$ 49,797)
Current service cost	( 1,694)	-	( 1,694)
Interest (expense) income	( 3,569)	2,918	( 651)
	<u>( 264,826)</u>	<u>212,684</u>	<u>( 52,142)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,285	1,285
Change in financial assumptions	( 2,795)	-	( 2,795)
Experience adjustments	( 10,042)	-	( 10,042)
	<u>( 12,837)</u>	<u>1,285</u>	<u>( 11,552)</u>
Pension fund contribution	-	4,800	4,800
Paid pensions	<u>41,522</u>	<u>( 41,522)</u>	<u>-</u>
December 31	<u>(\$ 236,141)</u>	<u>\$ 177,247</u>	<u>(\$ 58,894)</u>



	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1	(\$ 279,214)	\$ 200,484	(\$ 78,730)
Current service cost	( 1,997)	-	( 1,997)
Interest (expense) income	( 1,396)	1,027	( 369)
	( 282,607)	201,511	( 81,096)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	16,765	16,765
Change in financial assumptions	10,080	-	10,080
Experience adjustments	( 12,089)	-	( 12,089)
	( 2,009)	16,765	14,756
Pension fund contribution	-	16,543	16,543
Paid pensions	25,053	( 25,053)	-
December 31	(\$ 259,563)	\$ 209,766	(\$ 49,797)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.250%	1.375%
Future salary increases	2.500%	2.500%

Future mortality rate was estimated based on the 6<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 5,543)	\$ 5,738	\$ 5,571	(\$ 5,411)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 6,183)	\$ 6,403	\$ 6,221	(\$ 6,038)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$4,920.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 9.5 years.

The analysis of timing of the future pension payment was as follows:

Within next 1 year	\$ 5,631
Within next 2 to 5 years	58,228
Over next 6 years	62,649
	<u>\$ 126,508</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution pension plan for the years ended December 31, 2023 and 2022 were \$23,029 and \$22,340, respectively.

(11) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (Unit: in thousand shares)

	For the years ended December 31,	
	2023	2022
Balance as of January 1 and December 31	<u>76,230</u>	<u>76,230</u>

B. As of December 31, 2023, the Company’s total authorized capital and the paid-in capital were \$762,300, consisting of 76,230 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

B. Under the Company's Articles of Incorporation, with consideration of the future needs for funds and long-term financial plan, the current year's earnings, if any, shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, setting aside or reversing special reserve in accordance with the Act. The remainder with any undistributed retained earnings shall be distributed 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 total shareholders' dividends.

C. Special reserve

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$23,122 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized cash dividends distributed to owners amounting to \$53,361 (\$0.7 (in dollars) per share) and \$45,738 (\$0.6 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On March 8, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings in the amount of \$53,361 (\$0.7 (in dollars) per share).

(14) Operating revenue

A. The Group derives revenue from the transfer of goods sold of revenue-related contract at a point in time in the following major product categories:

	For the years ended December 31,	
	2023	2022
Car lamps	\$ 4,089,309	\$ 4,018,051
Molds	321,864	271,118
Others	405,831	457,236
	<u>\$ 4,817,004</u>	<u>\$ 4,746,405</u>

B. Contract liabilities:

As of December 31, 2023, December 31, 2022 and January 1, 2022, the Group recognized contract liabilities amounting to \$25,247, \$113,995 and \$53,953, respectively. Revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the year amounted to \$103,248 and \$48,360, respectively.

(15) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 5,121	\$ 296
Interest income from financial assets at amortized cost	12	-
	<u>\$ 5,133</u>	<u>\$ 296</u>

(16) Other income

	For the years ended December 31,	
	2023	2022
Royalty revenue	\$ 14,899	\$ 35,330
Government grants income	15,978	5,833
Other income	10,159	2,468
	<u>\$ 41,036</u>	<u>\$ 43,631</u>

(17) Other gains and losses

	For the years ended December 31,	
	2023	2022
(Losses) gains on disposal of property, plant and equipment	(\$ 404)	\$ 59
Gain from lease modification	23	-
Net currency exchange gain	20,118	103,517
Royalty expense	( 4,567)	( 10,221)
Other losses	( 850)	( 67)
	<u>\$ 14,320</u>	<u>\$ 93,288</u>

(18) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 5,382	\$ 4,954
Interest expense on lease liabilities	606	402
Others	9	-
	<u>\$ 5,997</u>	<u>\$ 5,356</u>

(19) Expenses by nature

For the year ended December 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 443,840	\$ 206,615	\$ 650,455
Depreciation charges	132,061	14,370	146,431
Amortization charges	1,262	5,128	6,390
	<u>\$ 577,163</u>	<u>\$ 226,113</u>	<u>\$ 803,276</u>
For the year ended December 31, 2021			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 440,420	\$ 193,161	\$ 633,581
Depreciation charges	167,646	14,240	181,886
Amortization charges	2,804	7,323	10,127
	<u>\$ 610,870</u>	<u>\$ 214,724</u>	<u>\$ 825,594</u>

(20) Employee benefit expense

For the year ended December 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 361,327	\$ 172,848	\$ 534,175
Labor and health insurance	41,311	15,553	56,864
Pension costs	17,666	7,708	25,374
Other personnel expenses	23,536	10,506	34,042
	<u>\$ 443,840</u>	<u>\$ 206,615</u>	<u>\$ 650,455</u>
For the year ended December 31, 2022			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 359,267	\$ 160,875	\$ 520,142
Labor and health insurance	39,686	14,564	54,250
Pension costs	17,341	7,365	24,706
Other personnel expenses	24,126	10,357	34,483
	<u>\$ 440,420</u>	<u>\$ 193,161</u>	<u>\$ 633,581</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 1% for employees' compensation, and then be appropriated as employees' compensation based on the abovementioned ratios. In addition, the Company did not distribute directors' remuneration over years, and thus did not accrue directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$1,652 and \$1,152, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation was estimated and accrued based on the percentage of distributable profit of current year as of the end of reporting period as prescribed by the Company's Articles of Incorporation. The employees' compensation resolved by the Board of Directors for 2023 was \$1,652 and the employees' compensation will be distributed in the form of cash. The amounts of employees' compensation as resolved by the Board of Directors was in agreement with the estimated amounts of \$1,152 recognized in the 2022 financial statements. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit):

(a) Components of income tax expense (benefit):

	For the years ended December 31,	
	2023	2022
Current income tax:		
Current tax on profits for the year	\$ 55,551	\$ 15,291
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	( 17,597)	( 27,247)
Total current income tax	<u>39,814</u>	<u>( 10,885)</u>
Deferred income tax:		
Origination and reversal of temporary differences	( 3,468)	6,816
Income tax expense (benefit)	<u>\$ 36,346</u>	<u>(\$ 4,069)</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	\$ 2,310	(\$ 2,951)
Financial statements translation differences offoreign operations	58	( 1,003)
	<u>\$ 2,368</u>	<u>(\$ 3,954)</u>

B. Reconciliation between income tax expense (benefit) and accounting profit:

	For the years ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 15,751	\$ 16,951
Effects from items adjusted in accordance with tax regulations	36,332	5,156
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	( 17,597)	( 27,247)
Income tax expense (benefit)	<u>\$ 36,346</u>	<u>(\$ 4,069)</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2023			
	Recognised in other		Recognized in comprehensive	
	January 1	profit or loss	income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	\$ 2,569	\$ 496	\$ -	\$ 3,065
Unrealized gain with associates	812	( 812)	-	-
Unused compensated absences	3,908	502	-	4,410
Long-term employee benefit liabilities	438	( 6)	-	432
Pensions	9,959	( 491)	2,310	11,778
Unrealized exchange losses	-	1,731	-	1,731
Financial statements translation differences of foreign operations	<u>3,763</u>	<u>-</u>	<u>58</u>	<u>3,821</u>
	<u>\$ 21,449</u>	<u>\$ 1,420</u>	<u>\$ 2,368</u>	<u>\$ 25,237</u>
Deferred income tax liabilities:				
Temporary differences:				
Increment tax on land revaluation	(\$ 76,736)	\$ -	\$ -	(\$ 76,736)
Unrealized exchange gains	( 2,048)	2,048	-	-
	<u>(\$ 78,784)</u>	<u>\$ 2,048</u>	<u>\$ -</u>	<u>(\$ 76,736)</u>
	<u>(\$ 57,335)</u>	<u>\$ 3,468</u>	<u>\$ 2,368</u>	<u>(\$ 51,499)</u>



For the year ended December 31, 2022				
		Recognised in other Recognized in comprehensive		
	<u>January 1</u>	<u>profit or loss</u>	<u>income</u>	<u>December 31</u>
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain with associates	870	( 58)	-	812
Deferred revenue	17,588	( 17,588)	-	-
Long-term employee benefit liabilities	3,717	191	-	3,908
Long-term employee benefit liabilities	521	( 83)	-	438
Pensions	15,746	( 2,836)	( 2,951)	9,959
Financial statements translation differences 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>
Temporary differences:				
Increment tax on land revaluation				
Foreign investment income	(\$ 15,398)	\$ 15,398	\$ -	\$ -
Increment tax on land revaluation	( 76,736)	-	-	( 76,736)
Unrealized exchange gains	( 208)	( 1,840)	-	( 2,048)
	<u>(\$ 92,342)</u>	<u>\$ 13,558</u>	<u>\$ -</u>	<u>(\$ 78,784)</u>
	<u>(\$ 46,565)</u>	<u>(\$ 6,816)</u>	<u>(\$ 3,954)</u>	<u>(\$ 57,335)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 13,2024, there was no administrative lawsuit.

(22) Earnings per share

For the year ended December 31, 2023			
		Weighted average number of shares outstanding	Earnings per share
	Amount after tax	(shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	<u>\$ 42,410</u>	<u>76,230</u>	<u>\$ 0.56</u>
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	\$ 42,410	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>42</u>	
Profit attributable to the ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 42,410</u>	<u>76,272</u>	<u>\$ 0.56</u>
For the year ended December 31, 2022			
		Weighted average number of shares outstanding	Earnings per share
	Amount after tax	(shares in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	<u>\$ 88,824</u>	<u>76,230</u>	<u>\$ 1.17</u>
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	\$ 88,824	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>38</u>	
Profit attributable to the ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 88,824</u>	<u>\$ 76,268</u>	<u>\$ 1.17</u>

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 41,526	\$ 142,130
Add: Ending balance of prepayments for equipment	9,541	7,053
Less: Beginning balance of prepayments for equipment	( 7,053)	( 11,700)
Cash paid for acquisition of property, plant and equipment	<u>\$ 44,014</u>	<u>\$ 137,483</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Inventories transferred to property, plant and equipment	<u>\$ 37,861</u>	<u>\$ -</u>

(24) Changes in liabilities from financing activities

	For the year ended December 31, 2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities
January 1	\$ 300,000	\$ 38,826	\$ 338,826
Changes in cash flow from financing activities	( 90,000)	( 17,200)	( 107,200)
Changes in other non-cash items	-	20,160	20,160
December 31	<u>\$ 210,000</u>	<u>\$ 41,786</u>	<u>\$ 251,786</u>

	For the year ended December 31, 2022			
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Liabilities from financing activities
January 1	\$ 375,830	\$ 90,000	\$ 8,240	\$ 474,070
Changes in cash flow from financing activities	( 78,830)	( 90,000)	( 10,680)	( 179,510)
Changes in other non-cash items	3,000	-	41,266	44,266
December 31	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 38,826</u>	<u>\$ 338,826</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Group
India Japan Lighting Private Limited	Subsidiary of the entity with significant influence on the Group
PT. Indonesia Koito	Subsidiary of the entity with significant influence on the Group
Thai Koito Company Limited	Subsidiary of the entity with significant influence on the Group
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Group
North American Lighting Inc.	Subsidiary of the entity with significant influence on the Group
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of the entity with significant influence on the Group
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts (Thailand) Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party
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. (Note)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party

(Note) Formerly known as Ta Yih Investment Co., Ltd., the company changed its name to KUO CHI MIN Investment Co., Ltd., which was approved by the competent authority on December 2, 2022.

(2) Significant related party transactions

A. Operating revenue:

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Koito Manufacturing Co., Ltd.	\$ 559,039	\$ 595,705
Associates	7,679	46,312
Subsidiaries of the entity with significant influence on the Group	73,642	84,643
Substantive related parties	1,516	77
	<u>\$ 641,876</u>	<u>\$ 726,737</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. Except for Koito Manufacturing Co., Ltd., which the payment is received within 2 months of monthly settlement, and for associate which the payment is received within 4 to 6 months of monthly settlement, the collection term of export sales with related parties according to the term of individual transaction, which is normally 90 days, and the collection term does not have substantive difference compared to non-related parties.

B. Purchases:

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Entities with significant influence on the Group	\$ 258,480	\$ 195,402
Associates	19,271	42,505
Subsidiaries of the entity with significant influence on the Group	11,199	3,426
Substantive related parties	6,060	8,067
	<u>\$ 295,010</u>	<u>\$ 249,400</u>

The price of goods purchased do not have substantive difference between related and non-related parties. Except for the associate which the payment is paid within 4 months of monthly settlement, 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.

C. Receivables from related parties:

	For the years ended December 31,	
	2023	2022
Accounts receivable:		
Koito Manufacturing Co., Ltd.	\$ 67,011	\$ 99,599
Subsidiaries of the entity with significant influence on the Group	26,353	18,669
Associates	2,281	29,910
Substantive related parties	1,409	-
	97,054	148,178
Less: Allowance for uncollectible accounts	( 102)	( 1,754)
	<u>\$ 96,952</u>	<u>\$ 146,424</u>
Other receivables:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	\$ 3,268	\$ 9,558
Substantive related parties	173	84
Subsidiaries of the entity with significant influence on the Group	-	48
	<u>\$ 3,441</u>	<u>\$ 9,690</u>

The outstanding trade receivables from related parties are unsecured.

D. Prepayments:

	December 31, 2023	December 31, 2022
Prepayments:		
Entities with significant influence on the Group	<u>\$ 170</u>	<u>\$ 110</u>

E. Contract liabilities:

	December 31, 2023	December 31, 2022
Deferred revenue:		
Subsidiaries of the entity with significant influence on the Group	<u>\$ -</u>	<u>\$ 2,317</u>

F. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entities with significant influence on the Group	\$ 50,585	\$ 49,605
Associates	2,329	14,227
Substantive related parties	1,256	2,764
Subsidiaries of the entity with significant influence on the Group	-	26
	<u>\$ 54,170</u>	<u>\$ 66,622</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Koito Manufacturing Co., Ltd.	\$ 46,553	\$ 44,808
Substantive related parties	-	934
Associate	-	132
	<u>\$ 46,553</u>	<u>\$ 45,874</u>

The outstanding trade payables from related parties are unsecured.

G. Lease transactions - lessee

- (a) The Group leases plants from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from April 1, 2022 to March 31, 2027. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.
- In April 2022, the Group recognized the additions to right-of-use assets amounting to \$40,738 due to the above lease transactions.
  - The carrying amount of lease liabilities recognized by the Group as of December 31, 2023 and 2022 was \$26,740 and \$34,752, respectively. Interest expense recognized for the years ended December 31, 2023 and 2022 were \$388 and \$314, respectively.
- (b) The Group leases offices from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from May 1, 2023 to April 30, 2024. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.
- For the year ended December 31, 2023, the Group recognized rent expense amounting to \$800 due to the above lease transactions.

## H. Other transactions with related parties

### (a) Royalty expenses

The Group entered into a royalty expense contract with the entity 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 \$86,333 and \$81,842 for the years ended December 31, 2023 and 2022, respectively (listed as "operating costs" and "operating expenses").

### (b) Royalty revenue

- i. 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 \$11,426 and \$30,153 for the years ended December 31, 2023 and 2022, respectively (listed as "other income"). According to the contract, 50% of the royalty revenue should be paid to the entity with significant influence - Koito Manufacturing Co., Ltd. which amounted to \$4,567 and \$10,221 for the years ended December 31, 2023 and 2022, respectively (listed as "other gains and losses").
- ii. The Group entered into a contract with the 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 \$3,473 and \$5,177 for the years ended December 31, 2023, and 2022, respectively (listed as "other income").

### (3) Significant related party transactions

	For the years ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 9,241	\$ 9,443
Post-employment benefits	71	130
	<u>\$ 9,312</u>	<u>\$ 9,573</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.



8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023 and 2022, the balances for contracts that the Group entered into but not yet paid are \$5,854 and \$461, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of net liabilities (borrowings offset by cash) and the equity, and the Group is not subject to any externally imposed capital requirements.

(2) Financial instruments

Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 390,349	\$ 154,833
Financial assets at amortized cost	-	5,600
Notes receivable	9,086	416
Accounts receivable	779,624	831,864
Other receivables	30,353	15,271
Guarantee deposits paid	7,794	7,577
	<u>\$ 1,217,206</u>	<u>\$ 1,015,561</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 210,000	\$ 300,000
Notes payable	92,641	78,300
Accounts payable	736,966	595,144
Other payables	234,316	218,873
Guarantee deposits received		
(listed as "other non-current liabilities")	240	240
	<u>\$ 1,274,163</u>	<u>\$ 1,192,557</u>
Lease liabilities (including current portion)	<u>\$ 41,786</u>	<u>\$ 38,826</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, CNY and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Each company in the group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follow:

December 31, 2023			
(foreign currency: functional currency)	Foreign currency amount (in thousands)		Book value (NTD)
		Exchange rate	
<u>Financial assets</u>			
Monetary items			
USD : NTD	\$ 17,923	30.71	\$ 550,329
RMB : NTD	2,548	4.327	11,027
JPY : NTD	683,264	0.2172	148,405
<u>Financial liabilities</u>			
Monetary items			
USD : NTD	1,383	30.71	42,455
RMB : NTD	4,196	4.327	18,158
JPY : NTD	259,658	0.2172	56,398

December 31, 2022			
(foreign currency: functional currency)	Foreign currency amount (in thousands)		Book value (NTD)
		Exchange rate	
<u>Financial assets</u>			
Monetary items			
USD : NTD	\$ 10,401	30.71	\$ 319,423
RMB : NTD	10,983	4.408	48,415
JPY : NTD	564,394	0.2324	131,165
<u>Financial liabilities</u>			
Monetary items			
USD : NTD	193	30.71	5,936
RMB : NTD	5,732	4.408	25,267
JPY : NTD	242,889	0.2324	56,447

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, the Group's profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$4,742 and \$3,291, respectively.

- iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$20,118 and \$103,517, respectively.

Price risk

The Group has not engaged in financial instrument or derivatives investment, hence is not exposed to significant market risk of price fluctuations.

Cash flow and fair value interest rate risk

- i. The Group's certain borrowings are financial instruments at floating rates. Thus, future cash flows fluctuate due to changes in market interest rates and further changes in effective rates of debt instruments. However, risk is partially offset by cash and cash equivalents held at variable rates and borrowings issued at fixed rates expose the Group to fair value interest rate risk.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$1,680 and \$2,400, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire entity's concern. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the management of credit risk, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument. the default occurs when the contract payments are past due over 365 days. In addition, the default occurs after the Group initiates recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

- iv. The Group's credit risks are deemed significantly concentrated since the credit risks are mainly concentrated in the top three customers of the Group. The Group classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss and uses the forecast ability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

<u>December 31, 2023</u>	<u>No indication of default of debtor</u>			
	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Individual identification</u>	<u>Total</u>
Rate	0%~0.13%	0.1%~100%	50%~100%	
Total book value	\$ 781,582	\$ 5,945	\$ 6,543	\$ 794,070
Loss allowance	( 995)	( 390)	( 3,975)	( 5,360)
	<u>\$ 780,587</u>	<u>\$ 5,555</u>	<u>\$ 2,568</u>	<u>\$ 788,710</u>

<u>December 31, 2022</u>	<u>No indication of default of debtor</u>			
	<u>Not past due</u>	<u>Up to 60 days past due</u>	<u>Individual identification</u>	<u>Total</u>
Rate	0%~0.06%	0.1%~100%	30%~100%	
Total book value	\$ 804,411	\$ 23,037	\$ 12,363	\$ 839,811
Loss allowance	( 516)	( 576)	( 6,439)	( 7,531)
	<u>\$ 803,895</u>	<u>\$ 22,461</u>	<u>\$ 5,924</u>	<u>\$ 832,280</u>

- v. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable accounts receivable (including related parties) are as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
January 1	\$ 7,531	\$ 7,531
Expected credit gains	( 2,171)	-
December 31	<u>\$ 5,360</u>	<u>\$ 7,531</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group's Finance Department. The Group's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ <u>1,062,820</u>	\$ <u>1,280,000</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 210,510	\$ -	\$ -	\$ -
Notes payable	92,641	-	-	-
Accounts payable (including related parties)	736,966	-	-	-
Other payables (including related parties)	234,316	-	-	-
Lease liabilities	14,285	13,168	15,228	188
Guarantee deposits received	-	240	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Short-term borrowings	\$ 300,074	\$ -	\$ -
Notes payable	78,300	-	-
Accounts payable (including related parties)	595,144	-	-
Other payables (including related parties)	218,873	-	-
Lease liabilities	11,133	9,426	19,263
Guarantee deposits received	-	240	-

- v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the financial instruments which are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.

### 13. Supplementary Disclosures

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023)

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.
- F. Disposal of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of the Company's paid-in capital: Refer to table 1.
- H. Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 2.

#### (3) Information on investments in Mainland China

- A. Basic information: Refer to table 3.
- B. Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area: Refer to table 4.

#### (4) Information on major shareholders

Information on major shareholders: Refer to table 5.



#### 14. Segment Information

##### (1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

##### (2) Measurement of segment information

The segment information provided to the chief operating decision-maker by the Group is measured on the same basis as the consolidated financial statements.

##### (3) Reconciliation for segment income and segment assets

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured consistently with that within the consolidated statement of comprehensive income. The segment's profit before tax is consistent with the profit before tax from continuing operations, therefore, no reconciliation is needed.
- B. Total assets and liabilities provided to the chief operating decision-maker are measured consistently with those within the consolidated financial statements, therefore, no adjustments are required.

##### (4) Information on products and services

Revenue from external customers is mainly from sales of car lamps and molds. Details of revenue are as follows:

	For the years ended December 31,	
	2023	2022
Car lamps	\$ 4,089,309	\$ 4,018,051
Molds	321,864	271,118
Others	405,831	457,236
	<u>\$ 4,817,004</u>	<u>\$ 4,746,405</u>

##### (5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 2,279,948	\$ 972,604	\$ 2,190,336	\$ 1,194,975
United States	1,742,679	-	1,632,747	-
Japan	606,849	-	639,023	-
China	15,305	-	81,250	-
Other countries (Less than 10%)	172,223	-	203,049	-
	<u>\$ 4,817,004</u>	<u>\$ 972,604</u>	<u>\$ 4,746,405</u>	<u>\$ 1,194,975</u>

(Note) Revenue is categorized based on the locations of customers.

(6) Major customer information

Major customer (net revenue from the customer constituting more than 10% of net consolidated operating revenue) information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
	Revenue	Revenue
Customer A	\$ 1,826,128	\$ 1,727,333
Customer B	1,377,631	1,231,602
Koito Manufacturing Co., Ltd.	559,039	595,705

Table 1

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES												
Purchases or sales transactions with related parties reaching \$100 million or 20% of the Company's paid-in capital												
For the year ended December 31, 2023												
Expressed in thousands of NTD												
			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party			Notes or accounts receivable/(payable)		
Purchases/sales company	Name of the counterparty	Relationship	Purchases/(sales)	Amount	Percentage of net purchases/(sales)	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note	
Ta Yih Industrial Co., Ltd.	Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group	(Sales)	(\$ 559,039)	(12%)	2 months	Not significantly different	Not significantly different	\$ 67,011	9%	-	
			Purchases	258,480	7%	3 months	Not significantly different	Not significantly different	( 50,585)	(6%)	-	

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Investee	Location	Main Businesses	Original investment amount		Holding status as of December 31, 2023					Investment income (loss) recognized by the Company	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022 (Note 1)	Shares	Percentage of ownership	Book value	Net income (loss) of the investee			
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	British Virgin Islands	General investments	\$ 10,749	\$ 1,536	350,000	100.00	\$ 7,618	(\$ 2,445)	(\$ 2,445)		Subsidiary (Note 2)

(Note 1) Represents the original investment amount as of December 31, 2022.

(Note 2) The capital increase procedure was completed in November 2023.

(Note 3) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Information on investments in Mainland China - Basic information  
For the year ended December 31, 2023

Table 3 Expressed in thousands of NTD

Investee in Mainland China	Main Businesses	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan as of December 31, 2023	Net income (loss) of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 4)	Book value of investments as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 (Note 5)		Note
					Remitted to Mainland China	Remitted back to Taiwan								
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Import, export and sale of automobile lamps in mainland China	\$ 276,390	(Note 1)	\$ 42,470	\$ -	\$ -	\$ 42,470	(\$ 843,177)	49.00	(\$ 173,905)	\$ -	\$ 238,605		(Note 2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 6)
Ta Yih Industrial Co., Ltd.	\$ 42,470	\$ 135,431	\$ 1,063,923

(Note 1) 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.

(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, 2023, 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 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 4) The Company recognized investment income (loss) based on audited financial statements. Since the net worth of investee had been negative, the book value of investment was recognized to not less than zero.

(Note 5) Inward cash dividends.

(Note 6) The ceiling amount is 60% of higher of consolidated net worth or net worth according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA.

(Note 7) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71, except for net income (loss) of the investee and investment income (loss) recognized by the Company.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Investee in Mainland China	Relationship with the Company	Transaction type	Amount	Transaction terms			Notes/accounts receivable (payable)		Unrealized gain	Note
				Price	Payment terms	Compared to non-related party transactions	Balance	%		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates	Sales	\$ 7,679	Cost plus pricing	Four to six months	Three months	\$ 2,281	—	\$ 730	—
		Purchases	19,271	Not significantly different from normal transactions	Four months	Three months	2,329	—	-	—
		Royalty revenue	11,426	According to the contract	Every half-year	No similar transactions available for comparison	3,268	11%	-	—

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Information on major shareholders

December 31, 2023

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership Percentage
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

(Note 1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital on the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation 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

### 2023 Individual Financial Statements



**TA YIH INDUSTRIAL CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Ta Yih Industrial Co., Ltd. (the "Company") as of December 31, 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

#### **Key audit matter: Cut-off of hub sales revenue**

##### Description

Please refer to Notes 4(23) and 6(14) to the parent company only financial statements for the accounting policy and the details of sales revenue relating to this key audit matter, respectively. The hub sales revenue was \$1,670,712 thousand for the year ended December 31, 2023, which accounted for 35% of the total operating revenue.

The Company mainly manufactures and sells automobile and locomotive lamps. The Company also sells its products to overseas markets and recognizes revenue upon acceptance of the goods by the customers (transfer of risks and rewards) if picked up from hub. The sales model of overseas markets depends on the delivery of goods from hub warehouse. The Company recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As there are numerous sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we considered the cut-off of hub sales revenue as the key audit matter of our 2023 annual audit.

#### How our audit addressed the matter

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

1. We validated the effectiveness of the management's controls in respect of the cut-off of sales revenue from hub warehouse.
2. We performed cut-off tests of hub sales revenue for a specific period prior to and after the balance sheet date, including verifying records of picking goods from hubs and confirming records of inventory movements are recorded in appropriate period.
3. We conducted physical count of inventory quantities held at hubs and agreed to accounting records.

#### ***Other matter – Scope of the audit***

The financial statements of the Company as of and for the year ended December 31, 2022 were audited by other auditors whose report dated March 8, 2023 expressed an unmodified opinion on those statements.

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 382,731	12	\$ 154,018	5
1136	Financial assets at amortized cost - current	6(1)(2)	-	-	5,600	-
1150	Notes receivable, net	6(3) and 12	9,086	-	416	-
1170	Accounts receivable, net	6(3) and 12	682,672	20	685,440	21
1180	Accounts receivable - related parties	6(3), 7 and 12	96,952	3	146,424	4
1200	Other receivables		26,912	1	5,581	-
1210	Other receivables - related parties	7	3,441	-	9,690	-
130X	Inventories	5 and 6(4)	1,084,652	32	952,784	29
1410	Prepayments	7	28,908	1	107,865	3
1479	Other current assets		28,191	1	18,387	1
11XX	Total current assets		2,343,545	70	2,086,205	63
Non-current assets						
1550	Investments accounted for under equity method	6(5)	7,618	-	174,923	6
1600	Property, plant and equipment	6(6)	912,720	27	966,643	29
1755	Right-of-use assets	6(7) and 7	45,308	2	38,650	1
1780	Intangible assets		5,035	-	8,521	-
1840	Deferred income tax assets	6(21)	25,237	1	21,449	1
1915	Prepayments for equipment	6(23)	9,541	-	7,053	-
1920	Guarantee deposits paid		7,794	-	7,577	-
15XX	Total non-current assets		1,013,253	30	1,224,816	37
1XXX	Total assets		\$ 3,356,798	100	\$ 3,311,021	100

(Continued)



TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(8)	\$	210,000	6	\$	300,000	9		
2130	Contract liabilities - current	6(14) and 7		25,247	1		113,995	4		
2150	Notes payable			92,641	3		78,300	2		
2170	Accounts payable			682,796	20		528,522	16		
2180	Accounts payable - related parties	7		54,170	2		66,622	2		
2200	Other payables	6(9)		187,763	6		172,999	5		
2220	Other payables - related parties	7		46,553	1		45,874	1		
2230	Current income tax liabilities	6(21)		57,087	2		25,621	1		
2280	Lease liabilities - current	7		13,745	-		10,711	-		
2399	Other current liabilities			47,521	1		15,744	1		
21XX	Total current liabilities			1,417,523	42		1,358,388	41		
Non-current liabilities										
2570	Deferred income tax liabilities	6(21)		76,736	2		78,784	2		
2580	Lease liabilities - non-current	7		28,041	1		28,115	1		
2640	Net defined benefit liabilities - non-current	6(10)		58,894	2		49,797	2		
2670	Other non-current liabilities			2,399	-		2,429	-		
25XX	Total non-current liabilities			166,070	5		159,125	5		
2XXX	Total liabilities			1,583,593	47		1,517,513	46		
Equity										
Share capital										
3110	Common stock	6(11)		762,300	23		762,300	23		
3200	Capital surplus	6(12)		61,145	2		61,023	2		
	Retained earnings	6(13)								
3310	Legal reserve			684,741	20		674,678	20		
3320	Special reserve			68,264	2		68,264	2		
3350	Unappropriated retained earnings			231,885	7		262,141	8		
3400	Other equity interest		(	35,130)	(	1)	(	34,898)	(	1)
3XXX	Total equity			1,773,205	53		1,793,508	54		
Significant contingent liabilities and unrecognized contract commitments										
3X2X	Total liabilities and equity		\$	3,356,798	100	\$	3,311,021	100		

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

TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14) and 7		\$ 4,817,004	100	\$ 4,746,405	100
5000 Operating costs	6(4)(10)(19)(20) and 7		( 4,103,898)	( 85)	( 4,151,023)	( 88)
5900 Operating margin			713,106	15	595,382	12
5910 Unrealized gain on sales	6(5)		( 730)	-	( 1,473)	-
5920 Realized gain on sales	6(5)		1,047	-	1,762	-
5950 Net operating margin			713,423	15	595,671	12
Operating expenses	6(10)(19)(20), 7 and 12					
6100 Selling expenses			( 188,649)	( 4)	( 263,744)	( 5)
6200 General and administrative expenses			( 153,692)	( 3)	( 129,199)	( 3)
6300 Research and development expenses			( 172,268)	( 4)	( 147,122)	( 3)
6450 Expected credit gains			2,171	-	-	-
6000 Total operating expenses			( 512,438)	( 11)	( 540,065)	( 11)
6900 Operating profit			200,985	4	55,606	1
Non-operating income and expenses						
7100 Interest income	6(2)(15)		5,079	-	293	-
7010 Other income	6(16) and 7		41,036	1	43,631	1
7020 Other gains and losses	6(7)(17), 7 and 12		14,320	-	93,288	2
7050 Finance costs	6(7)(18) and 7		( 5,997)	-	( 5,356)	-
7070 Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(5)		( 176,667)	( 3)	( 102,707)	( 2)
7000 Total non-operating income and expenses			( 122,229)	( 2)	29,149	1
7900 Profit before income tax			78,756	2	84,755	2
7950 Income tax (expense) benefit	6(21)		( 36,346)	( 1)	4,069	-
8200 Net profit for the year			\$ 42,410	1	\$ 88,824	2
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311 Actuarial (losses) gains on defined benefit plans	6(10)		( \$ 11,552)	-	\$ 14,756	-
8349 Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(21)		2,310	-	( 2,951)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations	6(5)		( 290)	-	5,016	-
8399 Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(21)		58	-	( 1,003)	-
8300 Other comprehensive (loss) income for the year			( \$ 9,474)	-	\$ 15,818	-
8500 Total comprehensive income for the year			\$ 32,936	1	\$ 104,642	2
Earnings per share (in dollars)	6(22)					
9750 Basic			\$ 0.56		\$ 1.17	
9850 Diluted			\$ 0.56		\$ 1.17	

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

TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Capital Surplus			Retained Earnings			Other equity interest	
								Financial statements translation differences of foreign operations	
Notes	Share capital - common stock	Share premium	Gain on disposal of assets	Donated assets	Legal reserve	Special reserve	Unappropriated retained earnings		Total
For the year ended December 31, 2022									
	\$ 762,300	\$ 56,330	\$ 4,142	\$ 452	\$ 667,215	\$ 68,264	\$ 214,713	( \$ 38,911 )	\$ 1,734,505
	-	-	-	-	-	-	88,824	-	88,824
	-	-	-	-	-	-	11,805	4,013	15,818
	-	-	-	-	-	-	100,629	4,013	104,642
Distribution of 2021 net income:									
	-	-	-	-	7,463	-	( 7,463 )	-	-
6(13)	-	-	-	-	-	-	( 45,738 )	-	( 45,738 )
Unclaimed cash dividends overdue transferred to capital surplus									
	-	-	-	99	-	-	-	-	99
	\$ 762,300	\$ 56,330	\$ 4,142	\$ 551	\$ 674,678	\$ 68,264	\$ 262,141	( \$ 34,898 )	\$ 1,793,508
For the year ended December 31, 2023									
	\$ 762,300	\$ 56,330	\$ 4,142	\$ 551	\$ 674,678	\$ 68,264	\$ 262,141	( \$ 34,898 )	\$ 1,793,508
	-	-	-	-	-	-	42,410	-	42,410
	-	-	-	-	-	-	( 9,242 )	( 232 )	( 9,474 )
	-	-	-	-	-	-	33,168	( 232 )	32,936
Distribution of 2022 net income:									
	-	-	-	-	10,063	-	( 10,063 )	-	-
6(13)	-	-	-	-	-	-	( 53,361 )	-	( 53,361 )
Unclaimed cash dividends overdue transferred to capital surplus									
	-	-	-	122	-	-	-	-	122
	\$ 762,300	\$ 56,330	\$ 4,142	\$ 673	\$ 684,741	\$ 68,264	\$ 231,885	( \$ 35,130 )	\$ 1,773,205

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

TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 78,756	\$ 84,755
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	( 2,171 )	-
Provision for inventory market price decline	6(4)	2,476	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method (including (realized) unrealized gain on sales)	6(5)	176,350	102,418
Depreciation expense	6(6)(7)(19)	146,431	181,886
Net loss (gain) on disposal of property, plant and equipment	6(17)	404 (	59 )
Gain from lease modification	6(7)(17)	( 23 )	-
Amortization expense	6(19)	6,390	10,127
Interest income	6(15)	( 5,079 ) (	293 )
Finance costs	6(18)	5,997	5,356
Net loss (gain) on foreign currency exchange		15,250 (	8,912 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 8,662 )	13,840
Accounts receivable		( 9,504 )	30,895
Accounts receivable - related parties		45,348 (	76,436 )
Other receivables		( 21,331 ) (	3,290 )
Other receivables - related parties		6,273	5,523
Inventories		( 172,205 )	108,406
Prepayments		78,957 (	33,716 )
Other current assets		( 9,804 ) (	492 )
Changes in operating liabilities			
Contract liabilities - current		( 88,748 )	60,042
Notes payable		14,341 (	6,438 )
Accounts payable		155,628	976
Accounts payable - related parties		( 10,521 ) (	5,393 )
Other payables		14,732	1,227
Other payables - related parties		679 (	4,142 )
Other current liabilities		31,777	15,317
Net defined benefit liabilities - non-current		( 2,455 ) (	14,177 )
Other non-current liabilities		( 30 ) (	416 )
Cash inflow generated from operations		449,256	467,004
Interest received		5,079	293
Interest paid		( 5,965 ) (	5,424 )
Income tax paid		( 8,348 ) (	18,616 )
Net cash flows from operating activities		440,022	443,257

(Continued)

TA YIH INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (Increase) in financial assets at amortized cost - current		\$ 5,600	( \$ 5,600 )
Acquisition of investments accounted for under equity method	6(5)	( 9,335 )	-
Cash paid for acquisition of property, plant and equipment	6(23)	( 44,014 )	( 137,483 )
Proceeds from disposal of property, plant and equipment		-	80
Acquisition of intangible assets		( 2,904 )	( 4,932 )
(Increase) decrease in guarantee deposits paid		( 217 )	1,988
Net cash flows used in investing activities		( 50,870 )	( 145,947 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(24)	( 90,000 )	( 78,830 )
Decrease in short-term notes and bills payable	6(24)	-	( 90,000 )
Payments of lease liabilities	6(24)	( 17,200 )	( 10,680 )
Payment of cash dividends	6(13)	( 53,361 )	( 45,738 )
Unclaimed cash dividends overdue transferred to capital surplus		122	99
Net cash flows used in financing activities		( 160,439 )	( 225,149 )
Net increase in cash and cash equivalents		228,713	72,161
Cash and cash equivalents at beginning of year	6(1)	154,018	81,857
Cash and cash equivalents at end of year	6(1)	\$ 382,731	\$ 154,018

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

TA YIH INDUSTRIAL CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1)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.

(2)The Company’s shares have been listed on the Taiwan Stock Exchange since October 1997.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All foreign exchange gains and losses are presented in the statement of comprehensive income within “Other gains and losses”.



(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. 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 financial year-end, in order to approach the amount of weighted-average cost. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. When the cost of inventories exceeds net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(11) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss in a subsidiary equals or exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. As long as the change in shareholding in the subsidiaries does not lead to loss of control (transactions with non-controlling interest), it is to be treated as equity, which are transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- J. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, “Profit for the year” and “Total other comprehensive income for the year” reported in the parent company only statement of comprehensive income, shall equal to “Profit for the year” and “Total other comprehensive income” attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Useful lives</u>		
Buildings			
Main buildings	40	to	60 years
Factory and other buildings	5	to	40 years
Machinery equipment	3	to	12 years
Molding equipment	2	to	3 years
Transportation equipment			5 years
Other equipment	3	to	8 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liabilities; and
  - (b) Any lease payments made at or before the commencement date.The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(14) Intangible assets

A. Computer software

Stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

B. Patents

Stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the lifetime using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. 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.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(23) Revenue recognition

Sales of goods

- A. The Company primarily manufactures and sells car lamps and molds related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.



(24) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was \$1,084,652.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand and revolving funds	\$ 750	\$ 505
Checking accounts and demand deposits	320,571	153,513
	<u>321,321</u>	<u>154,018</u>
Cash equivalents:		
Time deposits	61,410	-
	<u>\$ 382,731</u>	<u>\$ 154,018</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2023 and 2022, the Company's time deposits maturing between three months and one year (listed as "Financial assets at amortized cost - current") were \$— and \$5,600, respectively.
- C. The Company has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(2) Financial assets at amortized cost – current

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturities of over 3 months	\$ —	\$ 5,600

- A. The Company recognized interest income in profit or loss on financial assets at amortized cost amounting to \$12 and \$— for the years ended December 31, 2023 and 2022, respectively (listed as "Interest income").
- B. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was its carrying amount.
- C. The Company has no financial assets at amortized cost pledged to others as of December 31, 2023 and 2022.
- D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2) 'Financial Instruments'. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	\$ 9,097	\$ 435
Less: Allowance for uncollectible accounts	( 11)	( 19)
	<u>\$ 9,086</u>	<u>\$ 416</u>
Accounts receivable	\$ 687,919	\$ 691,198
Less: Allowance for uncollectible accounts	( 5,247)	( 5,758)
	<u>\$ 682,672</u>	<u>\$ 685,440</u>
Accounts receivable - related parties	\$ 97,054	\$ 148,178
Less: Allowance for uncollectible accounts	( 102)	( 1,754)
	<u>\$ 96,952</u>	<u>\$ 146,424</u>

A. The aging analysis of notes and accounts receivable (including related parties) is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable		
Not past due	\$ 9,097	\$ 435
Accounts receivable (including related parties)		
Not past due	\$ 772,485	\$ 804,793
Within 90 days	5,945	22,442
91 to 180 days	5,136	3,934
181 to 270 days	1,200	944
Over 271 days	207	7,263
	<u>\$ 784,973</u>	<u>\$ 839,376</u>

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$792,393.

C. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.

D. The Company has no notes and accounts receivable pledged to others as of December 31, 2023 and 2022.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial Instruments'.

(4) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise	\$ 47,966	\$ 38,668
Raw materials	365,382	273,410
Work in progress	68,274	119,236
Finished goods	603,030	521,470
	<u>\$ 1,084,652</u>	<u>\$ 952,784</u>

The cost of inventories recognized as expense for the year:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 4,091,143	\$ 4,141,885
Provision for inventory market price decline	2,476	-
Loss on scrapped inventories	13,139	13,533
Income from sale of scraps	( 2,860)	( 4,395)
	<u>\$ 4,103,898</u>	<u>\$ 4,151,023</u>

(5) Investments accounted for under equity method

A. Movements of investments accounted for under equity method are as follows:

	2023	2022
January 1	\$ 174,923	\$ 272,325
Addition of investments accounted for under equity method (Note)	9,335	-
Unrealized gain on sales	( 730)	( 1,473)
Realized gain on sales	1,047	1,762
Share of profit or loss of investments accounted for under equity method	( 176,667)	( 102,707)
Other equity - Exchange differences on translation of foreign financial statements	( 290)	5,016
December 31	<u>\$ 7,618</u>	<u>\$ 174,923</u>

(Note) The subsidiary, Ta Yih International Investment Co., Ltd. (BVI) had completed the process of capital increase in November, 2023.

B. Details of investments accounted for under equity method are as follows:

	December 31, 2023	December 31, 2022
Subsidiary:		
Ta Yih International Investment Co., Ltd. (BVI)	\$ 7,618	\$ 815
Associates:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	-	174,108
	<u>\$ 7,618</u>	<u>\$ 174,923</u>

C. For information regarding the subsidiary of the Company, please refer to Note 4(3), “Basis of consolidation” of the Company’s 2023 Annual Consolidated Financial Statements.

D. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship
		December 31, 2023	December 31, 2022	
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	China	49.00%	49.00%	Strategic alliance

(b) The summarized financial information of the associates that are material to the Company is as follows:

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

Balance sheets

	December 31, 2023	December 31, 2022
Current assets	\$ 1,358,567	\$ 1,503,436
Non-current assets	1,053,707	1,243,809
Current liabilities	( 2,904,972)	( 2,383,636)
Total net assets	<u>(\$ 492,698)</u>	<u>\$ 363,609</u>
Share in associate's net assets	\$ 3,743	\$ 178,168
Unrealized gain on transactions with associates	( 3,743)	( 4,060)
Carrying amount of the associate	<u>\$ -</u>	<u>\$ 174,108</u>

Statements of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	<u>\$ 1,418,857</u>	<u>\$ 1,627,297</u>
Loss for the year	<u>(\$ 843,177)</u>	<u>(\$ 209,498)</u>
Total comprehensive income for the year	<u>(\$ 843,177)</u>	<u>(\$ 209,498)</u>

E. The Company has no investments accounted for under equity method pledged to others as of December 31, 2023 and 2022.

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Molding equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2023</u>							
Cost	\$ 601,050	\$ 264,360	\$ 1,138,863	\$ 245,186	\$ 18,013	\$ 341,493	\$ 2,608,965
Accumulated depreciation	-	( 237,894)	( 935,979)	( 169,426)	( 16,793)	( 282,230)	( 1,642,322)
	<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>
<u>For the year ended December 31, 2023</u>							
January 1	\$ 601,050	\$ 26,466	\$ 202,884	\$ 75,760	\$ 1,220	\$ 59,263	\$ 966,643
Additions	-	6,394	10,332	-	476	24,324	41,526
Transferred from inventories	-	-	15,391	18,462	-	4,008	37,861
Depreciation	-	( 7,579)	( 51,256)	( 46,170)	( 1,004)	( 26,897)	( 132,906)
Disposals - cost	-	-	( 97,089)	-	-	( 3,863)	( 100,952)
- accumulated depreciation	-	-	96,690	-	-	3,858	100,548
December 31	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>
<u>December 31, 2023</u>							
Cost	\$ 601,050	\$ 270,754	\$ 1,067,497	\$ 263,648	\$ 18,489	\$ 365,962	\$ 2,587,400
Accumulated depreciation	-	( 245,473)	( 890,545)	( 215,596)	( 17,797)	( 305,269)	( 1,674,680)
	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>

	Land	Buildings	Machinery	Molding equipment	Transportation equipment	Other equipment	Total
<u>January 1, 2022</u>							
Cost	\$ 601,050	\$ 259,996	\$ 1,124,622	\$ 178,147	\$ 17,583	\$ 311,664	\$ 2,493,062
Accumulated depreciation	-	( 230,413)	( 903,406)	( 89,166)	( 15,318)	( 259,121)	( 1,497,424)
	<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>

For the year ended December 31, 2022

January 1	\$ 601,050	\$ 29,583	\$ 221,216	\$ 88,981	\$ 2,265	\$ 52,543	\$ 995,638
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Depreciation	-	( 7,481)	( 57,236)	( 80,260)	( 1,475)	( 24,652)	( 171,104)
Disposals - cost	-	-	( 24,683)	-	-	( 1,544)	( 26,227)
- accumulated depreciation	-	-	24,663	-	-	1,543	26,206
December 31	<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>

December 31, 2022

Cost	\$ 601,050	\$ 264,360	\$ 1,138,863	\$ 245,186	\$ 18,013	\$ 341,493	\$ 2,608,965
Accumulated depreciation	-	( 237,894)	( 935,979)	( 169,426)	( 16,793)	( 282,230)	( 1,642,322)
	<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>

- A. As of December 31, 2023 and 2022, the Company's property, plant and equipment are all for own use.
- B. There was no capitalization of borrowing costs for the years ended December 31, 2023 and 2022.
- C. As of December 31, 2023 and 2022, the Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

- A. The Group leases various assets including buildings, office equipment, and business vehicle. Rental contracts are typically made for periods of 2 to 5 years. Certain lease contracts of office equipment and business vehicles do not give priority rights to renew the lease or purchase the properties. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease contracts of buildings. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.
- B. Short-term leases with a lease term of 12 months or less comprise underlying assets such as air compressors, forklift trucks and offices, etc. Low-value assets comprise office equipment such as printers, etc.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	\$ 29,158	\$ 34,627
Office equipment	2,830	1,046
Transportation equipment	13,320	2,977
	<u>\$ 45,308</u>	<u>\$ 38,650</u>

	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Buildings	\$ 8,288	\$ 6,111
Office equipment	529	522
Transportation equipment	4,708	4,149
	<u>\$ 13,525</u>	<u>\$ 10,782</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$21,054 and \$42,186, respectively.
- E. The information on profit or loss relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 606	\$ 402
Expense on short-term lease contracts	978	154
Expense on leases of low-value assets	87	122
Gain on lease modification	( 23)	-

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$18,871 and \$11,358, respectively.



(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	\$ 210,000	1.70%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	\$ 300,000	1.40% ~ 1.65%	None

For more information about interest expense recognized in profit or loss by the Company for the years ended December 31, 2023 and 2022, please refer to Note 6(18), 'Finance costs'.

(9) Other payables

	December 31, 2023	December 31, 2022
Wages, salaries and bonus payable	\$ 146,926	\$ 140,795
Utilities expenses payable	5,939	5,062
Molding equipment payables	12,900	9,357
Others	21,998	17,785
	<u>\$ 187,763</u>	<u>\$ 172,999</u>

(10) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company has established the pension fund monitoring committee in accordance with the Labor Standards Act and the manager pension fund managing committee in accordance with the Income Tax Act since August, 1987 and July, 1999. 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

Information about the abovementioned pension plan is disclosed as follows:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 236,141)	(\$ 259,563)
Fair value of plan assets	177,247	209,766
Net defined benefit liabilities	(\$ 58,894)	(\$ 49,797)

(b) Movements in net defined benefit liabilities are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 259,563)	\$ 209,766	(\$ 49,797)
Current service cost	( 1,694)	-	( 1,694)
Interest (expense) income	( 3,569)	2,918	( 651)
	( 264,826)	212,684	( 52,142)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,285	1,285
Change in financial assumptions	( 2,795)	-	( 2,795)
Experience adjustments	( 10,042)	-	( 10,042)
	( 12,837)	1,285	( 11,552)
Pension fund contribution	-	4,800	4,800
Paid pensions	41,522	( 41,522)	-
December 31	(\$ 236,141)	\$ 177,247	(\$ 58,894)

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 279,214)	\$ 200,484	(\$ 78,730)
Current service cost	( 1,997)	-	( 1,997)
Interest (expense) income	( 1,396)	1,027	( 369)
	( 282,607)	201,511	( 81,096)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	16,765	16,765
Change in financial assumptions	10,080	-	10,080
Experience adjustments	( 12,089)	-	( 12,089)
	( 2,009)	16,765	14,756
Pension fund contribution	-	16,543	16,543
Paid pensions	25,053	( 25,053)	-
December 31	(\$ 259,563)	\$ 209,766	(\$ 49,797)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.250%	1.375%
Future salary increase rate	2.500%	2.500%

Future mortality rate was estimated based on the 6<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 5,543)	\$ 5,738	\$ 5,571	(\$ 5,411)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 6,183)	\$ 6,403	\$ 6,221	(\$ 6,038)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$4,920.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 9.5 years.

The analysis of timing of the future pension payment was as follows:

Within next 1 year	\$ 5,631
Within next 2 to 5 years	58,228
Over next 6 years	62,649
	<u>\$ 126,508</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution pension plan for the years ended December 31, 2023 and 2022 were \$23,029 and \$22,340, respectively.

(11) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (Unit: in thousand shares):

	For the years ended December 31,	
	2023	2022
Balance as of January 1 and December 31	76,230	76,230

B. As of December 31, 2023, the Company’s total authorized capital and the paid-in capital were \$762,300, consisting of 76,230 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

B. Under the Company's Articles of Incorporation, with consideration of the future needs for funds and long-term financial plan, the current year's earnings, if any, shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, setting aside or reversing special reserve in accordance with the Act. The remainder with any undistributed retained earnings shall be distributed 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 total shareholders' dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings

(b) The amount of \$23,122 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized cash dividends distributed to owners amounting to \$53,361 (\$0.7 (in dollars) per share) and \$45,738 (\$0.6 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On March 8, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings in the amount of \$53,361 (\$0.7(in dollars) per share.

(14) Operating revenue

A. The Company derives revenue from the transfer of goods sold of revenue-related contract at a point in time in the following major product categories:

	For the years ended December 31,	
	2023	2022
Car lamps	\$ 4,089,309	\$ 4,018,051
Molds	321,864	271,118
Others	405,831	457,236
	<u>\$ 4,817,004</u>	<u>\$ 4,746,405</u>

B. Contract liabilities

As of December 31, 2023, December 31, 2022 and January 1, 2022, the Company recognized contract liabilities amounting to \$25,247, \$113,995 and \$53,953, respectively. Revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the year amounted to \$103,248 and \$48,360, respectively.

(15) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 5,067	\$ 293
Interest income from financial assets at amortized cost	12	-
	<u>\$ 5,079</u>	<u>\$ 293</u>

(16) Other income

	For the years ended December 31,	
	2023	2022
Royalty revenue	\$ 14,899	\$ 35,330
Government grants income	15,978	5,833
Other income	10,159	2,468
	<u>\$ 41,036</u>	<u>\$ 43,631</u>

(17) Other gains and losses

	For the years ended December 31,	
	2023	2022
(Losses) gains on disposal of property, plant and equipment	(\$ 404)	\$ 59
Gain from lease modification	23	-
Net currency exchange gain	20,118	103,517
Royalty expense	( 4,567)	( 10,221)
Other losses	( 850)	( 67)
	<u>\$ 14,320</u>	<u>\$ 93,288</u>

(18) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 5,382	\$ 4,954
Interest expense on lease liabilities	606	402
Others	9	-
	<u>\$ 5,997</u>	<u>\$ 5,356</u>

(19) Expenses by nature

For the year ended December 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 443,840	\$ 206,615	\$ 650,455
Depreciation charges	132,061	14,370	146,431
Amortization charges	1,262	5,128	6,390
	<u>\$ 577,163</u>	<u>\$ 226,113</u>	<u>\$ 803,276</u>

For the year ended December 31, 2022			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 440,420	\$ 193,161	\$ 633,581
Depreciation charges	167,646	14,240	181,886
Amortization charges	2,804	7,323	10,127
	<u>\$ 610,870</u>	<u>\$ 214,724</u>	<u>\$ 825,594</u>

(20) Employee benefit expense

For the year ended December 31, 2023			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 361,327	\$ 172,478	\$ 533,805
Labor and health insurance	41,311	15,553	56,864
Pension costs	17,666	7,708	25,374
Directors' remuneration	-	370	370
Other personnel expenses	23,536	10,506	34,042
	<u>\$ 443,840</u>	<u>\$ 206,615</u>	<u>\$ 650,455</u>

For the year ended December 31, 2022			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 359,267	\$ 159,935	\$ 519,202
Labor and health insurance	39,686	14,564	54,250
Pension costs	17,341	7,365	24,706
Directors' remuneration	-	940	940
Other personnel expenses	24,126	10,357	34,483
	<u>\$ 440,420</u>	<u>\$ 193,161</u>	<u>\$ 633,581</u>

- A. For the years ended December 31, 2023 and 2022, the average number of employees of the Company were 866 and 857 employees, respectively, which both included 7 non-employee directors. For the years ended December 31, 2023 and 2022, the average employee benefit expenses were \$757 and \$744, while average wages and salaries were \$621 and \$611, respectively. The average wages and salaries increased by 1.64% compared to prior year.
- B. The Company has set up an Audit Committee. As a result, there was no supervisors' remuneration for the years ended December 31, 2023 and 2022.



- C. The remuneration of the directors and managers of the Company shall be determined by the board of directors in accordance with the provisions of the Articles of Incorporation and in accordance with the general standards of the industry. The general standards of the industry refer to formulating the salary and remuneration policy of the company's directors and managers by taking into account the rationality of the correlation between personal performance, company operating performance and future risks.
- (a) 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 will not participate in the company's profit distribution.
  - (b) 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.
  - (c) 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.
- D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 1% for employees' compensation, and then be appropriated as employees' compensation based on the abovementioned ratios. In addition, the Company did not distribute directors' remuneration over years, and thus did not accrue directors' remuneration.
- E. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$1,652 and \$1,152, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation was estimated and accrued based on the percentage of distributable profit of current year as of the end of reporting period as prescribed by the Company's Articles of Incorporation. The employees' compensation resolved by the Board of Directors for 2023 was \$1,652 and the employees' compensation will be distributed in the form of cash. The amounts of employees' compensation as resolved by the Board of Directors was in agreement with the estimated amounts of \$1,152 recognized in the 2022 financial statements. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit):

(a) Components of income tax expense (benefit):

	For the years ended December 31,	
	2023	2022
Current income tax:		
Current tax on profits for the year	\$ 55,551	\$ 15,291
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	( 17,597)	( 27,247)
Total current income tax	39,814	( 10,885)
Deferred income tax:		
Origination and reversal of temporary differences	( 3,468)	6,816
Income tax expense (benefit)	\$ 36,346	(\$ 4,069)

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	\$ 2,310	(\$ 2,951)
Financial statements translation differences of foreign operations	58	( 1,003)
	\$ 2,368	(\$ 3,954)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 15,751	\$ 16,951
Effects from items adjusted in accordance with tax regulations	36,332	5,156
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	( 17,597)	( 27,247)
Income tax expense (benefit)	\$ 36,346	(\$ 4,069)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	\$ 2,569	\$ 496	\$ -	\$ 3,065
Unrealized gain with associates	812	( 812)	-	-
Unused compensated absences	3,908	502	-	4,410
Long-term employee benefit liabilities	438	( 6)	-	432
Pensions	9,959	( 491)	2,310	11,778
Unrealized exchange losses	-	1,731	-	1,731
Financial statements translation differences of foreign operations	3,763	-	58	3,821
	<u>\$ 21,449</u>	<u>\$ 1,420</u>	<u>\$ 2,368</u>	<u>\$ 25,237</u>
Deferred income tax liabilities:				
Temporary differences:				
Increment tax on land revaluation	(\$ 76,736)	\$ -	\$ -	(\$ 76,736)
Unrealized exchange gains	( 2,048)	2,048	-	-
	<u>(\$ 78,784)</u>	<u>\$ 2,048</u>	<u>\$ -</u>	<u>(\$ 76,736)</u>
	<u>(\$ 57,335)</u>	<u>\$ 3,468</u>	<u>\$ 2,368</u>	<u>(\$ 51,499)</u>

For the year ended December 31, 2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	\$ 2,569	\$ -	\$ -	\$ 2,569
Unrealized gain with associates	870	( 58)	-	812
Deferred revenue	17,588	( 17,588)	-	-
Unused compensated absences	3,717	191	-	3,908
Long-term employee benefit liabilities	521	( 83)	-	438
Pensions	15,746	( 2,836)	( 2,951)	9,959
Financial statements translation differences 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>
Deferred income tax liabilities:				
Temporary differences:				
Foreign investment income	(\$ 15,398)	\$ 15,398	\$ -	\$ -
Increment tax on land revaluation	( 76,736)	-	-	( 76,736)
Unrealized exchange gains	( 208)	( 1,840)	-	( 2,048)
	<u>(\$ 92,342)</u>	<u>\$ 13,558</u>	<u>\$ -</u>	<u>(\$ 78,784)</u>
	<u>(\$ 46,565)</u>	<u>(\$ 6,816)</u>	<u>(\$ 3,954)</u>	<u>(\$ 57,335)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 13,2024, there was no administrative lawsuit.

(22) Earnings per share

For the year ended December 31, 2023			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders	\$ 42,410	76,230	\$ 0.56
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders	\$ 42,410	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	42	
Profit attributable to the ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 42,410	76,272	\$ 0.56
For the year ended December 31, 2022			
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders	\$ 88,824	76,230	\$ 1.17
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders	\$ 88,824	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	38	
Profit attributable to the ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 88,824	76,268	\$ 1.17

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 41,526	\$ 142,130
Add: Ending balance of prepayments for equipment	9,541	7,053
Less: Beginning balance of prepayments for equipment	( 7,053)	( 11,700)
Cash paid for acquisition of property, plant and equipment	<u>\$ 44,014</u>	<u>\$ 137,483</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Inventories transferred to property, plant and equipment	<u>\$ 37,861</u>	<u>\$ -</u>

(24) Changes in liabilities from financing activities

	For the year ended December 31, 2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities
January 1	\$ 300,000	\$ 38,826	\$ 338,826
Changes in cash flow from financing activities	( 90,000)	( 17,200)	( 107,200)
Changes in other non-cash items	-	20,160	20,160
December 31	<u>\$ 210,000</u>	<u>\$ 41,786</u>	<u>\$ 251,786</u>

	For the year ended December 31, 2022			
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Liabilities from financing activities
January 1	\$ 375,830	\$ 90,000	\$ 8,240	\$ 474,070
Changes in cash flow from financing activities	( 78,830)	( 90,000)	( 10,680)	( 179,510)
Changes in other non-cash items	3,000	-	41,266	44,266
December 31	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 38,826</u>	<u>\$ 338,826</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Ta Yih International Investment Co., Ltd. (BVI)	Subsidiary
Koito Manufacturing Co., Ltd.	Entities with significant influence on the Company
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Company
India Japan Lighting Private Limited	Subsidiary of the entity with significant influence on the Company
PT. Indonesia Koito	Subsidiary of the entity with significant influence on the Company
Thai Koito Company Limited	Subsidiary of the entity with significant influence on the Company
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Company
North American Lighting Inc.	Subsidiary of the entity with significant influence on the Company
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of the entity with significant influence on the Company
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts (Thailand) Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party
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. (Note)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party

(Note) Formerly known as Ta Yih Investment Co., Ltd., the company changed its name to KUO CHI MIN Investment Co., Ltd., which was approved by the competent authority on December 2, 2022.

(2) Significant related party transactions

A. Operating revenue:

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Koito Manufacturing Co., Ltd.	\$ 559,039	\$ 595,705
Associates	7,679	46,312
Subsidiaries of the entity with significant influence on the Company	73,642	84,643
Substantive related parties	1,516	77
	<u>\$ 641,876</u>	<u>\$ 726,737</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. Except for Koito Manufacturing Co., Ltd., which the payment is received within 2 months of monthly settlement, and for associate which the payment is received within 4 to 6 months of monthly settlement, the collection term of export sales with related parties according to the term of individual transaction, which is normally 90 days, and the collection term does not have substantive difference compared to non-related parties.

B. Purchases:

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Entities with significant influence on the Company	\$ 258,480	\$ 195,402
Associates	19,271	42,505
Subsidiaries of the entity with significant influence on the Company	11,199	3,426
Substantive related parties	6,060	8,067
	<u>\$ 295,010</u>	<u>\$ 249,400</u>

The price of goods purchased do not have substantive difference between related and non-related parties. Except for the associate which the payment is paid within 4 months of monthly settlement, 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.



C. Receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Koito Manufacturing Co., Ltd.	\$ 67,011	\$ 99,599
Subsidiaries of the entity with significant influence on the Company	26,353	18,669
Associates	2,281	29,910
Substantive related parties	<u>1,409</u>	<u>-</u>
	97,054	148,178
Less: Allowance for uncollectible accounts	( 102)	( 1,754)
	<u>\$ 96,952</u>	<u>\$ 146,424</u>
Other receivables:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	\$ 3,268	\$ 9,558
Substantive related parties	173	84
Subsidiaries of the entity with significant influence on the Company	<u>-</u>	<u>48</u>
	<u>\$ 3,441</u>	<u>\$ 9,690</u>

The outstanding trade receivables from related parties are unsecured.

D. Prepayments:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments:		
Entities with significant influence on the Company	<u>\$ 170</u>	<u>\$ 110</u>

E. Contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred revenue:		
Subsidiaries of the entity with significant influence on the Company	<u>\$ -</u>	<u>\$ 2,317</u>

F. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Entities with significant influence on the Company	\$ 50,585	\$ 49,605
Associates	2,329	14,227
Substantive related parties	1,256	2,764
Subsidiaries of the entity with significant influence on the Company	<u>-</u>	<u>26</u>
	<u>\$ 54,170</u>	<u>\$ 66,622</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Koito Manufacturing Co., Ltd.	\$ 46,553	\$ 44,808
Substantive related parties	-	934
Associate	-	132
	<u>\$ 46,553</u>	<u>\$ 45,874</u>

The outstanding trade payables from related parties are unsecured.

#### G. Lease transactions - lessee

(a) The Company leases plants from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from April 1, 2022 to March 31, 2027. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

i. In April 2022, the Company recognized the additions to right-of-use assets amounting to \$40,738 due to the above lease transactions.

ii. The carrying amount of lease liabilities recognized by the Company as of December 31, 2023 and 2022 was \$26,740 and \$34,752, respectively. Interest expense recognized for the years ended December 31, 2023 and 2022 were \$388 and \$314, respectively.

(b) The Company leases offices from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from May 1, 2023 to April 30, 2024. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

For the year ended December 31, 2023, the Company recognized rent expense amounting to \$800 due to the above lease transactions.

#### H. Other transactions with related parties

##### (a) Royalty expenses

The Company entered into a royalty expense contract with the entity 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 \$86,333 and \$81,842 for the years ended December 31, 2023 and 2022, respectively (listed as "operating costs" and "operating expenses").

##### (b) Royalty revenue

i. 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 \$11,426 and \$30,153 for the years ended December 31, 2023 and 2022, respectively (listed as "other income"). According to the contract, 50% of the royalty revenue should be paid to the entity with significant influence - Koito Manufacturing Co., Ltd. which amounted to \$4,567 and \$10,221 for the years

ended December 31, 2023 and 2022, respectively (listed as “other gains and losses”).

- ii. The Company entered into a contract with the 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 \$3,473 and \$5,177 for the years ended December 31, 2023, and 2022, respectively (listed as “other income”).

(3) Significant related party transactions

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 9,241	\$ 9,443
Post-employment benefits	71	130
	<u>\$ 9,312</u>	<u>\$ 9,573</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023 and 2022, the balances for contracts that the Company entered into but not yet paid are \$5,854 and \$461, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of net liabilities (borrowings offset by cash) and the equity, and the Company is not subject to any externally imposed capital requirements.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 382,731	\$ 154,018
Financial assets at amortized cost	-	5,600
Notes receivable	9,086	416
Accounts receivable	779,624	831,864
Other receivables	30,353	15,271
Guarantee deposits paid	7,794	7,577
	<u>\$ 1,209,588</u>	<u>\$ 1,014,746</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 210,000	\$ 300,000
Notes payable	92,641	78,300
Accounts payable	736,966	595,144
Other payables	234,316	218,873
Guarantee deposits received		
(listed as “other non-current liabilities”)	240	240
	<u>\$ 1,274,163</u>	<u>\$ 1,192,557</u>
Lease liabilities (including current portion)	<u>\$ 41,786</u>	<u>\$ 38,826</u>

B. Financial risk management policies

- (a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, CNY and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follow:

	December 31, 2023		
	Foreign currency		
	amount		Book value
	(in thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 17,923	30.71	\$ 550,329
CNY:NTD	2,548	4.327	11,027
JPY:NTD	683,264	0.2172	148,405
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,383	30.71	42,455
CNY:NTD	4,196	4.327	18,158
JPY:NTD	259,658	0.2172	56,398

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 10,401	30.71	\$ 319,423
CNY:NTD	10,983	4.408	48,415
JPY:NTD	564,394	0.2324	131,165
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	193	30.71	5,936
CNY:NTD	5,732	4.408	25,267
JPY:NTD	242,889	0.2324	56,447

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, the Company's profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$4,742 and \$3,291, respectively.

- iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$20,118 and \$103,517, respectively.

#### Price risk

The Company has not engaged in financial instrument or derivatives investment, hence is not exposed to significant market risk of price fluctuations.

#### Cash flow and fair value Interest rate risk

- i. The Company's certain borrowings are financial instruments at floating rates. Thus, future cash flows fluctuate due to changes in market interest rates and further changes in effective rates of debt instruments. However, risk is partially offset by cash and cash equivalents held at variable rates and borrowings issued at fixed rates expose the Company to fair value interest rate risk.

- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$1,680 and \$2,400, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire entity's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Company adopts the management of credit risk, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument. the default occurs when the contract payments are past due over 365 days. In addition, the default occurs after the Company initiates recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- iv. The Company's credit risks are deemed significantly concentrated since the credit risks are mainly concentrated in the top three customers of the Company. The Company classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss and uses the forecast ability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	No indication of default of debtor			Total
	Not past due	Up to 90 days past due	Individual identification	
<u>December 31, 2023</u>	0% ~ 0.13%	0.1% ~ 100%	50% ~ 100%	
Rate				
Total book value	\$ 781,582	\$ 5,945	\$ 6,543	\$ 794,070
Loss allowance	( 995)	( 390)	( 3,975)	( 5,360)
	<u>\$ 780,587</u>	<u>\$ 5,555</u>	<u>\$ 2,568</u>	<u>\$ 788,710</u>

	No indication of default of debtor			Total
	Not past due	Up to 60 days past due	Individual identification	
<u>December 31, 2022</u>	0% ~ 0.06%	0.1% ~ 100%	30% ~ 100%	
Rate				
Total book value	\$ 804,411	\$ 23,037	\$ 12,363	\$ 839,811
Loss allowance	( 516)	( 576)	( 6,439)	( 7,531)
	<u>\$ 803,895</u>	<u>\$ 22,461</u>	<u>\$ 5,924</u>	<u>\$ 832,280</u>

- v. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable accounts receivable (including related parties) are as follows:

	For the years ended December 31,	
	2023	2022
January 1	\$ 7,531	\$ 7,531
Expected credit gains	( 2,171)	-
December 31	<u>\$ 5,360</u>	<u>\$ 7,531</u>

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.
- Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company's Finance Department. The Company's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.



iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 1,062,820</u>	<u>\$ 1,280,000</u>

iv. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 210,510	\$ -	\$ -	\$ -
Notes payable	92,641	-	-	-
Accounts payable (including related parties)	736,966	-	-	-
Other payables (including related parties)	234,316	-	-	-
Lease liabilities	14,285	13,168	15,228	188
Guarantee deposits received	-	240	-	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	
Non-derivative financial liabilities:				
Short-term borrowings	\$ 300,074	\$ -	\$ -	
Notes payable	78,300	-	-	
Accounts payable (including related parties)	595,144	-	-	
Other payables (including related parties)	218,873	-	-	
Lease liabilities	11,133	9,426	19,263	
Guarantee deposits received	-	240	-	

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the financial instruments which are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of the Company's paid-in capital: Refer to table 1.

H. Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 3.

B. Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area: Refer to table 4.

(4) Information on major shareholders

Information on major shareholders: Refer to table 5.

14. Segment Information

Not applicable.

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 750
Checking accounts and revolving funds		1,145
Demand deposits - NTD		60,102
- Foreign currency	USD 5,260 thousand @ 30.71	
	CNY 778 thousand @ 4.327	
	EUR 387 thousand @ 33.98	
	JPY 374,285 thousand @ 0.2172	259,324
		<u>321,321</u>
Cash equivalents:		
Time deposits - Foreign currency	USD 2,000 thousand @ 30.71	
	Maturity date: January 19, 2024	
	Annual interest rate: 5.20%	61,410
		<u>\$ 382,731</u>

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Company A	Accounts receivable	\$ 256,198	—
Company B	Accounts receivable	253,671	—
Company C	Accounts receivable	38,712	—
Others (less than 5%)	Accounts receivable	<u>139,338</u>	—
		687,919	
Less: Allowance for uncollectible accounts		( <u>5,247</u> )	
		<u>\$ 682,672</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES, NET  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Koito Manufacturing Co., Ltd.	Accounts receivable	\$ 67,011	—
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Accounts receivable	25,595	—
Others (less than 5%)	Accounts receivable	4,448	—
		97,054	
Less: Allowance for uncollectible accounts		( 102)	
		<u>\$ 96,952</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials	—	\$ 365,382	\$ 369,955	(Note)
Work in progress	—	68,274	75,205	(Note)
Finished goods	—	603,030	768,017	(Note)
Merchandise	—	47,966	51,627	(Note)
		<u>\$ 1,084,652</u>	<u>\$ 1,264,804</u>	

(Note) Refer to Note 4(10) 'Inventories' of parent company only financial statements for the method to determine the net realizable value.

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) 'Property, plant and equipment' of parent company only financial statements.



TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) 'Property, plant and equipment' of parent company only financial statements for the change in accumulated depreciation of property, plant and equipment.

Refer to Note 4(12) 'Property, plant and equipment' of parent company only financial statements for the depreciation method and useful lives for assets.

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023	Footnote
Buildings	\$ 40,738	\$ 2,819	\$ -	\$ 43,557	—
Office equipment	2,743	3,184	( 2,743)	3,184	—
Transportation equipment	11,563	15,051	( 4,936)	21,678	—
	<u>\$ 55,044</u>	<u>\$ 21,054</u>	<u>(\$ 7,679)</u>	<u>\$ 68,419</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023	Note
Buildings	\$ 6,111	\$ 8,288	\$ -	\$ 14,399	—
Office equipment	1,697	529	( 1,872)	354	—
Transportation equipment	8,586	4,708	( 4,936)	8,358	—
	<u>\$ 16,394</u>	<u>\$ 13,525</u>	<u>(\$ 6,808)</u>	<u>\$ 23,111</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Nature</u>	<u>Description</u>	<u>December 31, 2023</u>	<u>Period of contract</u>	<u>Range of interest rate</u>	<u>Credit facility</u>	<u>Collateral</u>	<u>Note</u>
Unsecured borrowings	Chang Hwa Comercial Bank	<u>\$ 210,000</u>	2023.10.18~2024.2.25	1.70%	\$ 300,000	None	—

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF NOTES PAYABLE  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Company D	Notes payable	\$ 80,547	—
Others (less than 5%)	Notes payable	<u>12,094</u>	—
		<u>\$ 92,641</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Company E	Accounts payable	\$ 52,642	—
Company F	Accounts payable	81,836	—
Company G	Accounts payable	66,794	
Others (less than 5%)	Accounts payable	481,524	—
		<u>\$ 682,796</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Koito Manufacturing Co., Ltd.	Accounts payable	\$ 50,585	—
Others (less than 5%)	Accounts payable	3,585	—
		<u>\$ 54,170</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(9) 'Other payables' of parent company only financial statements.



TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OTHER PAYABLES – RELATED PARTIES  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Koito Manufacturing Co., Ltd.	Payables for royalty	<u>\$ 46,553</u>	—

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CURRENT INCOME TAX LIABILITIES  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Corporate income tax payable	—	\$ 55,227	—
Income tax payable on undistributed earnings	—	1,860	—
		<u>\$ 57,087</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OTHER CURRENT LIABILITIES  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refund liabilities	—	\$ 46,969	—
Others (less than 5%)	—	552	—
		<u>\$ 47,521</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGES IN DEFERRED TAX LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) 'Income tax' of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Lease period	Discount rate	Balance as of December 31, 2023	Note
Buildings	—	2022.4.1~2028.9.5	1.25%~2.09%	\$ 29,425	—
Office equipment	—	2023.5.1~2029.4.30	2.09%	2,849	—
Transportation equipment	—	2021.3.8~2026.11.30	1.05%~2.09%	9,512	—
				<u>\$ 41,786</u>	
			Less: Current portion	<u>( 13,745)</u>	
				<u>\$ 28,041</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF CHANGE IN NET DEFINED BENEFIT LIABILITIES  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) 'Pensions' of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount		Note
		Subtotal	Total	
Sales:				
Car lamps	17,137 thousands	\$ 4,111,526		—
Molds	229	321,864		—
Others		<u>409,687</u>		—
			\$ 4,843,077	
Less: Sales returns			( 11,277)	—
Sales discounts and allowances			( <u>14,796</u> )	—
			<u>\$ 4,817,004</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2023	\$ 38,668
Add: Merchandise purchased	205,664
Less: Transferred to expenses	( 141)
Transferred to equipments	( 13,077)
Other adjustments	( 1,705)
Merchandise at December 31, 2023	( 47,966)
Merchandise used during the year	181,443
Raw materials at January 1, 2023	273,410
Add: Raw materials purchased	2,574,443
Less: Transferred to expenses	( 26,779)
Sale of raw materials	( 316,216)
Scrapped	( 2,011)
Loss for market price decline and obsolete and slow-moving inventories	( 4,246)
Raw materials at December 31, 2023	( 365,382)
Raw materials used during the year	2,133,219
Direct labor	227,982
Manufacturing overhead	607,578
Manufacturing cost	2,968,779
Work in progress at January 1, 2023	119,236
Work in progress at December 31, 2023	( 68,274)
Cost of finished goods	3,019,741



TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF OPERATING COSTS (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Finished goods at January 1, 2023	\$ 521,470
Add: Gain from price recovery of inventory	1,770
Finished goods purchased	699,239
Less: Other adjustments	( 34)
Transfer to expenses	( 9,760)
Transfer to equipments	( 24,784)
Scrapped	( 11,128)
Finished goods at December 31, 2023	( 603,030)
Cost of production and marketing	<u>3,593,484</u>
Sale of cost of raw materials	<u>316,216</u>
Cost of goods sold	4,091,143
Loss on scrapped inventories	13,139
Provision for inventory market price decline	2,476
Less: Income from sale of scrap	( 2,860)
Operating costs	<u>\$ 4,103,898</u>

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 183,988	—
Depreciation	—	132,061	—
Royalty	—	79,226	—
Utilities	—	79,118	—
Repair and maintenance	—	22,421	—
Insurance	—	19,165	—
Others (less than 3%)	—	91,599	—
		<u>\$ 607,578</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Import/Export	—	\$ 116,771	—
Freight	—	17,511	—
Wages and salaries	—	14,728	—
Professional service	—	5,853	—
Others (less than 3%)	—	<u>33,786</u>	—
		<u>\$ 188,649</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 70,238	—
Depreciation	—	13,264	—
Professional service	—	10,512	—
Royalty	—	7,111	—
Insurance	—	6,559	—
Repair and maintenance	—	4,847	—
Others (less than 3%)	—	<u>41,161</u>	—
		<u>\$ 153,692</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Footnote</u>
Wages and salaries	—	\$ 95,220	—
Examination	—	28,483	—
Software	—	17,821	—
Insurance	—	9,366	—
Others (less than 3%)	—	<u>21,378</u>	—
		<u>\$ 172,268</u>	

TA YIH INDUSTRIAL CO., LTD.  
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND  
AMORTIZATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(19) 'Expense by nature' and Note 6(20) 'Employee benefit expense' of parent company only financial statements.

Table 1

TA YIH INDUSTRIAL CO., LTD.											
Purchases or sales transactions with related parties reaching \$100 million or 20% of the Company's paid-in capital											
For the year ended December 31, 2023											
											Expressed in thousands of NTD
			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party			Notes or accounts receivable/(payable)	
			Percentage of net purchases/(sales)							Percentage of notes or accounts receivable/(payable)	
Purchases/sales company	Name of the counterparty	Relationship	Purchases/(sales)	Amount	Percentage of net purchases/(sales)	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Ta Yih Industrial Co., Ltd.	Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group	(Sales)	(\$ 559,039)	(12%)	2 months	Not significantly different	Not significantly different	\$ 67,011	9%	-
			Purchases	258,480	7%	3 months	Not significantly different	Not significantly different	( 50,585)	(6%)	-

TA YIH INDUSTRIAL CO., LTD.

Information on investees

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Investor	Investee	Location	Main Businesses	Original investment amount		Holding status as of December 31, 2023					Investment income (loss) recognized by the Company	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022 (Note 1)	Shares	Percentage of ownership	Book value	Net income (loss) of the investee			
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	British Virgin Islands	General investments	\$ 10,749	\$ 1,536	350,000	100.00	\$ 7,618	(\$ 2,445)	(\$ 2,445)		Subsidiary (Note 2)

(Note 1) Represents the original investment amount as of December 31, 2022.

(Note 2) The capital increase procedure was completed in November 2023.

(Note 3) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71.



## Table 3

Expressed in thousands of NTD

(Note 1) 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.

(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  $\text{US\$2.45 million} \times 49\% = \text{US\$1.205 million}$ , 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  $\text{US\$1.5 million} \times 49\% = \text{US\$735,000}$ , 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  $\text{US\$2.2 million} \times 49\% = \text{US\$1.078 million}$ . As of December 31, 2023, 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 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 4) The Company recognized investment income (loss) based on audited financial statements. Since the net worth of investee had been negative, the book value of investment was recognized to not less than zero.

(Note 5) Inward cash dividends.

(Note 6) The ceiling amount is 60% of higher of consolidated net worth or net worth according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA.

(Note 7) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71, except for net income (loss) of the investee and investment income (loss) recognized by the Company.

TA YIH INDUSTRIAL CO., LTD.

Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Investee in Mainland China	Relationship with the Company	Transaction type	Amount	Transaction terms			Notes/accounts receivable (payable)		Unrealized gain	Note
				Price	Payment terms	Compared to non-related party transactions	Balance	%		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates	Sales	\$ 7,679	Cost plus pricing	Four to six months	Three months	\$ 2,281	—	\$ 730	—
		Purchases	19,271	Not significantly different from normal transactions	Four months	Three months	2,329	—	-	—
		Royalty revenue	11,426	According to the contract	Every half-year	No similar transactions available for comparison	3,268	11%	-	—

TA YIH INDUSTRIAL CO., LTD.

Information on major shareholders

December 31, 2023

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership Percentage
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

(Note 1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital on the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation 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 : Wu Chun-I