

三陽工業 SANYANG MOTOR

Annual Report 2023

Stock Code:2206



SANYANG MOTOR CO., LTD.

Publication Date : May 14, 2024

M.O.P.S. Taiwan Stock Exchange Corporation : <https://mops.twse.com.tw>

Website of the Company : <https://www.sanyang.com.tw/>

SANYANG MOTOR CO., LTD. Annual Report 2023

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-----DISCLAIMER-----

THIS IS A TRANSLATION OF THE ANNUAL REPORT FOR THE 2024 ANNUAL
SHAREHOLDERS' MEETING OF SANYANG MOTOR CO., LTD. THE
TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY INCONSISTENCY
BETWEEN THE CHINESE VERSION AND THIS TRANSLATION, THE CHINESE
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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry:

None.

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Chapter 1 . Letter to Shareholders

I. 2023 Business Report

(I) Results of Implementation of Business Plan

Net sales amounted to NT\$49,290,243 thousand in 2023, increased by 37.37% compared with the net sales of NT\$35,882,517 thousand in 2022.

(II) Budget Execution

Unit: NT\$ thousand

Item	Estimated 2023 net operating revenue	Actual 2023 net operating revenue	Difference	Control rate (%)
Motorcycles	22,119,006	25,526,519	3,407,513	115.41
Automobiles	15,350,178	20,586,116	5,235,938	134.11
Others	2,557,032	3,177,608	620,576	124.27
Total	40,026,216	49,290,243	9,264,027	123.14

(III) Financial Revenue and Expenditure and Profitability Analysis

1. Financial Revenue and Expenditure :

In 2023, net operating revenue was NT\$49,290,243 thousand, operating cost was NT\$42,869,251 thousand, operating expense was NT\$2,850,465 thousand, net operating income was NT\$3,523,860 thousand, net profit of non-operating income and expense was NT\$3,675,244 thousand and profit before income tax was NT\$7,199,104 thousand.

2. Profitability Analysis :

Item	2023	2022
Return on assets (%)	14.81	8.47
Return on equity (%)	31.31	18.75
Net profit margin (%)	12.78	8.68
Earnings per share (current period) (NT\$)	7.95	3.93

(IV) Research and Development

1. Motorcycles

(1) New mass production models launched in 2023:

A. 『Fiddle LT 115 』 (Taiwan)

Model Introduction

Starting from the perspective of young female commuter motor scooters, the design concept focuses on a retro-chic and minimalist style complemented by fresh accents and color schemes. The emphasis is on lightweight and sleek body design, along with convenient storage solutions, catering to the needs of female riders. Additionally, the vehicle incorporates the latest ZRSG system, enhancing fuel efficiency while aligning with the prevailing environmental consciousness by reducing emissions and noise pollution during idle periods. In March 2023, we introduced the more convenient Keyless system, offering car owners a human-centric technology experience that eliminates the hassle of searching for keys. With new colors and shiny decals, it further enhances the technological convenience and youthful fashion.

Product Positioning

Targeting young female commuters aged 18~24, the commuter motor scooter prioritizes daily transportation needs. It places emphasis on design, compact body size, and affordability. Additionally, convenient storage options, a low seat height for easy footing, and a center stand that allows for easy upright positioning are additional desirable product features.

B. 『CLBCU 125 』 (Taiwan)

Model Introduction

In June 2023, the CLBCU was launched, featuring the image of a hummingbird integrated into its overall design, symbolizing lightness and flexibility. Designed to meet the needs of young female scooter riders, the EnMIS dual spark plug technology ensures agile and fuel-efficient riding. With its lightweight construction and low seat height, it offers a sense of confidence and ease of handling. Exclusive rotating rear mirrors cater to the rider's makeup after riding, while the specially designed handlebars enhance braking safety for women. Tailored to female preferences, CLBCU emerges as the new top choice in the female market. Furthermore, we incorporated color-changing technology baking paint inspired by the vibrant plumage of hummingbirds. This allows consumers to select from a range of color options, adding to the customization available.

Product Positioning

Trendy models targeting Gen Z women aged 18~29 prioritize urban commuting needs while enhancing human-centric design, ensuring that drivers can easily maneuver both on the road and while parking. This customer

segment belongs to the digital native generation, relying heavily on online platforms and exhibiting diverse values. The daily code of conduct of this generation prioritizes satisfying personal needs, and products are chosen to fulfill their sense of self-image. When selecting a scooter, consideration is given to whether the model aligns with individual traits, making CLBCU undoubtedly the most suitable choice for this demographic.

C. 『Fiddle 125/Fiddle DX 150』 (Taiwan)

Model Introduction

The Fiddle serves as Sanyang's flagship model, firmly establishing itself as a trendy icon. Its appearance exudes an elegant and refined retro style, with sleek and graceful design elements running through the entirety of its body. The rounded and soft lines encapsulate an air of refined understatement. In March 2023, a new lineup of car color decals, colored dashboards, and retro wheels were introduced, giving the entire vehicle a refreshed and contemporary yet retro look. Fiddle not only places emphasis on the intricacies of exterior design but also prioritizes customer usability requirements. It is designed to offer customers a seamless user experience, thereby embodying both elegant aesthetics in appearance and specifications.

Product Positioning

Targeting a clientele of mainly middle-to-high income office workers aged 25~44, with 125c.c. model for females and 150 c.c. for males, especially for individuals who have a preference for retro looks and place significant value on external appeal. The vehicle is designed for medium/short-distance urban commuting, striking a balance between style and practicality while achieving Tier 1 fuel efficiency.

D. 『JET SL 125』 (Taiwan)

Model Introduction

The Jet series has successfully become one of the first choices for young men aged 18~24 with a penchant for popular sports models.

The JET SL, outfitted with a water-cooled engine, not only upholds the extensive customization options synonymous with the JET series but also showcases a more assertive and sporty design. Its enhanced features include a light-sensing LCD dashboard and upgraded front and rear disc sizes, complemented by the ZRSG system. However, the most notable upgrade comes in the form of the water-cooled engine, delivering a remarkable 16% increase in horsepower and 9% boost in torque compared to its predecessor with an air-cooled engine. This ensures that the JET SL surpasses its competitors, securing championship titles on the racetrack. In May 2023, the newly launched JET SL not only retains the ABS anti-lock braking system but also features a traction control system (TCS), providing the target customers with not only riding enjoyment but also enhanced safety on the road.

Product Positioning

The primary customers are young men aged 18~24, who not only use motor scooters for commuting to school or work but also enjoy leisure activities such as riding around or heading into the mountains. Appearance, power handling, price and modifiability are important when purchasing a motor scooter.

E. 『JOYMAX Z+ 300』 (Taiwan)

Model Introduction

Since its launch, the JOYMAX Z has been favored by first-time buyers in the mid-sized scooter market for its dynamic and sleek design elements, as well as its agile handling, offering excellent value for money. Subsequently, the newly designed dual LED headlights and TCS function were introduced to improve driving safety and meet the needs of customers in this class for medium-distance and medium-high-speed riding.

In July 2023, the JOYMAX Z+ underwent another facelift, featuring a redesigned shape and upgraded components such as a new tail light set, LED front and rear running lights, and direction lights. These enhancements significantly enhance riding safety and elevate the product value of the JOYMAX Z+.

Product Positioning

The primary customers of the Joymax Z+ are male office workers in their 30s~40s, typically with a stable economic background. They are discerning consumers who prioritize value for money and are sensitive to pricing. For usage patterns, 80% of the time is dedicated to daily commuting, while 20% is for weekend trips to nearby areas. Additionally, first-time buyers prioritize the need for expressway access rights.

F. 『ADX 125』 (Europe)

Model Introduction

The all-new crossover adventure motor scooter "ADX" has been modified to meet the demands of the European market, with its engine displacement changed to 125c.c. water-cooled engine. It offers 12.1 horsepower and 11.5Nm of torque, showcasing excellent performance. The ADX is equipped with 13-inch front and rear wheels, boasting a 1,380mm wheelbase. Additionally, it features ABS, LED lamps, TFT color instrumentation, and a generous 15-liter long-range fuel tank, catering to the requirements of adventure enthusiasts.

Product Positioning

30~50-year-old mature male urban professionals who enjoy being close to nature and seek a versatile adventure bike for both daily commuting and weekend outings.

G. 『HUSKYADV 150』 (China)

Model Introduction

The "HUSKYADV" crossover adventure motor scooter boasts a rugged appearance and is equipped with a water-cooled engine that delivers ample

horsepower and torque, showcasing outstanding performance. The ADX is equipped with 13-inch front and rear wheels, boasting a 1,380mm wheelbase. Additionally, it features ABS, LED lamps, TFT color instrumentation, and a generous 15-liter long-range fuel tank, catering to the requirements of adventure enthusiasts. Since its debut, the vehicle has garnered positive feedback from consumers.

Product Positioning

30~50-year-old mature male urban professionals who enjoy being close to nature and seek a versatile adventure bike for both daily commuting and weekend outings.

H. 『FORMICA 150』 (China)

Model Introduction

FORMICA (China) caters to the demands of the Chinese market by introducing a water-cooled 150c.c. engine paired with front and rear 12-inch tires and a CBS braking system, ensuring optimal performance for transportation purposes. This initiative aims to redefine the product's positioning while introducing innovative imagery to the market.

The concept of "expanding the infinite possibilities of life" aims to introduce a unique style into the motor scooter market. The objective is to capture a youthful and minimalist look while addressing the diverse transportation needs of individuals in everyday life, thereby providing local customers with an exceptional user experience and increased mobility options.

Product Positioning

Targets customers aged 25 to 30, predominantly male, with outdoor activities such as travel, camping, and sports. It comes with additional cargo-carrying capabilities to meet commuting, delivery, and travel needs, offering both urban commuting and leisure usage.

I. 『HUSKYADV 300』 (China)

Model Introduction

The new crossover adventure motor scooter "HUSKY ADV" responds to the demand in the Chinese market and complements the ADV family product lineup, providing 19kW of horsepower and 26Nm of torque to demonstrate excellent performance. The ADX is equipped with 15-inch front and 14-inch rear wheels, boasting a 1,510mm wheelbase. Additionally, it features ABS&TCS, LED lamps, TFT color instrumentation, and a generous 16-liter long-range fuel tank, catering to the requirements of adventure enthusiasts.

Product Positioning

30~50-year-old mature male urban professionals who enjoy being close to nature and seek a versatile adventure bike for both daily commuting and weekend outings.

J. 『Tuscany 150』 (Thailand/Malaysia/Vietnam)

Model Introduction

In response to the prevailing trend of retro style scooters in the ASEAN market, SYM has teamed up with its global strategic partner in Thailand, GPX, to cater to the region's demand for innovation and change. Together, they aim to create the most eye-catching new retro style. Since mass production in Thailand in February 2023, the motor scooters were launched in Malaysia in August and in Vietnam in October. There are plans to further expand sales to Europe and the Middle East in the future. This model blends timeless retro classic fashion with a touch of light sportiness and personalized elements. It features front and rear disc brakes, dual rear suspension, and a stylish footboard specification, setting new standards in the ASEAN market. Powered by a 150c.c. engine and equipped with a full LED lighting system and Keyless system, it offers flagship specifications at an accessible price point, igniting a surge of excitement in the market.

Product Positioning

Targets students and working professionals aged 20~39, attracting first-time buyers with the concept of "affordable luxury." We aspire to craft a vehicle that encapsulates the personality and trendy elements favored by this demographic while offering a sense of speed and a comfortable riding experience. Our goal is to furnish them with a nimble and high-quality mode of transportation that aligns with their expectations.

(2) Models available for mass production in 2024

In addition to the existing range of motorcycles and light electric motorcycles ranging from 50c.c. to 600c.c., which cater to various market demands, in 2024, we will introduce new and updated models tailored to different market segments both domestically and internationally. This lineup will include 5 new designs of scooters, 9 redesigned scooters, 1 new model of electric motorcycle, and 1 redesigned model of sports bike. These new offerings are expected to significantly contribute to sales volume and revenue.

2. Automobiles

(1) Mass production models launched in 2023 :

A.VENUE London Red, Oxford Green

Model Introduction

The new British-inspired version of VENUE "London Red" features a classic red exterior complemented by white two-tone roof and side mirrors, accentuated with white door handles for a touch of sophistication. The black-cut dual-tone alloy wheels, along with the exclusive British emblem, add personality and elegance to its design, embodying a sense of trendy charm. Not only does it exude British style, but it also adds a touch of glamour. The exclusive Scotch pattern and heat-pressed logo emblem adorn the dual front seats, providing a distinctive and luxurious feel. With these features, every

outing feels akin to strolling the streets the UK.

Following the success of the VENUE British Urban Edition "London Red," which received rave reviews and sparked viral attention among color-conscious consumers, Hyundai is now introducing the new "Oxford Green" edition. Inspired by retro green hues, this edition embodies the charm of British classics favored by the younger generation. With its two-tone green and white exterior, exclusive decals, and British emblems, as well as Scottish pattern interior details, the "Oxford Green" edition perfectly interprets British classic fashion once again.

Product Positioning

The limited-edition and eye-catching colors are used to target young customers who are looking for innovation and change.

B. IONIQ 6

Model Introduction

Drawing inspiration from the proportions and minimalist lines of the "Prophecy" concept car, the IONIQ 6 encapsulates the aesthetic allure of the brand's inaugural pure electric sports car. Its "Electrified Streamliner" design, characterized by minimalist curved lines, artfully captures the sleek silhouette emblematic of the EV era while optimizing dynamic airflow. Enhanced by features such as the AAF intelligent air intake system integrated into the front bumper, vertical air curtains, a sporty rear wing design, and 20-inch cut alloy wheels boasting low aerodynamic resistance, the IONIQ 6 achieves an unprecedented 0.21Cd drag coefficient performance. In terms of interior design, the IONIQ 6 boasts dual 12.3-inch digital instrument clusters, along with dual front seats equipped with fully reclining electric seats that include heating and ventilation functions. Additionally, it features a Column Rotary shift-by-wire system, a BOSE premium audio system, and 64-color dual-tone ambient lighting with speed-linked functionality. With these advanced technological features, the vehicle offers a futuristic and immersive cabin experience characteristic of a pure electric sports car.

The IONIQ 6 is built on the advanced E-GMP global modular platform for electric vehicles. It harnesses cutting-edge technology in high-density cell battery pack, power management, and high-efficiency permanent-magnet synchronous electric motor operation. This integration results in significant advantages, including extended cruising range and ultra-fast charging capabilities. As for ultra-fast charging, the IONIQ 6 boasts the current largest 800V direct current fast charging system, compatible with up to 350kW ultra-fast charging stations. It can achieve an 80% charge in just 18 minutes, making it the fastest in its class.

In terms of safety technology, the IONIQ 6 comes standard with the Hyundai SmartSense comprehensive active safety assistance system. Additionally, it introduces the RSPA 2.0 intelligent remote control parking assistance system for the first time. This system utilizes ultrasonic radar and omni-directional

cameras to identify parking lines, enabling automatic control of parking maneuvers, including entering and exiting diagonal parking spaces. With zero emissions from pure electric propulsion, the IONIQ 6 also incorporates environmentally friendly materials sourced from nature in both its exterior and interior design. This includes eco-processed leather, recycled paints, and recycled PET fabrics, creating a cleaner and more sustainable driving experience. The IONIQ 6, a pure electric sports car, epitomizes Hyundai's commitment to limitless design thinking in electric vehicles. It seamlessly blends innovative design, powerful electric capabilities, and cutting-edge safety technology. By reigniting people's passion and desire for sports cars, the IONIQ 6 sets a new standard in the electric vehicle market.

Product Positioning

With the innovative and advanced design concept of safety technology, it will bring consumers a new choice for a pure electric sports car.

C.TUCSON L TURBO HYBRID

Model Introduction

The Hyundai Tucson L takes a pioneering lead by introducing a turbocharged hybrid powertrain unit, a first in its class. This innovative system features the Transmission Mounted Electric Device (TMED) single-axis dual-power architecture. By integrating the turbocharged engine, permanent magnet synchronous motor, and 6-speed automatic transmission onto the front-wheel-drive shaft, this design effectively minimizes transmission losses. The turbine petrol-electric system seamlessly integrates the brand's proven Hybrid technology. Utilizing the power direct-transmission single-axis design, each horsepower is efficiently transmitted for optimal performance. With a combined horsepower of 230ps, power delivery is smooth and responsive. The 1.49kWh lithium-ion polymer battery boasts excellent charge-discharge efficiency. Thanks to the synergy of the turbine engine and electric motor technologies, driving performance is fully unleashed, resulting in an impressive fuel-saving performance of 21.1km/L. High-performance battery modules, hybrid battery module disassembly and repair technology, and 8-year unlimited mileage warranty for hybrid batteries to construct a complete green energy hybrid lineup after-sales service.

The Tucson L turbocharged hybrid version embodies a winning impression, distinguished by its premium 19-inch low-resistance dual-tone alloy wheels that enhance the exterior with refined details, exuding sophistication and eye-catching appeal. The rear design is accentuated by a continuous LED light strip, offering strong recognition for the entire vehicle. Paired with the Turbo Hybrid exclusive identification badge, it adds a sense of depth and richness to the overall aesthetic. Having already integrated high-tech powertrain features and upgraded exterior, the interior of the Tucson L presents luxury with its two-tone deep brown design, enhancing the top-tier comfort experience. It offers amenities commonly found in imported sedans, including the

bridge-style center console, SBW electronic gear shifter, ventilated/heated front seats, IMS driver memory function, and heated steering wheel. The best-in-class Bose premium surround theater system delivers an ultimate auditory experience. Additionally, features like the DC fan cabin air conditioning, 10.25-inch digital instrument cluster, and 10.25-inch multimedia entertainment system contribute to the unmistakably luxurious and sleek cabin ambiance.

To safeguard the safety of every passenger, the Tucson L Turbo Hybrid is equipped with the comprehensive Hyundai SmartSense smart safety assistance technology. The top-of-the-line model features enhanced safety measures, including the BVM blind spot monitoring system and SVM surround view monitor system, providing the driver with complete safety protection with zero blind spots. The TUCSON L TURBO HYBRID offers a richly layered exterior design, luxurious high-quality interior furnishings, and leading safety features in its class.

Product Positioning

Equipped with a new-generation 1.6L turbocharged engine and electric motor, targeting performance-oriented customers.

D.VENUE Espresso

Model Introduction

The all-new VENUE "Espresso", such as the classic Espresso with the small but strong taste of small but strong, is unforgettable, and the eye-catching new colors and exclusive styles have set off a new trend of urban small recreational travel this autumn.

VENUE's "Espresso" variant adopts a light brown color to imbue the vehicle body with a natural and warm feeling, while dark coffee accents embellish the details, creating a visually layered effect. The V-shaped emblem on the C-pillar and the exclusive Espresso plate at the rear of the vehicle not only enhances brand recognition but also infuse the VENUE "Italian coffee" with an exquisite artistic quality. The interior design details are meticulously crafted in the Espresso variant as well. Exclusive two-tone seats featuring Espresso's signature colors are employed, with the light brown outer ring of leather enhancing the seat's texture. Gray stitching lines skillfully adorn the seats and interior, contributing to a stylish and harmonious visual effect.

The VENUE "Espresso" is equipped with a 3D AVM surrounding view imaging system to provide active safety protection for novice drivers to meet and park without difficulty. The "Espresso" of VENUE is compact but powerful, which perfectly integrates abundant functional equipment and stylish design.

Product Positioning

The limited-edition and eye-catching colors are used to target young customers who are looking for innovation and change.

E.TUCSON L SHADOW

Model Introduction

The all-new TUCSON L Shadow continues the groundbreaking exterior design that captured attention upon its initial launch. Featuring the distinctive Shadow Grey color scheme, this variant exudes a refined and sophisticated style. Its avant-garde visual aesthetics and driving experience elevate the TUCSON L Shadow to a new dimension of refinement.

Diverging from conventional design norms, the TUCSON L presents a bold and dashing new-generation exterior aesthetic, further accentuated by the Shadow variant's personalized identity details. Notable features include the attention-grabbing hidden wing-shaped daytime running lights, a refined gray color palette exuding a refined aura, highlighted by a dark night red line encircling its body. The blackened side mirrors and door handles adds a touch of sophistication, complemented by exclusive 18-inch dual-tone machined alloy wheels and a distinctive tailgate marque. With a class-leading wheelbase of up to 2,755mm, the TUCSON L Shadow offers an even more upscale interior. The gentleman's style-exclusive suede seats, paired with metallic throttle pedals and door sill trim, further highlight the advanced and next-gen vibes of this crossover.

The avant-garde and bold design, along with the technological sophistication of the interior, must be complemented by top-notch safety features to ensure the protection of every passenger. The TUCSON L Shadow is equipped with up to 18 advanced safety technologies under the "Hyundai SmartSense" suite, ensuring comprehensive riding safety for drivers and passengers alike. The TUCSON L Shadow integrates superior craftsmanship, next-generation design elements, luxurious interior features, and advanced safety technology to deliver a premium driving experience.

Product Positioning

The eye-catching interior and exterior design and safety technology are used to attract clientele inclined to performance.

F.QT500

Model Introduction

In response to the surge in demand for logistics and transportation following the liberalization of domestic commercial vehicle regulations, Hyundai's commercial vehicle distributor, Nanyang Industries, is strategically rolling out 5-tonne new vehicles. These commercial vehicles are characterized by five key strengths: comfort, spaciousness, reliability, peace of mind, and robust performance. Four models are available in the domestic market: mid-wheelbase with 6-speed manual transmission, mid-wheelbase with 6-speed automatic and manual transmission, long-wheelbase with 6-speed manual transmission, and long-wheelbase with 6-speed automatic and manual transmission. With a nationwide network of after-sales service centers and

collaboration with vehicle body manufacturers, we are committed to assisting small and medium-sized business owners in dominating every road. The all-new QT500 features a cargo bed width of 2.22 meters, far surpassing that of its counterparts. With the common 1.1-meter wide pallets found domestically, it can effortlessly double the cargo capacity, achieving the efficiency of two trips in one. Equipped with heavy-duty air brake system, the QT500 offers powerful braking force reducing braking distance by approximately 20%, without the traditional hydraulic brake high-temperature gas resistance issues. This is crucial for effective braking under daily heavy loads. Additionally, it features the only air handbrake in its class and employs high-rigidity steel reinforcement beams, meeting the highest European safety standards ECE R29, significantly enhancing safety on the road. Setting the benchmark with its incorporation of Hyundai SmartSense advanced active safety technologies, the vehicle offers features such as LDWS lane departure warning, EHS hill start assist, FCWS forward collision warning, AEBS emergency brake assist, VDC vehicle dynamic control, and ABS anti-lock braking system. In addition to these cutting-edge safety measures, the vehicle comes equipped with standard regulatory equipment like a four-channel dashcam and digital driving recorder, ensuring enhanced safety for both drivers and pedestrians on every journey.

In addition, maximum comfort is ensured with the heavy-duty luxury cabin of the QT500. Featuring a spacious and high-roofed interior, it minimizes long-term discomfort for both drivers and assistants. The vehicle is equipped with a brand-new 7-inch digital instrument panel and central console interface, which are localized in Traditional Chinese for user-friendly operation. Optional upgrades to premium heavy-duty luxury seats are also available, further enhancing the human-centric design of the commercial vehicle. With its European-inspired robust front, wide-body design, imposing grille, and Crossed Dynamic design language, the QT500 commands a strong and powerful presence. Its aerodynamics, with a coefficient of drag as low as 0.659Cd, effectively reduces fuel consumption during daily transportation. Equipped with a compliant 2.8L turbocharged diesel engine meeting Euro VI regulations, it delivers a maximum power of 146ps and a maximum torque of 40.77kgm, ensuring ample diesel power for quick acceleration at low speeds. The Great Peace of Mind warranty offers coverage for up to 120,000 kilometers or four years, providing assurance to customers. The QT500 has undergone extensive testing on various terrains, including flat roads, mountain roads, and rough roads, at domestic institutions. This thorough testing process ensures the reliability and durability of the vehicle, giving business owners peace of mind knowing they are covered by the original factory warranty.

Product Positioning

The QT500 targets customers engaged in short to medium-distance transportation within the domestic five-ton commercial vehicle market, aiming to capture this customer segment.

(2) Models planned for mass production in 2024 :

In 2024, we will continue to introduce various levels of hybrid and electric vehicles to meet the diverse preferences and upgrading needs of our customers, emphasizing energy efficiency and environmental friendliness.

II. Outline of 2024 Business Plan

(I) Business strategies

1. Quality: Consider punctuality, top quality, and precise quantity as standards for work implementation and delivery.
2. Innovation: Enhance the Company's competitiveness through continuous improvement and the integration of innovative thinking and new technology.
3. Service: Strengthen professionalism and optimize customer experiences to improve brand satisfaction.

(II) Expected sales volume

Business objectives for 2024: 413,000 motorcycles and 24,000 automobiles.

(III) Key production and marketing policy

1. Create new opportunities and capture the hearts and minds of customers
 - (1) Continuing with the efforts of the four major reforms, the "three standards, three sharing" , and the "double quality, double quantity", our focus remains on consumer-centric strategies. We aim to integrate various product lines, challenge existing technological boundaries, and innovate to create new brand value that resonates with consumer preferences.
 - (2) Integrate digital channels, introduce information tools to accelerate the speed of channel feedback, strengthen online service technical training, and accelerate the development of channel stores and decoration that comply with the brand's professional image. This will allow us to agilely respond to market demands, enhance channel management efficiency, and improve the level of Sales, Service & Spare Parts (3S) dealership services.
 - (3) Proactively offer thoughtful services with innovative approaches, we aim to extend car owners' diverse life needs through online media channels, creating a seamless integration of people and vehicles while adding joy to life.
2. Implementing a precise quality operation mechanism to ensure global competitiveness
 - (1) Establish the global production base for platform model and production leveling and consistent quality standards.
 - (2) The operation of the quality audit and counseling system operate on the principles of "prevention, containment, and recurrence prevention" along with the three non-policies for defective products: "no acceptance, no production, no distribution." Continuous improvement and rapid response to market feedback are

- emphasized to provide customers with satisfactory products and services.
- (3) Undertake a comprehensive inventory and update of smart equipment, leveraging extensive information technology utilization. Through continuous optimization and process improvement, heighten all employees' focus on quality and accelerate the pace of enhancement.
 3. Leverage high-level craftsmanship in car manufacturing to create driving dreams and happiness.
 - (1) As a key partner in Hyundai Motor's international business, we are dedicated to strategically positioning our products in the market to enhance competitiveness, in line with Hyundai's brand philosophy of "Progress for Humanity."
 - (2) Actively promote the management of a sustainable environment, introduce new energy vehicles, high-performance passenger cars and commercial vehicles, strengthen the brand image, and provide a complete sales product line.
 4. Collaborate closely with overseas distributors to aggressively target export markets, enhance brand recognition, and expand our global market share through the promotion of high-quality products.

III.Future Development Strategies of the Company and Effects of External Competitions, Legal Environment and Overall Business Environment

- (I) In 2023, the global environment faced challenges including viruses, the Ukraine–Russia war, high inflation, and increasing severity of climate change. Additionally, the government's program for scrappage subsidies was nearing expiration. Despite an overall increase in market demand for replacement purchases, the motorcycle market is experiencing rapid market changes and increased competition from imported vehicles. In response to these challenges, Sanyang maintained its high level of research and development capabilities and manufacturing technology. It consolidated its existing market while actively expanding overseas sales to adapt to the demanding global market environment.
- (II) Global inflationary pressures and the Red Sea crises have led to increased freight costs, affecting overall sales markets. This has resulted in shortages of key components, rising raw material costs, and difficulties in sales. The company has integrated group resources and flexibly allocated them to maximize efficiency, ensuring both the adequacy and timeliness of supply.
- (III) In response to emerging trends and emphasis on improving energy efficiency and the accelerated development of new energy vehicles (NEVs), the Company is actively developing NEVs and energy-saving products, concentrating efforts on the key battery core areas of lithium batteries, aluminum batteries and hydrogen fuels, to create more internationally competitive products and realize the vision of environmental sustainability.
- (IV) The Company continues to develop global/regional product strategies, seeking new opportunities. Through the sharing of group value chains and the active integration of resources from three regions, it aims to expand procurement of common parts to

enhance bargaining power and mitigate the impact of rising costs.

- (V) Sanyang has entered its 70th year as a company spanning both automotive and motorcycle sectors, accumulating profound experience and capabilities. It strives to break through existing technologies, cultivate global professional talents, actively expand diverse customer bases, and create economies of scale. This will lead to offering products with higher cost-effectiveness, driving operational synergies and international competitiveness both domestically and internationally, thus avoiding operational risks derived from external factors.

Chapter 2 . Company Overview

I. Company Profile

Items	Summary
Date of Incorporation	Incorporated on August 29, 1961, and formerly known as Sanyang Motor Plant, which was incorporated in 1954.
Headquarters	No. 3, Zhonghua Rd., Hukou Township, Hsinchu County Tel: (03)5981911
Xinfeng Plant	No. 184, Kengzikou, Shangkung Vil., Xinfeng Township, Hsinchu County Tel: (03)5576788
Parts Center	No. 815, Xinxing Rd., Xinfeng Township, Hsinchu County Tel: (03)5970612
Paid-in Capital	NT\$7.975 billion
Main Products	Automobiles, motorcycles, automotive products, related parts and components, etc.

II. Company History

- 1954 · Sanyang Electric Machinery Plant was founded in Neihu District, Taipei to manufacture dynamoelectric light sets for bicycles.
- 1959 · Sanyang Electric Machinery Plant was reorganized as Sanyang Electrical Machinery Co., Ltd.
- 1961 · Sanyang Electrical Machinery Co., Ltd. was reorganized as Sanyang Industry Co., Ltd.
- 1962 · Sanyang collaborated with Honda, Japan to manufacture motorcycles.
- 1967 · Sanyang signed a technology agreement with Honda, Japan on automobile production.
- 1969 · Sanyang's automobile plant was inaugurated to manufacture automobiles.
- 1976 · Sanyang independently developed and applied Steadite AlloyCylinders to her products with a 50,000km warranty; Steadite Alloy Cylinders were exported to Honda, Japan.
- 1977 · The first 1200cc automobile, Honda Civic, was launched and Nanyang Industries Co., Ltd. became the exclusive distributor of Sanyang automobiles.
- 1978 · Foundation Stone Laying Ceremony of Hsinchu Plant was held.
- 1980 · Dr. Shi H. Huang succeed Mr. Chi-Chun Huang as Chairman of the Board; motorcycle production lines in Neihu were relocated to the Hsinchu Plant.
- 1982 · Sanyang started to export motorcycles to the Dominican Republic.
- 1989 · Hsinchu Automobile Plant was inaugurated; automobile production lines in Neihu were relocated to the Hsinchu Plant.
- 1990 · Sanyang Safety Driving Center was opened to the public; Sanyang Educational and Training Center was inaugurated; Taiwan's first automatic auto body welder G/W M/C was utilized in the production lines.
- 1992 · Sanyang entered into a technology alliance with VMEP in Vietnam.
- 1995 · Sanyang entered into technology alliances with Xiashing Motorcycle Co., Ltd. and Qingzhou Engineering Industry Co., Ltd.in China; ISO 9001 and ISO 9002 were certified.

- 1996 · Sanyang was listed on the Taiwan Stock Exchange.
- 1998 · Sanyang was certified to ISO 9000, ISO 14001 and OHSAS 18001, the three-in-one integrated management system.
- 1999 · The Engineering Division was inaugurated; administration and other functional offices in NeiHu were relocated to the Hsinchu Plant and Sanyang resettled in Hsinchu completely.
- 2000 · Sanyang acquired VMEP, Xiashing and Qingzhou.
- 2001 · The engine plant of VMEP started operations.
- 2002 · Sanyang severed ties with Honda, Japan and engaged in a technology cooperation with Hyundai Motors, Korea; Aerospace Ceramic Cylinders and Electronic Fuel Injection System were able to be applied to all lines of products.
- 2003 · The Engineering Division was certified to QS 9000; VMEP was certified to ISO 9001.
- 2004 · Sanyang acquired 25% stake in King Long United Automotive Industry Co., Ltd.; the Product Life Cycle Management System (PLM) was applied.
- 2005 · Sanyang won the Ministry of National Defense bid to manufacture 4988 units of military tactical trucks; SanyangMotor Vietnam Company Limited (SMV), the 13th automaker in Vietnam was established; Sanyang Italia S.R.L. in Italy started operations; PT.Sanyang Industri Indonesia was formally granted license to commence production.
- 2006 · Sanyang announced her brand new logo, the Moving Arrow.
- 2007 · The ground-breaking ceremony of SMV was held; Sanyang entered into a technology cooperation with Mahindra & Mahindra Limited (MTWL) in India; VMEPH was listed on the Hong Kong Stock Exchange.
- 2008 · Sanyang Global (Xiamen) Co., Ltd. started operations.
- 2009 · Sanyang announced the application of Swirl Tumble Control System (S.T.C.S.) and cooperated with Uniteks Gida Tekstil Motorlu Araclar San. Ve Tic. A.S. in Turkey to manufacture motorcycles; ISO14064 was certified; VMEPH issued Taiwan Depository Receipts (TDR) in Taiwan; electric bicycles were launched.
- 2010 · VMEP R&D Centers in Vietnam was inaugurated.
- 2011 · The Groundbreaking Ceremony of Sanyang NeiHu Headquarter Park was held.
- 2012 · SYM launched E-WOO, a light electric scooter.
- 2013 · SYM launched two brand new big scooters, MAXSYM 400i and GTS 300i.
- 2014 · Messrs. Walter H.C. Chang and C. Y. Wu were elected Chairman and Vice Chairman respectively in the Board of Directors' Meeting.
- Sanyang entered into an OEM agreement with Kia Motors Corp.
- 2015 · Sanyang Industry Co., Ltd. was formally renamed as Sanyang Motor Co., Ltd.
- SYM brand logo and font (typeface) were formally revised.
- SYM SB300 was launched in Taiwan.
- 2016 · Shark Mini, a new 125c.c. scooter, was launched in Vietnam.
- Hyundai's new SUV All New Tucson was launched in Taiwan.
- Xiashing Motor received the Chinese High-Tech Enterprise Certification from the Xiamen Government.
- 2017 · Mr. C. Y. Wu and Ms. Li-Chu Wu were elected Chairman and Vice Chairman respectively in the Board of Directors' Meeting.
- VMEP opened a new office in Ho Chi Minh City.

- VMEP held a groundbreaking ceremony for its new plant in Phu Nghia.
- SYM announced its whole new engine with Zero-Resistance Starter & Generator System (ZRS) in the 2017 Milan Motorcycle Shows (EICMA).
- 2018
 - "Solar Roof" was installed to practically support our national green policy.
 - Xiasheng Motor celebrated the relocation of its R&D Center.
 - Sanyang's Spare Part Center held its groundbreaking ceremony.
 - Sanyang signed a memorandum of understanding (MOU) with the state-run CPC Corporation for a joint development of electric-vehicle business.
- 2019
 - President Tsai Ing-wen visited Sanyang's Hsinchu Plant.
 - Vietnam Manufacturing and Export Processing Co., Ltd. formally relocated its Dongnai Plant to Nhon Trach.
 - Sanyang Motor was elected as the 2019 Happy Enterprise.
 - SYM was awarded the silver prize of the 2019 German Best Brand and Dealer Satisfaction for the motorcycle segment.
 - SYM DRG BT, a 158cc sporty scooter, was launched.
- 2020
 - The Sanyang Parts Center was inaugurated.
 - The new Hyundai compact SUV, Venue, was launched.
 - Sanyang Motor formed a brand alliance, SYM x GPX, with GP Motor Thailand Company Limited to further expand both enterprises' market share in the ASEAN market.
 - The SYM Service Innovation Academy was inaugurated.
- 2021
 - SYM JET series have been crowned the champion in three different categories of the 2021 Taiwan TSR Racing Competition. The Jet series has won a total of 72 racing champions since 2016.
 - Xiasheng Motorcycle Co., Ltd. was recognized and awarded as the "Key Industrial Enterprise" as well as the "High-Tech, High-Growth, and High-Added Value Enterprise" by the Xiamen Municipal People's Government.
 - The New Tucson L was launched.
- 2022
 - Hyundai Motor leaps into the top four domestic car brands.
 - Xiasheng Motor 30th anniversary.
 - Sanyang SYM returned to the first domestic motorcycle market with a market occupancy of 34.8%.
 - Sanyang Motor's consolidated revenue exceeded NT\$50.8 billion.

(I) 2023 Significant Events

January	SYM Joyrid 300 joined the SYM MIDDLE EAST ROAD TRIP from Greece to Middle East, a total 4,000km journey across four countries, namely Israel, Jordan, Iraq, and Turkey.
April:	SYM JET series have secured 100 champions throughout the years in Scooter Races held by Taiwan Spirit Rider Association (TSR), with Jet SL 125 winning the 100th champion in 2023. Sanyang launched JET SL's Hundred Champ Special Edition for celebration.
September	Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP), Sanyang's affiliated company in Vietnam, celebrated its 30th anniversary.

December	SYM held onto the leading position in Taiwan two-wheeler market with a 38.4% market share; Sanyang's consolidated revenue in 2023 exceeded NT\$64.4 billion, reaching a historical high.
December	Hyundai in Taiwan had a 44% growth in 2023, becoming the fourth largest domestic brand in Taiwan's non-luxury car market.
December	Hyundai launched its five-ton truck, Hyundai QT 500, in Taiwan.

(II) The Company's M&A, Reinvestment in Affiliates, and Restructuring in the Most Recent Year and as of the Date of the Annual Report:

The Company will participate in the capital increase plan of APh from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board Meeting on June 2, 2022, and has been announced at the Market Observation Post System. The accumulated percentage of shareholdings reached 53.23% on November 11, 2022. From that date, the Company obtained control over it. As of March 31, 2024, the Company has subscribed to additional shares at \$1,883,061 thousand at a percentage different from its existing ownership percentage.

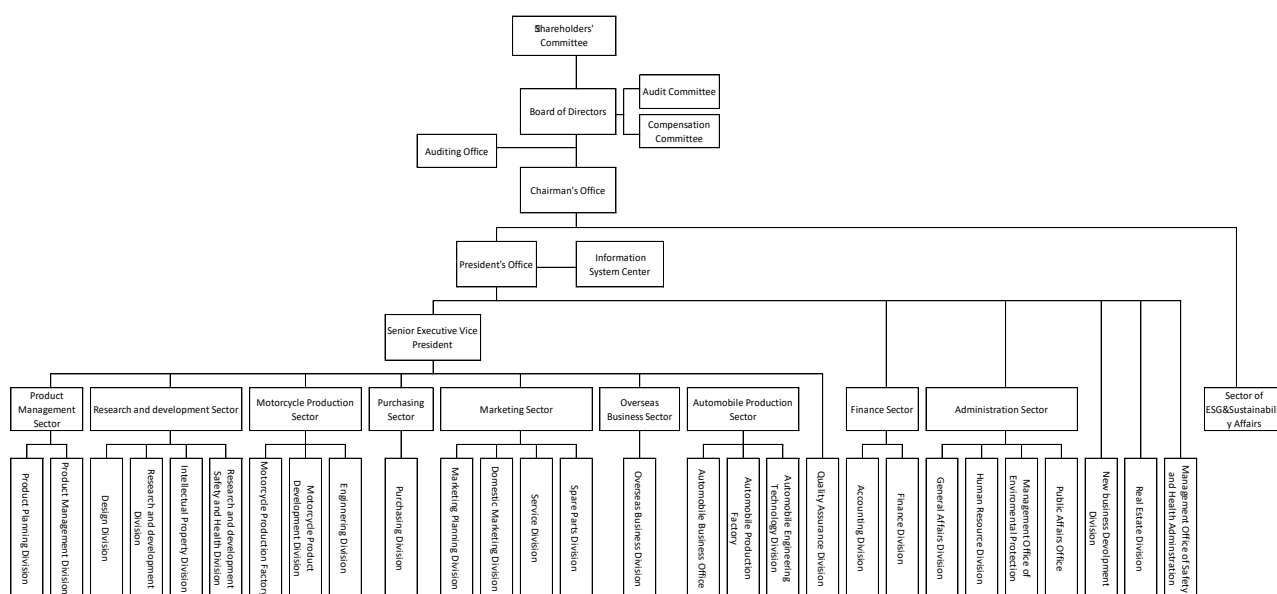
(III) Substantial Share Transfer by Director of the Board, Supervisor of the Board or Shareholders Holding over 10% Shares on the Company in the Most Recent fiscal Year and up to the Date of publication of the Annual Report: None.

(IV) Changes in Rights of Management, Significant Changes in Management Mode or Businesses and Other Important Matters Sufficient for Affecting Shareholder Equity in the Most Recent fiscal year and up to the Date of publication of Annual Report: None.

Chapter 3 . Corporate Governance Report

I. Company Organization Structure

(I) Organization Chart



(II) Business of Major Sectors

1. Product Management Sector:

- (1) Targeting core creative ideas in the market and customer demand, the sector strengthens its functions in product design and planning. It also integrates product specification planning and model design mechanisms for the project planning of new domestic and global models.
- (2) Coordinate and integrate product range planning, development, and product life cycles, and the model naming management for domestic and overseas production bases.
- (3) Control the target costing in different phases, including the product planning, design, development and mass production, and serve for all relevant communication, coordination, and management to ensure the improvement of product competitiveness.
- (4) Enhance market research and propose core creative ideas with market value. Conduct planning for new domestic and global models and the product planning business of the headquarters.

2. Research and Development Sector:

- (1) Responsible for the overall technical and functional research, design and testing of powered 2-wheel products, the analysis of various models from competing brands, and the planning and promotion of R&D-related business.

(2) Conduct research on R&D-related project essays, technical information, and cost planning.

(3) Plan and promote R&D of intellectual property businesses.

3. Purchasing Sector:

(1) Responsible for domestic and global component purchasing, general procurement of import and export business, and importing from overseas subsidiaries.

(2) Promote projects related to the reduction of purchase costs and the improvement of quality of procured merchandise.

(3) Manage project business related to model platform and the integration of the supply chain in Taiwan and overseas.

(4) Execute the strategy of reducing component purchase costs for production bases in Taiwan and overseas.

(5) Coordinate management of international supply chain and improve the efficiency of the globalized organization.

4. Marketing Sector:

(1) Formulate and promote domestic marketing campaigns and establish annual, middle and long-term sales targets and plans.

(2) Formulate and promote service-related policies and systems for domestic and overseas markets.

(3) Formulate and promote policies and systems related to sales of components in domestic and overseas markets.

5. Overseas Business Sector:

(1) Formulate and promote global operating and marketing strategies and establish annual, middle and long-term foreign sales targets and plans.

(2) Formulate and promote policies and systems related to orders and sales in overseas markets of the three regions.

(3) Coordinate the utilization of the resources within the three regions to improve the quality of production, selling, and service of products for foreign sales.

(4) Implement the 3S system integration in the three regions.

(5) Expand the overseas sales markets and increase its global sales.

6. Motorcycle and Automobile Production Sector:

(1) Responsible for material processing and manufacturing of engines and frame parts for two-wheel and certain models of automobiles, as well as the assembly of motorcycle and automobile engines and finished units.

(2) Ensure the on-schedule operation of factories and production quality. Reduce manufacturing costs. Cooperate with the R&D Sector to implement the trail

production and the production test required for the development of new products, ensuring the smooth transition to mass production for new models.

- (3) Ensure that the Company's manufacturing business, including machinery, processing, engineering, inspection, mold design, processing and manufacturing, assembly, trimming, and maintenance, is in good operation. Ensure product quality, reduce costs, and deliver on schedule to meet demand.
- (4) Manage product development, model integration, and the product life cycle in domestic and overseas production bases.
- (5) Improve the factory production regime, rationalize the production process, improve manufacturing technology, and establish the relevant technological standards and norms.

7. Quality Assurance Division:

- (1) Plan, establish, promote, and maintain the quality control management system of the Company.
- (2) Plan and promote quality control activities of the Company.

8. Finance Sector:

- (1) Responsible for capital raising, management, capital movement, as well as operation and utilization of foreign exchange and currency interest rate.
- (2) Establish the accounting and costing standards and control over relevant business.
- (3) Responsible for investment evaluation and the management and supervision of reinvestment entities.

9. Administration Sector:

- (1) Map out human resources plans, strategies, visions and development blueprints, and assist in implementing the Company's business operation strategies. Furthermore, apply employment, establish salary rules, and provide training according to the human resources strategy to ensure the efficient utilization of human resources.
- (2) Implement the Company's administrative affairs, employee services, dormitory management, and miscellaneous welfares.
- (3) Manage trademarks, legal instruments, litigations and non-litigation cases of the Company.
- (4) Lead and implement various public affairs-related activities and business.

10. New Business Development Division:

Responsible for planning and promoting the research and development, design, and new model development of electric scooters.

11. Real Estate Division:

- (1) Develop land assets of the Company.
- (2) Lease and sales planning and business management of the Company's land and factory buildings.
- (3) Draft and execute the Company's construction projects and factory repairs.

12. Management Office of Safety and Health Administration:

Draft the Company's policies and concept of environmental safety and health to ensure that all operations and procedures comply with the requirement of the government and laws. Assist in creating and maintaining a healthy and safe workplace environment.

13. Sector of ESG & Sustainability Affairs:

- (1) Stay updated and stay informed about significant political and economic news and industry trends in all industries, markets, and the world.
- (2) Evaluate new technologies, emerging businesses, alternative markets, and opportunities of investment/ M&A/ alignment with different industries.
- (3) Assist various projects of the Company's reinvestment entities.
- (4) Promote issues related to ESG and carbon management.

14. President's Office:

- (1) Draft and promote the Company's business mission, vision, policies, mid and long-term targets, and annual business plans.
- (2) Develop the Company's operational KPIs and oversee and enhance business performances.
- (3) Responsible for planning, providing suggestions, and monitoring the Company's integrated businesses.
- (4) Manage and coordinate the business of domestic and overseas subsidiaries.
- (5) Establish and improve business management systems of domestic and overseas subsidiaries.
- (6) Manage and promote the Company's integrated information businesses, coordinate planning of business processes of multinational operations, and assist subsidiaries and affiliates in information development.

15. Audit Office:

- (1) Establish audit systems and implement internal audit business.
- (2) Report on the annual audit plan and audit report, provide recommendations, and follow up on the audit.

II. Information of Directors of the Board and Main Managers

(I) Information about Directors of the Board

Apr.27, 2024

Title	Nationality or Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Electe		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding Under the Names of Other Parties		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Republic of China	Ching-Yuan Wu	Male (67)	2020.06.23	3	2011.05.27	20,126,240	2.36%	20,126,240	2.52%	281,360	0.04%	-	-	Master of Agriculture and Urban Planning, Chung Hua University	Chairman of Nanyang Industries Co., Ltd. Chairman of Ching Ta Investment Co., Ltd. Chairman of Taiwan Tea Corporation (Note 2)	Vice Chairman	Li-Chu Wu	Sibling	Note 1
Vice Chairman	Republic of China	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	Female (58)	2020.06.23	3	2014.06.18 2017.06.20	29,181,000 -	3.42% -	29,181,000 17,046,560	3.66% 2.14%	- 4,269,600	- 0.54%	- -	- -	EMBA, Nanjing Normal University	Chairman of Shan Young Assets Management Co., Ltd. Vice Chairman of Nanyang Industries Co., Ltd. (Note 2)	Chairman	Ching-Yuan Wu	Sibling	-
Managing Director/ Independent Director	Republic of China	Chung-Chuan Shih	Male (56)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	Master of Law, National Chengchi University	-	-	-	-	-
Director	Republic of China	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	Male (58)	2020.06.23	3	2014.06.18	29,181,000 -	3.42% -	29,181,000 106,200	3.66% 0.01%	- 36,200	- 0.00%	- -	- -	Department of International Trade, Feng Chia University Department of Law, Hsuan Chuang University	-	-	-	-	-
Director	Republic of China	Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu	Male (34)	2023.06.28	3	2014.06.18 2023.06.28	29,181,000 -	3.42% -	29,181,000 40,000	3.66% 0.00%	- -	- -	- -	- -	Master of Business Management of National United University	Director of Nanyang Industries Co., Ltd. (Note 2)	Chairman	Ching-Yuan Wu	Father and son	-

Title	Nationality or Place of Registration	Name	Gender and Age	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding Under the Names of Other Parties		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	Male (40)	2020.06.23	3	2014.06.18	14,625,000 -	1.71% -	14,625,000 17,000	1.83% 0.00%	- -	- -	- -	- -	Cass Business School Investment Management	Director of Nanyang Industries Co., Ltd. Chairman of Three Brothers Machinery Industrial Co., Ltd. (Note 2)	-	-	-	-
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	Male (57)	2020.06.23	3	2014.06.18	14,625,000 -	1.71% -	14,625,000 1,531,000	1.83% 0.19%	- -	- -	- 38,128,000	- 4.78%	-	Director of Taiwan Tea Corporation	-	-	-	-
Director	Republic of China	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	Male (60)	2020.06.23	3	2014.06.18 2017.06.20	14,625,000 -	1.71% -	14,625,000 -	1.83% -	- -	- -	- -	- -	University of Ottawa	-	-	-	-	-
Independent Director	Republic of China	Chen Chiang	Male (54)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	Master of Commerce in the Department of Accounting and Information Technology, National Chung Cheng University	-	-	-	-	-
Independent Director	Republic of China	Chih-Hung Hsieh	Male (64)	2020.06.23	3	2017.06.20	-	-	-	-	-	-	-	-	Doctor of Juridical Science, National Chengchi University	Independent Director of Grand Pacific Petrochemical Cop.	-	-	-	-
Independent Director	Republic of China	Fu-Wei Chen	Male (64)	2023.06.28	3	2023.06.28	-	-	-	-	-	-	-	-	Master of Accounting, National Chengchi University	Independent Director of Taiwan Financial Holdings	-	-	-	-

Note 1: In case that the Chairman and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within one degree of kinship, the reason, rationality, necessity, and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described:

The Chairman of the Company also serves as the President to improve operational efficiency and decision execution ability.

Note 2: For others, please refer to Information of directors, supervisors, and managers of each affiliated enterprise.

1. Major Shareholders of Corporate Shareholders

Apr.27, 2024

Names of Corporate Shareholders	Major Shareholders of Corporate Shareholders
1. Chien-Jin Investment Co., Ltd.	(1) Li-Chu Wu (90%) (2) Chun-Mei Fan Chiang (10%)
2. Chao-Yao Investment Co., Ltd.	(1) Li-Chu Wu (80%) (2) Chin-Nu Yang (20%)

2. Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors

Criteria Name	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ching-Yuan Wu	Has over 5 years of work experience in the area for the Company's business, currently serves as the Chairman and President of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	Has over 5 years of work experience in the area for the Company's business, currently serves as the Vice Chairman of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	Has over 5 years of work experience in the area for the Company's business, currently serves as the Director of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu	Has over 5 years of work experience in the area for the Company's business, currently serves as the Director of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	Has over 5 years of work experience in the area for the Company's business, currently serves as the Director and Assistant Manager, Administration Sector of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	Has over 5 years of work experience in the area for the Company's business, currently serves as the Director of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	Has over 5 years of work experience in the area for the Company's business, currently serves as the Director of the Company, and does not fall under the circumstances outlined in Article 30 of the Company Act.	–	0
Chung-Chuan Shih	Has over 5 years of work experience in the area necessary for the Company's accounting affairs and business, currently serves as the Company's Independent Director and the CPA of the Guo Ju Certified Public Accounting Firm, and does not fall under the circumstances outlined in Article 30 of the Company Act.	(1) Not an employee of the Company or any of its affiliates. (2) Not a Director of the Board or Supervisor of the Board of the Company or any of its affiliates. (3) Not a natural person shareholder who,	0

Criteria Name	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chen Chiang	Has over 5 years of work experience in the area necessary for the Company's legal affairs and business, currently serves as the Company's Independent Director and the managing attorney of the Chiang Chen Law Firm, and does not fall under the circumstances outlined in Article 30 of the Company Act.	together with those held by the person's spouse, children (minors), or held by the person under others' names, holds an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranks in the top 10 in holdings.	0
Chih-Hung Hsieh	Has over 5 years of work experience as a law lecturer in a college or university and in the area necessary for the Company's business, currently serves as the Company's Independent Director and an associate professor in the Department of Law of Fu Jen Catholic University, and does not fall under the circumstances outlined in Article 30 of the Company Act.	(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer as specified in (1) or any of the persons specified in (2) and (3). (5) Not a Director of the Board, Supervisor of the Board, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a Director of the Board or Supervisor of the Board of the Company under Article 27, paragraph 1 or 2 of the Company Act.	1
Fu-Wei Chen	Has over 5 years of work experience as a law lecturer in a college or university and in the area necessary for the Company's business, currently serves as the Company's Independent Director and the Director of Chuan Chih Ho Shu Accounting Firm, and does not fall under the circumstances outlined in Article 30 of the Company Act.	(6) Not a Director of the Board, Supervisor of the Board, or employee of any other company that controls a majority of the Company's director seats or voting shares and those of that other company. (7) Not a Director (or governor), Director of the Board, or employee of another company or institution who is the chairman, president, or person holding an equivalent position of the Company and a person in any of those positions of another company or institution are the same person or are spouses. (8) Not a Director (or governor), Director of the Board, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual who, or an owner, partner, Director (or governor), Director of the Board, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company and for which the provider has received compensation in the past two years, or a spouse thereof. (10) Not a spouse or relative within the second degree of kinship of any other Directors. (11) Not a governmental, juridical person, or its representative as defined in Article 27 of the Company Act.	1

3. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

In accordance with Article 20 of the Company's Code of Corporate Governance, the composition of the Board of Directors shall take into account diversity. The number of Directors who concurrently serve as managers of the Company shall not exceed one-third of the total number of Directors. Furthermore, appropriate diversity guidelines shall be formulated with respect to the Company's operation, business model, and development needs, and shall include, but not be limited to, the following two major criteria:

- A. Basic criteria and values: Gender, age, nationality, culture, etc.
- B. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and experience in relevant industries.

The Board members shall generally possess the knowledge, skills, and literacy necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole shall possess the following competencies:

- A. Operational judgment.
- B. Accounting and financial analysis skills.
- C. Operational management skills.
- D. Crisis management skills.
- E. Industry knowledge.
- F. International market perspective.
- G. Leadership skills.
- H. Decision making skills.

(2) The Company's current Board of Directors consists of 11 Directors, and the specific management objectives and achievements of the Board's diversity policy are as follows:

Management Objectives	Achievement
Independent directorships exceed one-third of the Board seats.	Achieved
The number of Directors who are also managers of the Company shall not exceed one-third of the number of Directors.	Achieved
Independent Directors have not served more than 3 terms.	Achieved
The Board of Directors consists of at least one female member.	Achieved

(3) The implementation of the Board of Directors' diversity policy is as follows:

Core Items of Diversity		Name and Title	Nationality	Gender	Concurrent Role as the Employee (Note)	Age			Professional Background			Professional Skills									
						Aged 30~40	Aged 51~60	Aged 61~70	Accounting	Industry	Finance	Law	Operational judgement	Accounting and financial analysis skills	Operational management skills	Crisis management skills	Industry knowledge	International market perspective.	Leadership skills	Decision making skills.	
Director			Republic of China	Male	✓			✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	
				Female			✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
				Male			✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
				Male	✓	✓			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓
				Male	✓	✓			✓					✓	✓	✓	✓	✓	✓	✓	✓
				Male			✓				✓			✓	✓	✓	✓	✓	✓	✓	✓
				Male			✓				✓			✓	✓	✓	✓	✓	✓	✓	✓
				Male					✓					✓	✓	✓	✓	✓	✓	✓	✓
				Male			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
				Male						✓				✓	✓	✓	✓	✓	✓	✓	✓
				Male					✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
				Male					✓	✓	✓				✓	✓	✓	✓	✓	✓	✓
Independent Director			Chung-Chuan Shih	Male			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
			Chen Chiang	Male			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
			Chih-Hung Hsieh	Male				✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	
			Fu-Wei Chen	Male				✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	

Note: The number of directors of the Company who are concurrently employees of the Company, its parent, subsidiary, or sibling company is less than (inclusive of) one-third of the board seats.

(4) Independence of the Board of Directors

The Company's current Board of Directors consists of 11 members, including 4 Independent Directors and 3 Directors with employee status (accounting for 36.36% and 27.27% of the total number of Directors, respectively). This composition aligns with the goal of having no fewer than 3 Independent Directors, one-third of the Directors' seats held by Independent Directors, and Directors who concurrently serve as the Company managers not exceeding one-third of the Directors' seats. As of the end of 2023, all independent directors had complied with the requirements set by the Securities and Futures Bureau, Financial Supervisory Commission regarding independent directors. The majority of the board members did not have spouses or relatives within the second degree of kinship (Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, and Director Yi-Cheng Wu are relatives within the second degree of kinship); there were no spousal relationships or relatives within the second degree of kinship between independent directors or between independent directors and other directors.

(II) President, Vice Presidents, Assistant Vice President, and Supervisors of the Board of All Sectors and Branch Units

Apr.27, 2024

Title	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding Under the Names of Other Parties		Main Experience (Educational Attainment)	Other Position Concurrently Held at Other Companies	Other Managerial Officers who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President	Republic of China	Ching-Yuan Wu	Male	2016.05.13	20,126,240	252%	281,360	004%	-	-	Master in Agriculture and Urban Planning of Chung Hua University	Chairman of Nanyang Industries Co., Ltd. Chairman of Ching Ta Investment Co., Ltd. Chairman of Taiwan Tea Corporation (Note 5)	-	-	-	Note 2
Vice President	Republic of China	Nai-Shih Lin	Male	1995.06.01	-	-	-	-	-	-	Master of Business Administration, New York Institute of Technology	Chairman of Sunshine Auto-Lease Co., Ltd.	-	-	-	-
Vice President	Republic of China	Hsu-Pin Chen	Male	2017.05.03	-	-	-	-	-	-	Master, Department of Mechanical Engineering, National Chiao Tung University	Chairman of Chu-Yang Motor Co., Ltd. Director of Sanyang Italia S.r.l Director of Sanyang Deutschland GmbH Director of Three Brothers Machinery Industrial Co., Ltd. Director of Hitachi Astemo Taichung Co., Ltd. (Note 5)	-	-	-	-
Vice President	Republic of China	Shih-Liang Hsu (Note 3)	Male	2019.10.15	569	000%	-	-	-	-	Department of Industrial Engineering and Management, Tunghai University	-	-	-	-	-
Assistant Vice President	Republic of China	Ying-Feng Chiu	Male	2010.12.01	3,412	000%	-	-	-	-	Master of Power Machinery, National Taiwan University	Chairman of Nova Design Co., Ltd. (Note 5)	-	-	-	-
Assistant Vice President	Republic of China	Chao-Shun Lin	Male	2013.02.06	11,064	000%	1,719	000%	-	-	Master of Machinery, National Taiwan University of Science and Technology	-	Assistant Vice President	Chao-Sheng Lin	Brothers	-
Assistant Vice President	Republic of China	Hsi-Cheng Chang	Male	2014.10.01	11,694	000%	-	-	-	-	Master of International Business Management, National Taiwan University	Chairman of Youth Taisun Co., Ltd.	-	-	-	-
Assistant Vice President	Republic of China	Kuei-Chin Huang	Male	2016.12.23	53	000%	-	-	-	-	Kaohsiung Municipal Kaohsiung Commercial High School	Supervisor of Ching Ta Investment Co., Ltd. Supervisor of Sunshine Auto Lease Co., Ltd. (Note 5)	-	-	-	-
Assistant Vice President	Republic of China	Chao-Sheng Lin	Male	2017.05.26	11,606	000%	-	-	-	-	Department of Power Machinery, Taiwan Industrial Technology Research Institute	Director of Qingzhou Engineering Industry Co., Ltd. (Note 5)	Assistant Vice President	Chao-Shun Lin	Brothers	-

Title	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding Under the Names of Other Parties		Main Experience (Educational Attainment)	Other Position Concurrently Held at Other Companies	Other Managerial Officers who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relatio nship	
Assistant Vice President	Republic of China	Chien- Sheng Chen	Male	2017.05.26	10,718	0.00%	-	-	-	-	Department of Mechanical Engineering, National Taipei Institute of Technology	Director of Qingzhou Engineering Industry Co., Ltd. Director of Sanyang Global (Xiamen) Co., Ltd. Director of Xiamen Xiasheng Motorcycle Co., Ltd. (Note 5)	-	-	-	-
Assistant Vice President	Republic of China	Ren-Hao Tien	Male	2017.07.03	17,000	0.00%	-	-	-	-	Cass Business School Investment Management	Director of Nanyang Industries Co., Ltd. Chairman of Three Brothers Machinery Industrial Co., Ltd. (Note 5)	-	-	-	-
Assistant Vice President	Republic of China	Yuan- Ping Huang	Male	2017.07.03	7,211	0.00%	-	-	-	-	Department of Mechanical Engineering, National Chung Hsing University	Chairman of Qingzhou Engineering Industry Co., Ltd. Director of Three Brothers Machinery Industrial Co., Ltd. Director of Hitachi Astemo Taichung Co., Ltd. (Note 5)	-	-	-	-
Assistant Vice President	Republic of China	Ming- Chieh Lin	Male	2017.07.17	-	-	-	-	-	-	Master of Civil Engineering, National Chiao Tung University	-	-	-	-	-
Assistant Vice President	Republic of China	Yuh- Shying Gau (Note 4)	Male	2018.10.08	1,000	0.00%	-	-	-	-	Ph.D. in Mechanical Engineering, Department of Industrial Engineering, University of Wisconsin-Mad ison	-	-	-	-	-
Assistant Vice President	Republic of China	Kuang- Pin, Chuang	Male	2022.12.14	-	-	-	-	-	-	Department of Electrical Engineering, Chienkuo Technology University	-	-	-	-	-

Note 1: Date taking office means the date on which one is appointed as managerial officer of the Company.

Note 2: In case that the Chairman and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within one degree of kinship, the reason, rationality, necessity, and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described: The Chairman of the Company also serves as the President to improve operational efficiency and decision execution ability. At present, the majority of the Board of Directors' members do not concurrently serve as employees or managers.

Note 3: Shih-Liang Hsu resigned on December 31, 2023.

Note 4: Yuh-Shying Gau resigned on December 31, 2023.

Note 5: For others, please refer to the information of directors, supervisors, and managers of each affiliated enterprise.

(III) Remuneration of Directors, Independent Directors, President, and Vice Presidents in 2023

1. Remuneration of General Directors and Independent Directors

Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Sum of A, B, C, and D to After-tax Net Income Ratio (%)	
		Compensation (A)		Severance Pay and Pension (B)		Directors' Compensation (C)		Business Execution Expenses (D)			
		The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements
Chairman	Ching-Yuan Wu	19,834	19,834	-	-	22,038	22,038	70	70	41,942 0.67%	41,942 0.67%
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	10,802	10,802	108	108	14,692	14,692	70	70	25,672 0.41%	25,672 0.41%
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	7,346	7,346	70	70	7,416 0.12%	7,416 0.12%
Director	Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu	-	-	-	-	7,346	7,346	40	40	7,386 0.12%	7,386 0.12%
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	-	-	-	-	7,346	7,346	70	70	7,416 0.12%	7,416 0.12%
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	-	-	-	-	7,346	7,346	50	50	7,396 0.12%	7,396 0.12%
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	-	-	-	-	7,346	7,346	60	60	7,406 0.12%	7,406 0.12%
Managing Director/ Independent Director	Chung-Chuan Shih	1,082	1,082	-	-	-	-	170	170	1,252 0.02%	1,252 0.02%
Independent Director	Chen Chiang	1,082	1,082	-	-	-	-	170	170	1,252 0.02%	1,252 0.02%
Independent Director	Chih-Hung Hsieh	1,082	1,082	-	-	-	-	170	170	1,252 0.02%	1,252 0.02%
Independent Director	Fu-Wei Chen	610	610	-	-	-	-	80	80	690 0.01%	690 0.01%

Title	Name	Relevant Remuneration Received by Directors who Concurrently Serve as Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income After Tax (%)		Remuneration from Reinvestment Entities Other than Subsidiaries or the Parent Company
		Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company		All Companies Listed in Consolidated Financial Statements		The Company	All Companies Listed in Consolidated Financial Statements	
Cash	Stock					Cash	Stock					
Chairman	Ching-Yuan Wu	-	-	-	-	1,837	-	1,837	-	43,779 0.70%	43,779 0.70%	5,033
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	-	-	-	-	-	-	-	-	25,672 0.41%	25,672 0.41%	-
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	-	-	-	-	7,416 0.12%	7,416 0.12%	-
Director	Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu	2,390	2,394	77	77	177	-	177	-	10,030 0.16%	10,034 0.16%	-
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	3,950	3,950	108	108	306	-	306	-	11,780 0.19%	11,780 0.19%	-
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	-	-	-	-	-	-	-	-	7,396 0.12%	7,396 0.12%	40
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	-	-	-	-	-	-	-	-	7,406 0.12%	7,406 0.12%	-
Managing Director/ Independent Director	Chung-Chuan Shih	-	-	-	-	-	-	-	-	1,252 0.02%	1,252 0.02%	-

Independent Director	Chen Chiang	-	-	-	-	-	-	-	-	1,252 0.02%	1,252 0.02%	-
Independent Director	Chih-Hung Hsieh	-	-	-	-	-	-	-	-	1,252 0.02%	1,252 0.02%	-
Independent Director	Fu-Wei Chen	-	-	-	-	-	-	-	-	690 0.01%	690 0.01%	-

Note 1: The remuneration paid to Directors for providing services (e.g., providing consulting services as non-employees) for all companies listed in the consolidated financial statements in the most recent period: None.

Note 2: The remuneration paid to Directors (including Independent Directors) by the Company in 2022 accounted for 2.25% of the net profits after tax in 2022, and the remuneration paid to Directors (including Independent Directors) by all companies listed in the financial statements in 2022 accounted for 2.25% of the net profits after tax in 2022.

2-1. Remuneration of the President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C)		Employee Compensation (D)				Sum of A, B, C, and D to After-tax Net Income Ratio (%)		Remuneration from Reinvestment Entities Other than Subsidiaries or the Parent Company
		The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company	All Companies Listed in Consolidated Financial Statements	The Company		All Companies Listed in Consolidated Financial Statements		The Company	All Companies Listed in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Ching-Yuan Wu	8,595	8,595	324	324	7,267	7,544	2,375	-	2,375	-	18,561 0.29%	18,838 0.30%	None
Vice President	Nai-Shih Lin													
Vice President	Hsu-Pin Chen													
Vice President	Shih-Liang Hsu													

Note 1: The actual payment of retirement pension in 2023 amounted to NT\$324 thousand, the provision or allocation for retirement pension recognized as expenses for severance pay and pension in 2023 amounted to NT\$0 thousand.

Note 2: The remuneration paid to President and Vice Presidents by the Company in 2022 accounted for 0.65% of the net profits after tax in 2022, and the remuneration paid to President and Vice Presidents by all companies listed in the financial statements in 2022 accounted for 0.65% of the net profits after tax in 2022.

2-2. Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of President and Vice Presidents	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Ching-Yuan Wu	Ching-Yuan Wu
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Nai-Shih Lin	Nai-Shih Lin
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Hsu-Pin Chen, Shih-Liang Hsu	Hsu-Pin Chen, Shih-Liang Hsu
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	4 individuals	4 individuals

3. Remuneration of Managerial officers

Unit: NT\$ thousand

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income After Tax (%)
Managerial Officer	President	Ching-Yuan Wu	-	5,407	5,407	0.09%
	Vice President	Nai-Shih Lin				
	Vice President	Hsu-Pin Chen				
	Vice President	Shih-Liang Hsu				
	Assistant Vice President	Ying-Feng Chiu				
	Assistant Vice President	Chao-Shun Lin				
	Assistant Vice President	Hsi-Cheng Chang				
	Assistant Vice President	Kuei-Chin Huang				
	Assistant Vice President	Chao-Sheng Lin				
	Assistant Vice President	Chien-Sheng Chen				
	Assistant Vice President	Ren-Hao Tien				
	Assistant Vice President	Yuan-Ping Huang				
	Assistant Vice President	Ming-Chieh Lin				
	Assistant Vice President	Yuh-Shying Gau				
	Assistant Vice President	Kuang-Pin, Chuang				

4. The policy, standards, and composition of remuneration, the procedure for determining remuneration, and the relationship with operational performance and future risks are as follows:

- (1) The remuneration to directors shall be paid in accordance with Article 24 of the Company's Articles of Incorporation, which provides that the remuneration to the Chairman, Directors, and Supervisors shall be determined based on their degree of participation in the Company's operations and the value of their contributions, while taking into account domestic and international industry standards. According to Article 31-1 of the Articles of Incorporation, if the Company earns a profit for the year, it shall allocate over 1% of the income before tax as employee remuneration, and within 1% as remuneration for Directors and Supervisors. However, when the Company has accumulated losses, an amount shall be reserved in advance for offsetting such losses. Independent Directors shall not participate in the foregoing remuneration distribution. When attending the meetings of Board of Directors and functional committees of the Company, the travel expenses shall be additionally disbursed. The Company's directors have adopted the "Procedures for Evaluating Performance of the Board of Directors" as the basis for performance evaluation. At the end of the fiscal year, directors are internally evaluated through a self-evaluation questionnaire. The evaluation indicators include: grasp of the Company's goals and missions; awareness of directors' responsibilities; level of participation in the

Company's operations, internal relationship management and communication, and directors' professionalism and continuing education (e.g. corporate governance-related courses), internal control, etc.

- (2) According to the Company's regulations, the remuneration of managerial officers shall include salaries and bonuses. Salaries are determined based on industry standards, job titles, positions, educational background, and professional abilities. Bonus distribution is based on the results of performance evaluations according to the "Performance Assessment Regulations," with performance metrics including job performance (60%), management capabilities (30%), specific contributions (10%), and consideration of overall profitability, target achievement rate, operational performance, and participation in sustainable operations. Compensation percentages are calculated accordingly, aiming to provide reasonable remuneration, and are subject to review based on actual operating conditions and relevant legal requirements.

Work performance includes:

Optimizing existing products to enhance competitiveness, increasing sales revenue in the four-wheeler segment, enhancing operational capabilities and deepening collaborative design, developing new technologies to create competitive advantages, strategizing and executing platform strategies, establishing patent deployments and technology repositories, ensuring domestic sales revenue, strengthening international brand power and corporate image, systematizing talent development, and planning and evaluating asset utilization, among others.

Management functions include:

Strategy influence, deepening collaborative synergy, visionary leadership, leadership team, team talent arrangement, change leadership, empowerment authorization, formulation of strategic direction, operational decision-making ability, driving strategy execution, business acumen.

- (3) Relevance of future risks:

The Company's remuneration will be evaluated and adjusted based on future environmental changes and operational performance. Directors and employees involved in illegal activities resulting in losses to the Company may be subject to necessary disciplinary actions in accordance with legal regulations.

III. Corporate Governance and Operations

(I) Operations of the Board

A total of 7 (A) Board meetings were held in 2023. The attendance of the Directors and the Independent Directors was as follows:

Directors' Involvement in Operations of the Board of Directors

Title	Name	Attendance in Person B	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 1)	Note
Chairman	Ching-Yuan Wu	7	0	100%	Re-elected (Note 2)
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	7	0	100%	Re-elected (Note 2)
Managing Director/ Independent Director	Chung-Chuan Shih	7	0	100%	Re-elected (Note 2)
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	7	0	100%	Re-elected (Note 2)
Director	Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu	4	0	100%	Newly elected (Note 2)
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	5	2	71.43%	Re-elected (Note 2)
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	7	0	100%	Re-elected (Note 2)
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	6	1	85.71%	Re-elected (Note 2)
Independent Director	Chen Chiang	7	0	100%	Re-elected (Note 2)
Independent Director	Chih-Hung Hsieh	7	0	100%	Re-elected (Note 2)
Independent Director	Fu-Wei Chen	4	0	100%	Newly elected (Note 2)

Note 1 : When a Director is re-elected, the actual attendance rate (%) of the new and former Directors shall be calculated based on the number of Board meetings held and the number of actual attendance of the new and former Director.

Note 2 : The re-election of the 27th Board of Directors was completed during the Company's annual general shareholders' meeting held on June 28, 2023. The term of office shall be from June 28, 2023 to June 27, 2026.

Other matters to be noted:

I. Any matters listed in Article 14-3 of the Securities and Exchange Law, and other resolutions of the Board of Directors' meetings to which an Independent Director has expressed objection or reservation and recorded or declared in writing: None.

II. Recusals of Directors from proposal due to conflicts of interest:

Board of Directors Meeting Date and Session	Directors Who Recused Themselves	Proposal Content	Reason for Recusal	Participation in Voting
2023.01.12 26th term 28th session	Ching-Yuan Wu Li-Chu Wu Ren-Hao Tien	Drafted proposal for distribution of FY2022 year-end bonus to the Company's Directors and managerial officers.	Involving the remuneration interests of Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu and Director Ren-Hao Tien.	The motion was approved by all attending directors, except for Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu and Director Ren-Hao Tien, who recused themselves due to conflicts of interest.
2023.03.15 26th term 29th session	Ching-Yuan Wu Ren-Hao Tien	The distribution of remuneration to the Company's employees for FY2022.	Involving the remuneration interests of Chairman Ching-Yuan Wu and Director Ren-Hao Tien.	The motion was approved by all attending directors, except for Chairman Ching-Yuan Wu and Director Ren-Hao Tien, who recused themselves due to conflicts of interest.
2023.03.15 26th term 29th session	Ching-Yuan Wu Li-Chu Wu Li-Hsi Chiang Yu-Chang Huang Te-Ching Chang Ren-Hao Tien	The distribution of remuneration to the Company's Directors for FY2022.	Involving the remuneration interests of Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, Director Li-Hsi Chiang, Director Yu-Chang Huang, Director Te-Ching Chang, and Director Ren-Hao Tien.	The motion was approved by all attending directors, except for Chairman Ching-Yuan Wu, Vice Chairman Li-Chu Wu, Director Li-Hsi Hsiang, Director Te-Ching Chang, and Director Ren-Hao Tien, who recused themselves due to conflicts of interest. Director Yu-Chang Huang did not attend the board meeting.
2023.08.11 27th term 3rd session	Ching-Yuan Wu Ren-Hao Tien Yi-Cheng Wu	The Company's salary adjustment for managerial officers in FY2023.	Involving the remuneration interests of Chairman Ching-Yuan Wu, Director Jen-Hao Tien, and Director Yi-Cheng Wu.	The motion was approved by all attending directors, except for Chairman Ching-Yuan Wu, Director Jen-Hao Tien, and Director Yi-Cheng Wu, who recused themselves due to conflicts of interest.

III. TWSE/TPEX listed companies shall disclose the information of self-evaluation of the Board of Directors, such as evaluation frequency, period, scope, method, and content:

1. On March 30, 2020, the Company established and passed the Procedures for Evaluating Performance of the Board of Directors. It will regularly evaluate the performance of the Board of Directors, functional committees, and Directors at the end of each fiscal year. This evaluation was presented at the Board of Directors meeting on March 14, 2024.
2. The performances of the Board of Directors in 2023 was "Excellent", the Directors independently evaluated their performances to be "Excellent", the self-assessment of the Audit Committee's performance was rated "Very Excellent" and the self-assessment of the Remuneration Committee was "Very Excellent".
3. To enhance the Board of Directors' functions and enhance their understanding of amendments to laws and regulations, the Company will timely deliver relevant courses to raise awareness of their duties and corporate governance among the Board members.

Implementation of the Board of Directors Evaluation			
Evaluation Frequency	Period of Evaluation	Scope of Evaluation	Evaluation Method
Once a year	From January 1, 2023 to December 31, 2023	Performance appraisal of the Board of Directors, Directors, and functional committees. Functional committees include Audit Committee and Remuneration Committee.	Internal self-evaluation of the Board of Directors, Directors' self-evaluations, and internal self-evaluations of functional committees.
Content			
<p>1. Self-evaluation of the Board of Directors' performance: The Board of Directors' performance evaluation indicators consist of five major aspects: participation in the operation of the Company, improvement of the quality of the Board of Directors' decisions making, composition and structure of the Board of Directors, election and continuing education of the Directors, and internal control.</p> <p>2. Self-evaluation of Board members' performance: The performance evaluation indicators for Directors encompass six major aspects: mastery of corporate goals and tasks, Directors' awareness of their responsibilities, participation in corporate operations, internal relations and communication, Directors' professionalism and continuing education, and internal control.</p> <p>3. Self-evaluation of the Audit Committee's performance: The performance evaluation indicators for the Audit Committee consist of five major aspects: participation in the company's operation, awareness of the functional committee's responsibilities, improvement of the quality of the functional committee's decision making, composition and selection of functional committee members, and internal control.</p> <p>4. Self-evaluation of the Remuneration Committee's performance: The performance evaluation indicators for the Remuneration Committee consist of five major aspects: participation in the company's operation, awareness of the functional committee's responsibilities, improvement of the quality of the functional committee's decision making, composition and selection of functional committee members, and internal control.</p>			

IV. Measures undertaken during the current and immediately preceding fiscal year to strengthen the functions of the Board of Directors (such as the establishment of an Audit Committee and improvement of information transparency, etc.) and the evaluation of their implementation:

1. After the re-election of directors at the annual general shareholders' meeting in 2023, four independent directors were elected and appointed to the Audit Committee.
2. On March 30, 2021, the Board of Directors of the Company passed a resolution to appoint Kuei-Chin Huang, Associate Vice President of the Finance Sector, to serve as the Company's Corporate Governance Supervisor of the Board of Directors to assist Directors in performing their duties and improve efficiency of the Board of Directors.
3. The "Investor Relations" section was set up on the Company's website and provides contact information for the spokesperson for shareholders to consult the Company's financial and business-related information.

(II) Operations of the Audit Committee

The Audit Committee of the Company has 4 members totally and it composed of all independent directors. About the Professional Qualifications and Experience of Audit Committee, please refer to p.25~26 "Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the annual report.

A total of 6 (A) Audit Committee meetings were held in 2023. The attendance of the members was as follows:

Title	Name	Actual Number of Attendances (B)	Attendance by Proxy	Actual Attendance Rate (%) 【 B / A 】 (Note 1)	Note
Independent Director	Chung-Chuan Shih	6	0	100%	Re-elected (Note 2)
Independent Director	Chen Chiang	6	0	100%	Re-elected (Note 2)
Independent Director	Chih-Hung Hsieh	6	0	100%	Re-elected (Note 2)
Independent Director	Fu-Wei Chen	3	0	100%	Newly elected (Note 2)

Note 1 : When the Audit Committee is re-elected, the actual attendance rate (%) of both new and former Audit Committee members is calculated based on the number of Audit Committee meetings held during their tenure and their actual attendance.

Note 2 : The re-election of the 27th Board of Directors was completed during the Company's annual general shareholders' meeting held on June 28, 2023. The term of office shall be from June 28, 2023 to June 27, 2026.

Other matters to be noted:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, sessions of the meetings, contents of motions, results of the Audit Committee's resolutions, and Company's responses to such resolutions shall be specified:

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Name of Meeting	Date of Meeting	Proposal Content	The resolutions of the Audit Committee and the Company's handling of the opinions of the Audit Committee
26th term 28th session Board of Directors	2023.01.12	1. The evaluation of the independence and professional fees of the attesting CPAs for the Company's 2023 Financial Statements. 2. The establishment of the general policy for non-assurance services pre-approval policy.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
26th term 29th session Board of Directors	2023.03.15	1. 2022 Statement on Internal Control System of the Company. 2. 2022 Business Report and Financial Statements of the Company. 3. 2022 Earnings Distribution.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
26th term 30th session Board of Directors	2023.05.11	1. The Company's 2023 Q1 Consolidated Financial Statements. 2. The adjustment to the endorsement/guarantee provided by SY INTERNATIONAL LTD., a 100%-owned subsidiary of the Company, to Ching Ta Investment Co., Ltd., a 99.66%-owned subsidiary of the Company.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
27th term 1st session Board of Directors	2023.06.28	Election of the convener of the 3rd Audit Committee.	Mr. Chung-Chuan Shih was elected by all attending committee members to serve as the convener and chairman of the third term of the Audit Committee of the Company.
27th term 3rd session Board of Directors	2023.08.11	Presentation of the Company's 2023 Q2 consolidated financial statements.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
27th term 4th session Board of Directors	2023.11.13	1. Presentation of the Company's 2023 Q3 consolidated financial statements. 2. Draft the 2024 Internal Audit Plan of the Company. 3. Proposal to provide financing endorsement guarantee for the subsidiary "VIETNAM MANUFACTURING AND EXPORT PROCESSING COMPANY LIMITED." 4. Report of Earnings Distribution for the First Half of 2023.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.

Name of Meeting	Date of Meeting	Proposal Content	The resolutions of the Audit Committee and the Company's handling of the opinions of the Audit Committee
27th term 5th session Board of Directors	2024.01.24	1. Proposal to provide financing endorsement guarantee for the subsidiary "VIETNAM MANUFACTURING AND EXPORT PROCESSING COMPANY LIMITED." 2. The evaluation of the independence, competency and professional fees of the attesting CPAs for the Company's 2024 Financial Statements.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
27th term 6th session Board of Directors	2024.03.14	1. 2023 Statement on Internal Control System of the Company. 2. 2023 Business Report and Financial Statements of the Company. 3. 2023 Earnings Distribution.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.
27th term 7th session Board of Directors	2024.05.14	Presentation of the Company's 2023 Q3 consolidated financial statements.	After deliberation and approval by all attending committee members, the matter was brought to the Board of Directors for resolution.

(II) Except for the aforementioned matters, other resolutions not approved by the Audit Committee but passed by more than two-thirds of all the Directors: None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of the proposals, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the Independent Directors, the Chief Audit Executive, and CPAs (shall include the material items, methods, and results of the Company's finance or operations, etc.):

(I) Summary of communications between Independent Directors and the Chief Audit Executive:

- A. The monthly audit report based on the audit plan shall be submitted to each Independent Director for review through email or in person by the end of the following month.
- B. The quarterly audit report shall be submitted to the Audit Committee periodically.
- C. A dedicated meeting is held between the internal audit supervisor and the independent directors at least once a year to explain the audit operations.
- D. Occasionally conducts communication and provide instruction and response by telephone, email, or in person.

(II) Summary of communications between Independent Directors and CPAs:

- A. Prior to the annual audit, the CPAs will fully communicate with the Independent Directors on the key audit matters and important statutory requirements of the year.
- B. The Independent Directors regularly communicate with the CPAs at the Audit Committee meetings about the review or audit of the financial statements and the results.
- C. A dedicated meeting is held between the CPAs and the independent directors at least once a year to communicate the results of the financial statement audits and internal control audits.

(III) Independent directors, Chief Audit Executive, and CPAs may convene meetings for independent communication on matters deemed necessary, with the frequency being irregular and at their discretion.

(VI) The communications with the Independent directors, Chief Audit Executive, and CPAs are specified as follows:

Date	Key Points of Communication	Results of Communication
2023.01.12	Report on implementation of the internal audit of the Company from October to December 2022.	Noted. No other comments.
2023.03.15	1. 2022 Statement on Internal Control System of the Company. 2. Explanation of the audit of the Company's financial statements for 2022.	The resolution was approved. Noted. No other comments.
2023.05.11	Report on implementation of the internal audit of the Company from January to March 2023.	Noted. No other comments.
2023.08.11	1. Report on implementation of the internal audit of the Company from April to June 2023. 2. Explanation of the review of the Company's financial statements for the second quarter of 2023.	Noted. No other comments. Noted. No other comments.
2023.11.13	1. Report on implementation of the internal audit of the Company from July to September 2023. 2. Draft the 2024 Internal Audit Plan of the Company.	Noted. No other comments. The resolution was approved.
2024.01.24	Report on implementation of the internal audit of the Company from October to December 2023.	Noted. No other comments.
2024.03.14	Explanation of the audit of the Company's financial statements for 2023.	Noted. No other comments.
2024.05.14	Report on implementation of the internal audit of the Company from January to March 2024.	Noted. No other comments.

VI. Annual key tasks of the Audit Committee:

a. Review financial reports

After the Company's annual business report, financial statements, and earnings distribution plan are reviewed and approved by the Audit Committee, they shall be submitted to the Board of Directors for discussion. After resolved by the Board of Directors, they shall be submitted to the Shareholders' Meeting for approval.

b. Assess effectiveness of internal control

Every year, all sectors of the Company shall independently evaluate their internal control systems and their implementation. The audit unit shall report to the Audit Committee on a regular basis and submit the annual internal control system statement to the Audit Committee for review. Additionally, the audit unit shall communicate with members of the Audit Committee from different perspectives several times per year, to evaluate effectiveness of the Company's internal control.

c. Appointment of CPAs

The Company's Audit Committee annually evaluates the independence and professionalism of the CPAs, as well as the reasonableness of their appointment and remuneration. In 2023, the Company appointed Kuo-Yang Tseng and Hsin-Ting Huang, CPAs of KPMG, for attestation, which was approved by the Audit Committee on Jan 12, 2023, and reported to the Board of Directors for resolution.

d. Review procedures for major financial operations

Review of the amendment to procedures for major financial operations involving the acquisition and disposal of assets shall be submitted to the Shareholders' Meeting for discussion after the Board of Directors' resolution.

e. Review major asset transactions

The acquisition or disposal of real estate, right-to-use assets, and securities shall be reviewed and approved by the Audit Committee and then submitted to the Board of Directors for approval.

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Item	State of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated corporate governance best practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies on May 13, 2021.	No material difference.
II. Shareholding structure & shareholders' rights				
(I) Does the Company have Internal Operating Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I) The Company has spokespersons, deputy spokespersons, and Public Affairs Office to perform their respective duties.	No material difference.
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(II) The Company maintains its shareholder list provided by the shareholder service agency.	No material difference.
(III) Has the company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(III) The Company and its affiliates have established the Regulations for Management of Related Party Transactions.	No material difference.
(IV) Has the company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(IV) The Company has developed operating procedures for processing internal material information to prevent insider trading.	No material difference.
III. Composition and responsibilities of the board of directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(I) While the Company has not specifically formulated guidelines for diversity of the composition of the Board members, the concept of diversity has been implemented in its actual operations.	No material difference.
(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(II) The Company has not yet established other voluntary functional committees.	In the future, the Company will set up other functional committees according to actual needs.

Evaluation Item	State of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		(III)1. The Company has developed the Procedures for Evaluating Performance of the Board of Directors, and performed the evaluation since 2020. 2. According to the Procedures for Evaluating Performance of the Board of Directors, the Board shall evaluate performance of the Board of Directors at least once a year; such evaluation shall be conducted by an external professional independent organization or an external professional team of scholars at least once every three years. 3. The 2023 performance appraisal results of the Board of Directors were reported to the Board of Directors on March 14, 2024.	No material difference.
(IV) Does the company regularly evaluate its external auditors' independence?	✓		(IV) The Audit Committee of the Company evaluates the independence and competency of its CPAs every year. In addition to requiring the CPAs to provide "Statement of Independence" and "Audit Quality Indicators (AQIs)," it also conducts the evaluation based on the following standards and 13 AQI indicators. It has been confirmed that the attesting CPAs have no other financial interests or business relationship with the Company, and that the CPAs' family members do not violate the independence requirements, and that the CPAs and the firm have sufficient audit experience with reference to the AQI indicator information and training hours. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on Jan 24, 2024, and were submitted to the Board of Directors for approval on Jan 24, 2024, along with the evaluation of the independence and competency of CPAs.	No material difference.

Evaluation Item	State of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		On March 30, 2021, the Board of Directors appoints Kuei-Chin Huang, Associate Vice President of the Finance Sector, to serve as the Company's Corporate Governance Supervisor to assist Directors in performing their duties and improve efficiency of the Board of Directors. The main duties include handling matters related to the Board of Directors meetings and the Shareholders' Meeting in accordance with the law, preparing the minutes of the Board of Directors meetings and the Shareholders' Meeting, assistFYing Directors in taking office and continuing education, providing information necessary for the Directors to carry out their business, assisting Directors in complying with laws and regulations, and other matters stipulated in the Articles of Incorporation or the contracts.	No material difference.
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc), and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has established communication channels and a dedicated section on for stakeholders.	No material difference.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has appointed the Stock Service Agent of Concord Securities Group, a professional shareholder service agency and securities service agency, to handle Shareholders' Meeting affairs.	No material difference.

Evaluation Item	State of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
VII. Information Disclosure				
(I) Has the company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		(I) The Company has set up a website to regularly disclose its financial information and corporate governance. http://www.sanyang.com.tw	No material difference.
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(II) The Company has set up an English website and implemented the spokesman system. Additionally, appointed the person to collect and disclose information of the Company respectively from relative departments. http://www.sanyang.com.tw/en/	No material difference.
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		✓	(III) The Company has announced its annual, quarter financial statements and monthly business operations report within the periods which regulated by laws. However, the Company has not issued and filed its annual financial statements within two months after the end of the year.	Same as the summary.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		1. Employee rights: The Company always respects employees with trust and protects their legal rights in accordance with the Labor Standards Act. 2. Caring for employees: The Company has established a welfare, education and training system to enhance and stabilize employees' lives, and fostering strong relationship with employees, built on mutual trust and reliance. For example, providing funds for employees' club activities and recreation, subsidies for health checkup and medical consultations, offering employee dormitories, caring for daily lives of employees residing in the Company's dormitories, and free parking lots. 3. Investor relations: The Company has established the Finance Sector and the Public Affairs Office dedicated to handling shareholders' suggestions.	

Evaluation Item	State of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			4. Supplier relations: The Company maintains good relationships with its suppliers. 5. Stakeholders' rights: Stakeholders can communicate and offer suggestions to the Company and safeguard their legal rights and interests as well. 6. Directors' training: All Directors of the Company possess professional industry backgrounds or practical experiences in business management 7. Execution process of risk management policies and risk measurement standards: The Company has established various internal regulations and conducted multiple risk management and assessment in accordance with laws and regulations. 8. Implementation of client policy: The Company maintains positive relationships with customers to generate profits. 9. The Company's offering of Directors' liability insurance: The Company purchased liability insurance for Directors and reported it at the Board of Directors meetings on Jan 12, 2023 and Jan 24, 2024, respectively.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. 1. The Company's ranking in the 9th Corporate Governance Appraisal of the Taiwan Stock Exchange in 2022: 66~80%. The Company's ranking in the 10th Corporate Governance Appraisal of the Taiwan Stock Exchange in 2023: 51~65% 2. The Company has made following improvements: (1) The Company's website has been updated to include information on corporate governance practices, including measures to prevent insider trading, succession planning for board members and key management personnel, intellectual property management, human rights policies and tangible outcomes, implementation of employees' workplace environment and personal safety protection measures, and stakeholder engagement. Additionally, the Company's website now discloses the top ten shareholders and provides video recordings of shareholder meetings (2) Formulation of operational regulations for financial transactions among related parties. (3) Revised the "Procedures for Handling Internal Material Nonpublic Information" to enhance measures for preventing insider trading. 3. Matters with priority and measures for improvement: The video files of each session of the investor conference in 2024 will be disclosed.				

Note 1 : CPA independence and suitability criteria

Evaluation Items	Result of Evaluation	Comply with independence / competency
1. Whether the CPAs have direct or material indirect financial interest with the Company	No	Yes
2. Whether the CPAs have conducted any financing or guarantee activities in connection with the Company or its Directors	No	Yes
3. Whether the CPAs have close business relationships or potential employment relationships with the Company	No	Yes
4. The CPAs and members of the audit team serving as Directors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years	No	Yes
5. Whether the appointed CPAs provide non-audit services for the Company that would have a direct impact on the audits	No	Yes
6. Whether the CPAs serve as intermediaries of stocks or other securities issued by the Company	No	Yes
7. Whether the CPAs serve as defendant of the Company or mediate the Company's conflicts with third parties on behalf of the Company	No	Yes
8. Whether the CPAs have kinships with Directors, managerial officers, or personnel holding positions with material influence on audit in the Company	No	Yes
9. Whether the CPA firm has sufficient auditing experience to perform the audit.	Yes	Yes
10. Whether the personnel of the accounting firm have received sufficient education and training hours to continuously acquire professional knowledge and skills.	Yes	Yes

(IV) Composition, Duties, and Operation of the Remuneration Committee:

1. Information on Members of the Remuneration Committee

The primary responsibilities of the Company's Remuneration Committee include regularly reviewing the performance evaluation criteria, annual and long-term performance objectives, and the policies, systems, standards, and structures related to the salaries and remuneration of the Company's directors and managerial officers. Additionally, the committee regularly evaluates the performance of directors and managers and determines the details and amounts of their individual salaries and remuneration.

Title	Criteria	Professional Qualifications and Experience	Compliance with the Independence Criteria	Number of Other Public Companies in Which the Individual Concurrently Serves as a Remuneration Committee Member
	Name			
Independent director Convener	Chung-Chuan Shih	Please refer to page P.25~26 for Disclosure of Information on the Professional Qualifications Directors and Independence of Independent Directors of the annual report.		0
Independent director	Chen Chiang			0
Independent director	Chih-Hung Hsieh			1
Independent director	Fu-Wei Chen			0

2. Operations of the Remuneration Committee

- (1) The Remuneration Committee of the Company has 4 members totally.
- (2) The term of current committee members is from July 7, 2023 to June 27, 2026.
- (3) A total of 4 (A) Remuneration Committee meetings were held in 2023. The attendance of the members was as follows:

Title	Name	Actual Number of Attendances (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note 1)	Note
Convener	Chung-Chuan Shih	4	0	100%	Reappointment (Note 2)
Committee Member	Chen Chiang	4	0	100%	Reappointment (Note 2)
Committee Member	Chih-Hung Hsieh	4	0	100%	Reappointment (Note 2)
Committee Member	Fu-Wei Chen	1	0	100%	New appointment (Note 2)

Note 1 : During the election of the members of the Remuneration Committee, the actual attendance rate (%) of the new and former members of the committee shall be calculated based on the number of sessions held by the committee and how many times they have attended the sessions during their terms.

Note 2 : The 27th term 2nd session of the Board of Directors appointed the members of the Remuneration Committee on July 7, 2023.

Other matters to be noted:

I. If the Board of Directors didn't adopt or modify a recommendation of the Remuneration Committee, the Board meeting date, session, motion, resolution, as well as the Company's response to the Remuneration Committee's recommendation (e.g., If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the difference and causes for the difference shall be specified) shall be described: None.

II. As for a resolution of the Remuneration Committee, if a committee member expresses any objection or reservation, whether recorded or in written statement, it is imperative to describe the committee's date, session, motion, opinions of all members, and response to these opinions: None.

III. Discussions and resolutions of the Remuneration Committee in 2023:

Session of the Remuneration Committee	Date of Meeting	Proposal Content	The resolutions of the Remuneration Committee and the Company's handling of the opinions of the Remuneration Committee
4th term 11th session	2023.01.12	Drew up the proposal for distribution of 2022 year-end bonus to the Directors and managerial officers.	The proposal was approved by all members and submitted to the Board of Directors for resolution.
4th term 12th session	2023.03.15	1. The distribution of remuneration to the Company's employees for 2022. 2. The distribution of remuneration to the Company's Directors for 2022. 3. Approved the adjustment to remuneration for the Company's Independent Directors.	The proposal was approved by all members and submitted to the Board of Directors for resolution.
4th term 13th session	2023.05.11	Amendments made to certain provisions of the "Remuneration Committee Charter."	The proposal was approved by all members and submitted to the Board of Directors for resolution.
5th term 1st session	2023.08.11	1. Amendments made to certain provisions of "Regulations Governing the Remuneration of Directors and Managerial Officers." 2. The Company's 2023 salary adjustment for managerial officers.	The proposal was approved by all members and submitted to the Board of Directors for resolution.
5th term 2nd session	2024.01.24	Drew up the proposal for distribution of 2023 year-end bonus to the Directors and managerial officers.	The proposal was approved by all members and submitted to the Board of Directors for resolution.
5th term 3rd session	2024.03.14	1. The distribution of remuneration to the Company's employees for 2023. 2. The distribution of remuneration to the Company's Directors for 2023.	The proposal was approved by all members and submitted to the Board of Directors for resolution.

(V) The State of the Company's Implementation of Sustainable Development, Deviation and Reason from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The Company has formed an ESG Promotion Committee chaired by the President.	No material difference.
II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		The Company focus on corporate governance, environmental protection, and social engagement, which are included the Company's management policies and relevant business activities. While striving for sustainable operations and profits, the Company also pays attention to stakeholders' interests and fulfills its corporate social responsibilities.	No material difference.
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company has established a system related to environmental management and promotes environmental management systems (ISO 14001 and ISO 14064). It appoints DNV Business Assurance Co., Ltd. to audit the systems annually.	No material difference.
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(II) The Company promotes various energy-saving measures (such as efficient energy-saving production equipment, low-carbon car paint production lines, replacement of aging air compressors, adoption of efficient transformers and lighting, etc.), significantly reducing the use of electricity. Additionally, the Company has switched from using heavy fuel oil for boilers to liquefied petroleum gas, greatly reducing carbon emissions. Furthermore, the Company has introduced a RTO (Regenerative Thermal Oxidizer) incinerator with coated zeolite rollers to reduce VOC and greenhouse gas emissions, thereby reducing environmental impact.	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III)Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(III)To effectively control the drastic increase in greenhouse gas emissions and respond to the challenges of sustainable development resulting from climate changes, the Company has taken following measures to reduce greenhouse gas emissions: 1. Dedication to greenhouse gas inventory. 2. Tracking actual greenhouse gas emissions by the Company. 3. According to the TCFD guidelines, international standards, and benchmark companies, request expert guidance on the identification, management and policies of climate-related risks and opportunities 4. Conduct risk and opportunity impact assessments, formulate response strategy plans, integrate energy-saving and carbon reduction goals of the Company and departments, and initiate operational project initiatives. 5. Regularly track and review project goals.	No material difference.
(IV) Did the company collected data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(IV)1. Greenhouse gas: The Company follows the standard procedures of ISO 14064 to conduct a comprehensive identification and inventory of greenhouse gases across the entire Company. This is done to understand the emissions status of greenhouse gases and serve as the basis for proposing greenhouse gas reduction plans. The Company conducts emission source identification, data collection, and emission calculations for all greenhouse gases it emits. These activities are also subject to investigation and verification by DNV Business Assurance Co., Ltd. 2. Energy conservation and carbon reduction: In line with the commitment to the environmental health and safety policy of “enhancing equipment efficiency, conserving energy resources, and reducing carbon dioxide emissions,” the Company continuously enhances production efficiency, enhances equipment utilization efficiency, manages energy conservation in public facilities, and reduces energy usage costs. Additionally, the Company has embarked on an annual	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			1% electricity saving initiative, implementing 21 improvement themes in 2023, resulting in a total electricity savings of 767,600 kWh.	
IV. Social Issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(I) All the establishment, amendments to the Company's internal control and management rules are according to government laws and regulations.	No material difference.
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(II) The Company has established the "Regulations Governing Salary Management," "Regulations Governing Performance Evaluations," "Regulations Governing Reward and Disciplinary Management," "Regulations Governing Mid-Autumn Festival Bonus, Year-end Bonus, and Employee Remuneration Distribution," and "Regulations Governing Leave Management" in accordance with relevant regulations. Additionally, the Employee Welfare Committee and the enterprise labor union are responsible for safeguarding the rights and benefits of employees and promoting harmony and common prosperity for both employers and employees. The Company's remuneration policy is based on the individual's capabilities, respective contribution to the Company, performance, and the positive correlation with operational performance. Competitive salary and remuneration conditions: Through credible salary surveys conducted every year, the Company reviews or formulates reasonable salary and remuneration policies and various incentives for employees. The overall remuneration package includes base salary, allowances, bonuses, and employee benefits. Competitive compensation levels are determined based on factors such as job responsibilities, education and experience, performance, market conditions, the Company's future development, and the retention of outstanding colleagues. Differential treatment based on factors	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>such as gender, age, race, religion, political stance, or marital status is not permitted. Additionally, annual salary reviews are conducted in line with overall business performance and industry standards.</p> <p>The main incentive bonuses and welfare subsidies for employees include:</p> <ol style="list-style-type: none"> 1. Employee Remuneration: In recognition of employees' contributions to the Company and to share in the fruits of business operations, in accordance with the company's Articles of Incorporation, a portion of the annual profits, if any, exceeding 1% of pre-tax income will be allocated as employee Remuneration. 2. Year-end Bonus: As a token of appreciation for employees' outstanding contributions and collaborative efforts in fostering mutual prosperity, the distribution of year-end bonuses is governed by the Company's Articles of Incorporation and is planned based on both the overall operational performance of the Company and individual performance. 3. Mid-Autumn Festival Bonuses: to appreciate the hard work of employees and inspire work morale for the festive season, bonuses are paid in accordance with the Company's Articles of Incorporation on the eve of the Mid-Autumn Festival. 4. Quarterly Incentive Bonus: bonuses will be given to foreign workers based on the achievement of work goals and the management of the dormitory on a quarterly basis. 5. Diversified Incentives and Subsidies: Various forms of incentives and subsidies, such as consolation bonuses, commendation awards, other Company welfare schemes, as well as subsidies provided by the Employee Welfare Committee and enterprise labor union, are implemented to 	

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Does the company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		<p>Committee and enterprise labor union, are implemented to recognize and motivate employees.</p> <p>About the Employee Benefits, please refers to p.116 of “ Information on Employee Benefits, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, Labor Agreements and Measures for Safeguarding Employees' Rights and Interests ” of the annual report.</p> <p>(III) The Company has established the Safety, Health and Environment Management Sector to conduct patrols, inspection, employee education, supervision of environment, safety and health matters in its plants, to ensure the industrial safety of workers during operations. The Company has lawfully employed professional nursing personnel and has arranged and implemented plans for health management and promotion in plants. In addition to regular health checkups, ESH education and training for employees, it has also recruited factory doctors and occupational health physicians specially to provide professional health management services in its plants. Regarding work-related accidents, fires, and other related incidents:</p> <ol style="list-style-type: none"> 1. In 2023, the Company had no fires or casualties, and emergency incidents were continuously monitored. When such incidents occur, the emergency response plan will be activated 2. In 2023, there were a total of 2 incidences of disabling injuries, involving 2 employees, accounting for 0.08% of the total workforce. The total number of days lost due to disabling injuries amounted to 175 days, with a disabling injury frequency of 0.37 and a disabling injury severity rate of 32. 	No material difference.

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(IV) Has the Company established effective career development training programs for employees?	✓		<p>The disabling injury accidents involved crushing and pinching. In addition to enhancing education and training for operators of the machines involved in the accidents, equipment safety improvements have been made to the accident-prone machines: (1) For machines that caused crush injury, ring buckles were added to provide support for employees. Stopping blocks were added to effectively prevent recurrence of crush injuries; (2) For machines with pinch injury, they were replaced with two-handed Twist-to-start function, which can effectively prevent recurrence of pinch injuries. The aforementioned accidents have been duly investigated and analyzed. The results were reviewed at the quarterly occupational safety and health committee meeting. In addition to monthly safety announcements, the occupational safety and health management unit also conducts periodic on-site inspections to ensure the occupational safety of employees. For others, please refer to p.119 for Protective Measures for Work Environment and Employees' Personal Safety of the annual report.</p> <p>(IV) The Company has set up a dedicated unit for education and training, and established a training system. It annually conducts investigation and training in management, quality control, production management, marketing, languages, and professional skills according to corporate guidelines, strategies, legal requirement, and training demands. It actively cultivates talents and improves the employees' professional skills. Additionally, it has drawn up regulations for the structure of job grades and titles, classifying them into management and professional positions. The employees can enhance their capabilities and pursue career development through the Company's training system based on their duties and job types.</p>	No material difference.

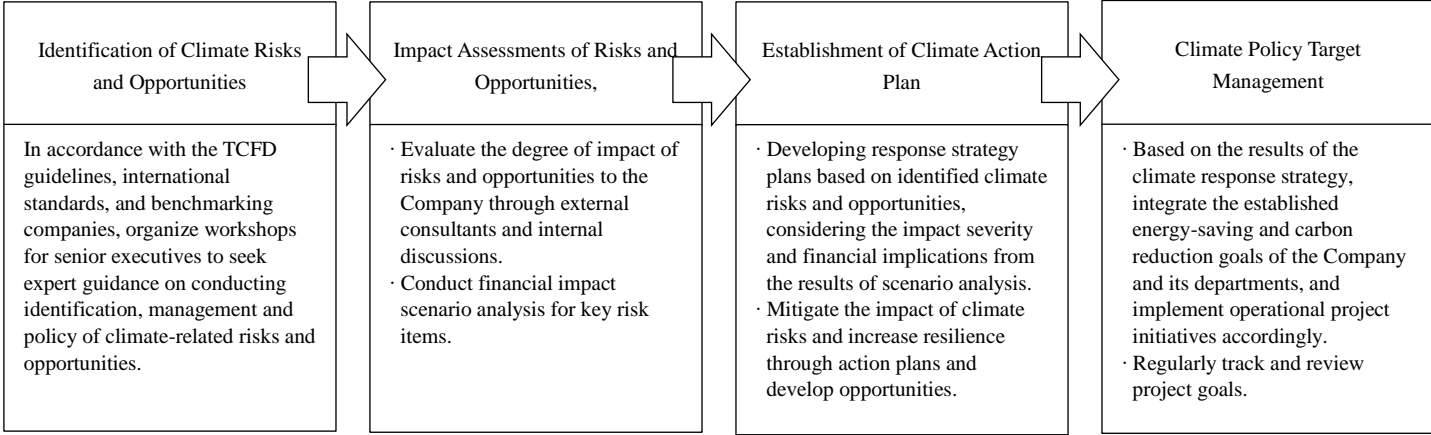
Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(V) All business units of the Company offer toll-free 080 customer complaint hotlines, Triumph Motor Service (TMS) or roadside assistance service and email messaging service on official website available to consumers. Additionally, a dedicated customer service unit is established to handle and respond to relevant affairs. The customer's personal data is required to be processed with the highest level of protection in accordance with the relevant provisions of the Personal Data Protection Act.	No material difference.
(VI) Has the company formulate supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?			(VI) 1. The Company has included green procurement as fundamental requirement for supplier management. Collaborative manufacturers shall be evaluated in accordance with the "Regulations for New Collaborative Manufacturers' Applications for QAV1." The Company assigns procurement, quality assurance, quality control, technical, environmental, and safety personnel to perform on-site assessments. Manufacturers with a score of more than 80 (inclusive) points in the evaluation are deemed qualified suppliers. 2. The engineering contractors are included as significant concerns for the Company. They are required to sign commitments which related to environment, safety, and health in procurement outsourcing and contracting agreements. In addition to encouraging the contractors to assume their responsibilities, the ESH department also provides assistance, training, and improvement education when needed to maintain the effective implementation of environmental, safety, and health policies in the plants.	

Implementation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
V.Does the company refers to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓		<p>1. The data disclosed in the Sustainability Report are derived from the Company's own statistics and findings, and are presented using internationally accepted indicators. The 2023 Sustainability Report includes assurance results and statements thereof from professional third-party verification entities. For details, please refer to the Company's 2023 Sustainability Report.</p> <p>2. The greenhouse gas emissions specified by ISO14064 have been verified by Det Norske Veritas Business Assurance Co., Ltd. (DNV) in April each year.</p> <p>3. The Company has obtained ISO 14001, ISO 45001 and CNS 45001 certifications (certified by DNV GL). These certifications are valid from October 17, 2022 to October 16, 2025.</p>	No material difference.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: None.				
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development : The Company integrates and discloses aspects such as environmental protection, community engagement, social contributions, community service, social welfare, consumer rights, human rights, occupational health and safety, and other corporate social responsibility activities in its sustainability report. This report is publicly available on the official website of Sanyang Motor (http://www.sanyang.com.tw/).				

(VI) Implementation Status of Climate Related Information

Items	Implementation Status					
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company identifies the risks and opportunities of climate issues and establishes an effective management mechanism. To effectively advance ESG initiatives and ensure the integration of ESG sustainability considerations into organizational strategic evaluations, the Company has formed an ESG Promotion Committee chaired by the President. Within this Committee, each working group examines and assesses climate change-related risks and opportunities, strategies, objectives, and metrics. The Executive Secretary compiles these findings and reports them to the ESG Promotion Committee.					
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	I. Impacts of climate-related risks					
	Category	Aspect	Risk items	Time course of impact	Impact on the Company's strategy, operation, and finance	
	Transformation risks	Policies and regulations	I. Increase in the cost of greenhouse gas emissions:			
			1. Imposition of carbon taxes increases carbon tax expenditures.	Short-term	· Carbon emissions exceeding 25,000 tCO2e/year are subject to the second batch of controls announced by the Ministry of Environment, and a carbon fee is expected to be levied in 2025. · Preliminary carbon expenditure was estimated at NT\$ 2.6 million per year, and the carbon fee will increase year by year.	
			2. Energy regulatory requirements and increase in the cost of energy use	Short-term	· Mandatory energy-saving targets and implementation plans (according to energy regulations, electricity consumers with contract capacities exceeding 800KW are required to set annual energy-saving targets of at least 1% and relevant implementation plans). · Increase in electricity and fuel costs due to international market conditions and the power generation cost of Taipower. According to our initial estimate, the increase of electricity costs amounts to 13.4%.	
			3. Legal requirements for greenhouse gas inventory	Medium-term	The FSC requires companies with a market capitalization exceeding NT\$5 billion from 2026 onwards, as well as subsidiary companies included in consolidated financial statements, to undergo carbon inventory.	
			4. More stringent energy efficiency standards	Short-term	· Products comply with mandatory regulations (Phase VI for automobiles, Phase 7 for motorcycles, and new CAFÉ standards for total volume control). · Increase in R&D of green energy vehicles, resulting in higher expenditure costs.	
			5. The policy directives of the net-zero emissions pathway is to completely ban fossil fuel vehicles by 2040	Long-term	· Decline in sales of gasoline-powered vehicles, resulting in decreased revenue. · Launch of two-wheeler electric scooters and low-carbon products. · Introduction of four-wheeler NEVs.	
		Technology	II. Cost expenditures for the transition to low-carbon technology:			
			Investment cost of low-carbon manufacturing process equipment		Short-term Medium-term	Production processes must comply with emission standards and reduce pollution and carbon emissions.
			III. Low-carbon alternatives to existing products and services:			
			Demand for low-carbon products and services		Short-term Medium-term	· Changes in customer preference; emphasis on high-efficiency and low-carbon products. · Investment cost of R&D of low-carbon products.

Items	Implementation Status																			
	<table><tr><th>Category</th><th>Aspect</th><th>Risk items</th><th>Time course of impact</th><th>Impact on the Company's strategy, operation, and finance</th></tr><tr><td rowspan="2">Physical risk</td><td>Short-term risk</td><td>Extreme Climate Impacts</td><td>Short-term Medium-term</td><td>· Weather disasters such as typhoons and storms leading to floods and water scarcity may result in supply chain disruptions, affecting manufacturing capacity and operations or causing equipment damage. · Extreme weather-induced disasters, resulting in work stoppages, flooding, etc., affecting production lines and operational activities, with an estimated impact on output ranging from NT\$3.89 million to NT\$12.96 million per day.</td></tr><tr><td>Long-term risk</td><td>Long-term climate change and temperature increase</td><td>Medium-term Long-term</td><td>· Rising temperatures will lead to increased electricity usage, power shortage. · Risks of heatstroke and heat exhaustion among employees.</td></tr></table>					Category	Aspect	Risk items	Time course of impact	Impact on the Company's strategy, operation, and finance	Physical risk	Short-term risk	Extreme Climate Impacts	Short-term Medium-term	· Weather disasters such as typhoons and storms leading to floods and water scarcity may result in supply chain disruptions, affecting manufacturing capacity and operations or causing equipment damage. · Extreme weather-induced disasters, resulting in work stoppages, flooding, etc., affecting production lines and operational activities, with an estimated impact on output ranging from NT\$3.89 million to NT\$12.96 million per day.	Long-term risk	Long-term climate change and temperature increase	Medium-term Long-term	· Rising temperatures will lead to increased electricity usage, power shortage. · Risks of heatstroke and heat exhaustion among employees.	
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	Note: Short-term: 2023-2025, Mid-term: 2026-2027, Long-term: 2028 and later																			
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<table><tr><th>Opportunity Category</th><th>Contents</th><th>Time course of impact</th><th>Impact on the Company's strategy, operation, and finance</th></tr><tr><td>Products and services</td><td>Development of new products and services through R&D and innovation</td><td>Short-term</td><td>· Regulations and policies to subsidize NEVs and develop new products. · Collaborate with the government to promote new energy policy. · Launched low-carbon, energy-efficient products in line with tightened fuel consumption standards.</td></tr><tr><td>Market</td><td>Entry into new markets</td><td>Short-term</td><td>· Develop products and services that meet market demand, such as high-performance four-wheelers, two-wheeled electric scooters. · Invest in marketing and labor costs to promote the sale of energy-efficient vehicles.</td></tr><tr><td>Resource utilization efficiency</td><td>Use of more efficient production and distribution processes</td><td>Short-term Medium-term</td><td>Development of high-efficiency, energy-saving, and green production processes.</td></tr></table>					Opportunity Category	Contents	Time course of impact	Impact on the Company's strategy, operation, and finance	Products and services	Development of new products and services through R&D and innovation	Short-term	· Regulations and policies to subsidize NEVs and develop new products. · Collaborate with the government to promote new energy policy. · Launched low-carbon, energy-efficient products in line with tightened fuel consumption standards.	Market	Entry into new markets	Short-term	· Develop products and services that meet market demand, such as high-performance four-wheelers, two-wheeled electric scooters. · Invest in marketing and labor costs to promote the sale of energy-efficient vehicles.	Resource utilization efficiency	Use of more efficient production and distribution processes	Short-term Medium-term	Development of high-efficiency, energy-saving, and green production processes.
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Resource utilization efficiency	Use of more efficient production and distribution processes	Short-term Medium-term	Development of high-efficiency, energy-saving, and green production processes.																	
3. Describe the financial impact of extreme weather events and transformative actions.	Please refer to table descriptions in Item 2 and Item 6.																			
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Sanyang Motor Climate Risk Ranking: Climate risk impact assessments is conducted through executive-level TCFD training workshops (Assessment items: 1. Potential impact level 2. Potential vulnerability 3. Time of occurrence) Based on the aggregated scoring data, discern the magnitude and impact severity of climate risks, and prioritizing them to identify the significance of climate risk impacts.																			

Items	Implementation Status
	 <pre> graph LR A[Identification of Climate Risks and Opportunities] --> B[Impact Assessments of Risks and Opportunities] B --> C[Establishment of Climate Action Plan] C --> D[Climate Policy Target Management] </pre> <p>The flowchart illustrates a four-step process for climate risk management. Step 1: Identification of Climate Risks and Opportunities. Step 2: Impact Assessments of Risks and Opportunities. Step 3: Establishment of Climate Action Plan. Step 4: Climate Policy Target Management. Arrows indicate a sequential flow from left to right.</p> <p>Identification of Climate Risks and Opportunities</p> <p>In accordance with the TCFD guidelines, international standards, and benchmarking companies, organize workshops for senior executives to seek expert guidance on conducting identification, management and policy of climate-related risks and opportunities.</p> <p>Impact Assessments of Risks and Opportunities</p> <ul style="list-style-type: none"> · Evaluate the degree of impact of risks and opportunities to the Company through external consultants and internal discussions. · Conduct financial impact scenario analysis for key risk items. <p>Establishment of Climate Action Plan</p> <ul style="list-style-type: none"> · Developing response strategy plans based on identified climate risks and opportunities, considering the impact severity and financial implications from the results of scenario analysis. · Mitigate the impact of climate risks and increase resilience through action plans and develop opportunities. <p>Climate Policy Target Management</p> <ul style="list-style-type: none"> · Based on the results of the climate response strategy, integrate the established energy-saving and carbon reduction goals of the Company and its departments, and implement operational project initiatives accordingly. · Regularly track and review project goals.
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>With reference to the "Strategy" chapter of the TCFD Recommendation, the Company has also taken into account different climate-related scenarios for the organization's stress resistance, and continues to pay attention to the impact of climate risk on the Company's operational transition and physical impacts.</p> <ol style="list-style-type: none"> 1. Transition risk: The Company pays attention to the risk of scenario transition by referring to the standards published by the SBTi to determine the potential financial impact in achieving net zero emissions by 2050. 2. Physical risk: Under the RCP scenario simulations, the Company references the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP). By simulating both RCP4.5 and RCP8.0 scenarios (representing concentration pathways), the Company evaluates the most severe situations and their potential financial impacts.

Items	Implementation Status				
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Category	Aspect	Risk items	Time course of impact	Impact on the Company's strategy, operation, and finance
	Transformation risks	Policies and regulations	I. Increase in the cost of greenhouse gas emissions:		
			1. Imposition of carbon taxes increases carbon tax expenditures.	<ul style="list-style-type: none"> · Implement energy-saving and carbon reduction schemes to decrease carbon emissions. Short-term goal: Reduce greenhouse gas emissions by 2% annually. Mid-term goal: Reduce greenhouse gas emissions by 3% annually. Long-term goal: Reduce greenhouse gas emissions by 4% annually. · Evaluate and build solar power for own consumption or adding green power. 	<ul style="list-style-type: none"> · Invest NT\$ 15-20 million in energy-saving facilities each year. · Carbon reduction of 379.96 tCO₂e/year in 2023.
			2. Energy regulatory requirements and increase in the cost of energy use	<ul style="list-style-type: none"> · Set the energy-saving target and implementation plan, and implemented the scientific reduction target of SBTi by 2026. · Adopt ISO-50001 energy management system, utilizing the PDCA management mechanism and methods to enhance energy efficiency. Introducing smart energy management in factories by 2025 (Energy Management System - EMS). · Apply for counseling subsidies from Industrial Development Administration and Taiwan Green Productivity Foundation, and receive counseling from professional consulting companies. · Introduce energy storage equipment to regulate electricity usage in production and reduce electricity costs. 	<ul style="list-style-type: none"> · Made improvements to energy-efficient facilities in 2023 totaled 21 items, with an investment of NT\$17,100 thousand and energy-saving benefits of 767,600 kWh. · Cost of implementing the ISO-50001 energy management system, NT\$840 thousand (NT\$360 thousand from self-raised funds; NT\$480 thousand from Industrial Development Administration subsidies).
			3. Legal requirements for greenhouse gas inventory	<ul style="list-style-type: none"> · Beginning in 2022, greenhouse gas inventories of the Company and consolidated financial statements have been carried out, and annual greenhouse gas verification (ISO 14064-1) has been completed. · The results of the inventory were used as the basis for the reduction target plan. In 2025, we promoted the greenhouse gas reduction project (ISO 14064-2), system and certification. 	Verification fee: NT\$ 1 million (including parent company and subsidiaries).
			4. More stringent energy efficiency standards	<ul style="list-style-type: none"> · Pay attention to regulatory trends, develop and manufacture high-performance products, and energy-saving models account for more than 90% of sales · Continue to introduce high-efficiency products that meet the environmental protection and energy-saving labels, and the number of models exceeds 85% 	<ul style="list-style-type: none"> · Invested NT\$ 1 billion in R&D funds each year to develop high-quality, high-efficiency energy-saving products

Items	Implementation Status				
	Category	Aspect	Risk items	Time course of impact	Impact on the Company's strategy, operation, and finance
			5. The policy directives of the net-zero emissions pathway is to completely ban fossil fuel vehicles by 2040	<ul style="list-style-type: none">· The New Business Development Department continues to develop electric scooter products in collaboration with CPC Corporation, Taiwan, focusing on electric motorcycles utilizing standardized batteries. Additionally, investments are made in APh ePower to advance aluminum battery products.· Collaborated with Hyundai Motor to introduce four-wheeler NEVs.	<ul style="list-style-type: none">· Invested in APh ePower, and developed aluminum battery products. As the end of 2023, the Company invested NT\$2.2 billion and it will plan to invest NT\$1.1 billion in the future.
	Technology	II. Cost expenditures for the transition to low-carbon technology:			
			Investment cost of low-carbon manufacturing process equipment	<ul style="list-style-type: none">· Participated in the Industrial Development Administration's Low Carbon Initiative through the "Big Leading Small" project subsidy, aimed at promoting low-carbon project improvements. The Company collaborated with 10 partner companies, with Sanyang undertaking 3 projects and each partner company contributing to at least one project.· Implementation of zeolite roller adsorption in motorcycle paint RTO (Regenerative Thermal Oxidizer) incinerators to reduce fuel costs and carbon emissions from VOCs combustion.· Low-carbon boiler fuel (from heavy fuel oil to LPG), adding heat recovery facilities, and continuing to improve the annual process and equipment performance improvement plans.· Improvement of low-carbon coating line to enhance production efficiency.	<ul style="list-style-type: none">· Total investment amounted to NT\$ 71 million.· NT\$ 30 million subsidy from the Industrial Development Administration for low-carbon projects.
		III. Low-carbon alternatives to existing products and services:			
			Demand for low-carbon products and services	<ul style="list-style-type: none">· Continuously developing high-efficiency gas-powered motorcycles, hybrid motorcycles (powered by both gas and electricity), and electric scooters.· Proactively obtained environmental protection and energy saving labels.· Introduced the concept of circular economy, product parts and components can be dismantled, designed with recyclable materials, and improve the recycling rate after waste.	<ul style="list-style-type: none">· Research and develop high-performance products, with Sanyang's annual research and development budget reaching approximately NT\$1 billion.· In 2023, carbon footprint inventory and verification of one gas-powered vehicle product was carried out, and carbon footprint inventory is planned for other products to find room for improvement.

Items	Implementation Status					
	Category		Aspect	Risk items	Time course of impact	Impact on the Company's strategy, operation, and finance
	Physical risk	Short-term risk		Extreme Climate Impacts	<ul style="list-style-type: none">Established emergency response procedures and disaster prevention notification mechanism.Inspected water supply and drainage facilities and enhance disaster prevention functions and measures.	<ul style="list-style-type: none">The gutters and ditches were cleaned before the typhoon and waterproof gates were added to the flood-prone factory building.Use existing underground wells as a backup water source.
		Long-term risk		Long-term climate change and temperature increase	<ul style="list-style-type: none">Promote energy-saving and carbon-reduction projects, implement routine and regular equipment inspection and maintenanceImplement equipment maintenance specifications and plans accordingly	<ul style="list-style-type: none">No significant financial impact for the time being, and continued focus on long-term climate change.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	None at the moment.					
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Please refer to Item 6 for climate-related goals. Currently, no carbon offsets or Renewable Energy Certificates (RECs) are adopted.					
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and specific action plans (please fill in 1-1 and 1-2 separately)	Please refer to 1-1 、 1-2.					

1-1 Greenhouse gas inventory and assurance
1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (tCO₂e), intensity (tCO₂e/NT\$ million), and data coverage for the most recent two years.

Unit:tCO ₂ e		
Greenhouse Gas Emissions	Total emissions	
	2022	2023
Scope 1 emissions	11,285.87	11,872.51
Scope 2 emissions	26,847.48	28,764.85
Scope 3 emissions	7,699.64	8,349.93
The amount of greenhouse gas emissions	45,832.99	48,987.29
Intensity (tCO ₂ e/NT\$ million)	1.28	0.99

Note 1 : Operating revenue was NT\$35,883 million in 2022. Operating revenue was NT\$49,290 million in 2023.

Note 2 : In 2022, the calculation of Scope 2 emissions adopted a carbon coefficient of 0.509 kgCO₂e per kWh, based on the Taipower's announced coefficient for 2021. This resulted in emissions of 27,606.78 tCO₂e, as disclosed in the 2022 annual report. Taipower announced a new co-efficient of 0.495 kgCO₂e per kWh on June 21, 2023, for the year 2022. Therefore, the correct carbon emissions for 2022, based on this coefficient, are 26,847.48 tCO₂e. Verification for 2023 was conducted based on this data (verification conducted by DNV).

Note 3 : For the calculation of Scope 2 emissions in 2023, the latest coefficient announced by Taipower on April 26, 2024, of 0.494 kgCO₂e per kWh was adopted.

1-1-2 Greenhouse Gas Assurance Information

Description of the assurance status for the most recent two years up to the printing date of the annual report, including the scope of assurance, assurance provider, assurance standard, assurance opinion.

2022~2023 Greenhouse Gas Assurance

1. Scope of assurance: Hsinchu Plant, Xinfeng Plant, Parts Center, Dormitory
2. Assurance institution: DNV Business Assurance Co., Ltd
3. Assurance criteria: ISO-14064-1: 2018 Greenhouse Gas Inventory Standard
4. Assurance Opinion: Reasonable Assurance

1-2 Greenhouse gas reduction goals, strategies and specific action plans

Description of the baseline year and data for greenhouse gas reduction, reduction targets, strategies, specific action plans, and progress toward achieving reduction targets.

1. According to the regulations outlined by the Energy Administration, Ministry of Economic Affairs, the current annual energy saving rate should be above 1%. As part of our energy conservation and carbon reduction goals, we implemented 21 energy-saving initiatives in 2023. The energy-saving target was 535,000 KW, with an actual achievement of 767,600 KW, resulting in a reduction of carbon emissions by 379.96 tCO₂e.
2. According to the FSC's Road Map, the Company's capitalization is NT\$ 5 billion to NT\$10 billion. In 2025, the Company has set its greenhouse gas reduction goal, strategy, concrete action plan and reduction goal in 2026, with expected disclosures of relevant information in 2026.

(VII) Corporate Management and Measures Adopted

Evaluation Item	State of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) The Company has established the Professional Code of Ethics and the Regulations of Socialization for Practitioners Socialization of Practitioners and complies with ethical corporate management policies and practices.	No material difference.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		(II) The Company has established the Regulations for Non-Competition and Non-Disclosure Agreement, as well as the Confirmation of Professional Code of Ethics and Service Norms, to prevent business activities with a higher risk of unethical conduct. However, the Company has not yet established a risk assessment mechanism, which will be developed based on the Company's needs in the future.	No material difference.
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		(III) The Company has established the Professional Code of Ethics to prevent unethical conduct and specify appropriate method for filing complaints.	No material difference.
II. Ethical Management Practice				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(I) The Company has formulated the Regulations of Socialization for Practitioners to strictly prohibit its employees, their relatives, friends, and stakeholders from accepting bribes, rebates, or any illegitimate benefits.	No material difference.

Evaluation Item	State of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		(II) The Company has established Administration Sector and Audit Office to conduct irregular awareness campaigns and progressively enhance ethical corporate management. However, it has not regularly reported the implementation status to the Board of Directors.	Same as the summary
(III) Has the company established policies to prevent conflict of interest, provide appropriate communication and complaint channels, and properly implemented such policies?	✓		(III) The Company has developed the Professional Code of Ethics, as well as the Regulations of Socialization for Practitioners, to prevent conflicts of interest and specify appropriate methods for filing complaints.	No material difference.
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		(IV) The Company has established internal control systems and accounting systems in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” stipulated by the government. The Company also lawfully appointed internal audit personnel to implement the annual audit plan approved by the Board of Directors and make regular reports to the Audit Committee and the Board of Directors.	No material difference.
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		(V) The Company offers courses related to ethical corporate management in its education and training programs for new employees.	No material difference.
III. Implementation of Complaint Procedures				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	✓		(I) The Company has established channels to accept employees' complaints, including the Administration Sector, the Audit Office, and the employee's complaint box. Once their violations of ethical corporate management principles are confirmed to have caused damage to the Company's interests, employees will be punished in accordance with the work rules and the Guidelines for Special Rewards and Punishments.	No material difference.

Evaluation Item	State of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		(II) The Company has established procedures for accepting reports, which are implemented by the human resource unit and the environmental safety unit. The Company strictly maintains the confidentiality of whistleblowers' rights, interests, and privacy.	No material difference.
(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✓		(III) After receiving complaint forms, the Company shall ensure that procedures for reporting and handling complaints remain objective, fair, and impartial will strictly protect the confidentiality of the whistleblowers' rights, interests, and privacy.	No material difference.
IV. Strengthening Information Disclosure Does the company disclose the ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has set up a website to regularly disclose its business information required by laws and regulations. http://www.sanyang.com.tw °	No material difference.

Evaluation Item	State of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
V. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has not formulated the "Ethical Corporate Management Best Practice Principles," but relevant ethical corporate management principles are included in the Company's other internal regulations, such as work rules, the Regulations Socialization Practitioners, the Professional Code of Ethics, and the Confirmation of Professional Code of Ethics and Service Norms. No difference exists in the practical operations. Regarding the Professional Code of Ethics, the Company requires all employees to: 1. Comply with the Code at work and in their personal conduct. 2. Ensure that there are no conflicts of interest. 3. Protect confidential information and property of the Company. 4. Obey all applicable laws, rules, and regulations. 5. Adhere to the regulations regarding the prohibition against insider trading. 6. Respect everyone and treat everyone in a fair and just manner. 7. Make sure that all policies of the Company have been read and understood. 8. Consult with the supervisor or the Administration Sector in case of any questions. 9. Immediately report any violations of rules along with the evidence to the Administration Sector. The Company appoints the Head of the HR Sector to receive whistleblowing reports and establishes a whistleblowing email account (hr@sym.com.tw). Any whistleblowing matters or reported violations will be submitted to the Administration Sector for investigation and handling.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles) 1. The Company upholds ethical corporate management and strictly abides by all government regulations, rules governing TWSE listed companies, and other international business regulations as the basis for its ethical corporate management. 2. All the Company's employees have signed the "Professional Code of Ethics and Confirmation of Professional Code of Ethics and Service Norms" to ensure compliance in employees' behaviors.				

(VIII) If the company has established corporate governance principles and relevant regulations, the channel to these documents should be disclosed:

The documents have been placed on the Company's official website for review.

(IX) Other important information for enhancing understanding of corporate governance:

1. All important information of the Company is announced on the MOPS pursuant to regulations of competent authorities.
2. Continuing education of Directors in 2023:

Title	Name	Date of Training	Course	Training Hours (hr)	Organizer
Chairman	Ching-Yuan Wu	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Vice Chairman	Li-Chu Wu	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Managing Director / Independent Director	Chung-Chuan Shih	2023.03.25	Corporate Governance – Sustainable Environment Carbon Management – Low-carbon Transformation Pathway Planning – Carbon Inventory	3	Taipei Foundation of Finance
		2023.03.27	Corporate Governance – Sustainable Environment Carbon Management – Low-carbon Transformation Pathway Planning – Carbon Inventory	3	Taipei Foundation of Finance
		2023.08.10	Analysis of Money Laundering and Insider Trading Patterns	3	National Federation of Certified Public Accountant Associations of the Republic of China (NFCPAA)
		2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.10.23	Latest Trends in Anti-Money Laundering and Business	3	National Federation of Certified Public Accountant Associations of the Republic of China (NFCPAA)
		2023.11.08	Practical Analysis of Independent Directors and Audit Committee Operations	3	National Federation of Certified Public Accountant Associations of the Republic of China (NFCPAA)
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
		2023.11.15	2023 Insider Equity Transaction Legal Compliance Education Seminar	3	Securities and Futures Institute
Director	Li-Hsi Chiang	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Director	Yi-Cheng Wu	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Director	Yu-Chang Huang	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association

Title	Name	Date of Training	Course	Training Hours (hr)	Organizer
Director	Te-Ching Chang	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Director	Ren-Hao Tien	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Independent Director	Chih-Hung Hsieh	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Independent Director	Chen Chiang	2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
Independent Director	Fu-Wei Chen	2023.07.20	Management Rights and Directors' Responsibilities Seminar	3	Taiwan Corporate Governance Association
		2023.08.07	IFRS 2 share-based payment and IFRS 9, IFRS 15 and IFRS 16 material issues	3	National Federation of Certified Public Accountant Associations of the Republic of China (NFCPAA)
		2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.08.16	Impact of Climate Change Risks on Corporate Financing and Partnerships	3	Taiwan Institute of Directors
		2023.08.30	Roles and Responsibilities of the Board of Directors of TWSE/TPEX Listed Companies in Sustainable Governance of ESG	3	Taipei Foundation of Finance
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association
		2023.12.06	Discussion of Taiwanese M&A Strategies in the Global Political and Economic Landscape	3	Corporate Operating and Sustainable Development Association
		2023.12.12	ESG, CSR, and Sustainable Governance Trends for 2023	3	Taiwan Institute of Directors

3. Continuing education of the Corporate Governance Officer in 2023:

Title	Name	Date of Training	Course	Training Hours (hr)	Organizer
Corporate Governance Officer	Kuei-Chin Huang	2023.04.27	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX Listed Companies	3	Taiwan Stock Exchange and Taipei Exchange
		2023.06.02	Director and Supervisor Orientation – 2023 Taishin Net Zero Summit – Go Toward Green Energy	3	Chinese National Association of Industry and Commerce
		2023.08.11	Insights on Digital Transformation	3	Taiwan Corporate Governance Association
		2023.10.13	2023 Insider Trading Prevention Conference	3	Securities and Futures Institute
		2023.11.13	The risks and opportunities of climate change and net zero emission policies for business operations.	3	Taiwan Corporate Governance Association

(X) Implementation of Internal Control System

1. Statement on Internal Control

Sanyang Motor Co., Ltd

Statement on Internal Control System

Date: March 14, 2024

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

- I. The Company clarifies that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, which has been established by the Company. Its purpose is to reasonably ensure the achievement of objectives, including operational effectiveness and efficiency (including profit, performance, and asset safety), reporting reliability, timeliness, and transparency, as well as compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations classify the internal control system into five components based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to understanding the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 14, 2024, and none of the eleven Directors present objected to it and all consented to the content expressed in this statement.

Sanyang Motor Co., Ltd.

Chairman: Ching-Yuan Wu (Signature/Seal)

President: Ching-Yuan Wu (Signature/Seal)

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

(XI) Penalties imposed upon the Company and its employees according to laws, penalties imposed by the Company upon its employees for violating the internal control system, principal deficiencies, and improvement status during the most recent fiscal year and during the current fiscal year and as of the date of the annual report: None.

(XII) Major resolutions of the 2023 Shareholders' Meeting and Board of Directors meetings

1. Important resolutions of the 2023 general Shareholders' Meeting:

Matters to Be Resolved	Review of Implementation Status	
Adoption of 2023 Business Report and Financial Statements	Based on the voting results, the number of affirmative votes met the statutory requirement and the proposal was thus adopted.	
Adoption of 2023 Earnings Distribution	Based on the voting results, the number of affirmative votes met the statutory requirement and the proposal was thus adopted. The Company set the ex-dividend date on July 31, 2023 and the date for distributing cash dividends on August 30, 2023, with a total amount of NT\$1,435,481,287.	
Amendment to the "Articles of Incorporation"	Based on the voting results, the number of affirmative votes met the statutory requirement and the proposal was thus approved.	
Election for the 27th Board of Directors	<p>11 directors were elected for the 27th Board of Directors, with a term of 3 years from June 28, 2023, to June 27, 2026. The elected directors (including independent directors) are:</p> <ul style="list-style-type: none"> • Ching-Yuan Wu • Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu, Li-Hsi Chiang, Yi-Cheng Wu • Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang, Te-Ching Chang, Ren-Hao Tien • Chung-Chuan Shih (Independent Director) • Chen Chiang (Independent Director) • Chih-Hung Hsieh (Independent Director) • Fu-Wei Chen (Independent Director) 	
Relieve non-competition prohibition on Directors of the 27th Board of Directors and their representatives	Removal of restrictions on non-competition of directors by resolution of the annual general shareholders' meeting:	
	Director	Name of the company and job title held concurrently
	Ching-Yuan Wu	<p>Chairperson of Taiwan Tea Corp.</p> <p>Chairperson of Xiamen Xiaxing Motorcycle Co., Ltd.</p> <p>Chairperson of Nanyang Industries Co., Ltd.</p> <p>Director of APh Corporation</p> <p>Director of APh ePower Co., Ltd.</p> <p>Chairperson of Ching Ta Investment Co., Ltd.</p> <p>Director of Ching Chao Investment Co., Ltd.</p> <p>Director of Nova Design (Shanghai) Ltd.</p> <p>Director of Jiu Ding Development & Construction Co., Ltd.</p>

Matters to Be Resolved	Review of Implementation Status	
	<div>Director</div>	<div>Name of the company and job title held concurrently</div>
	<div>Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu</div>	<div>Vice Chairperson of Nanyang Industries Co., Ltd. Chairperson of Nanyang Insurance Agent Co., Ltd. Director of Xiamen Xiaxing Motorcycle Co., Ltd. Director of Vietnam Jung Chang Technology Co., Ltd. Non-executive Director of Vietnam Manufacturing and Export Processing (Holdings) Ltd. Chairperson of Liyang Industrial Co., Ltd. Director of Nanyang Holding Co., Ltd. Chairperson of SHI MENG Construction Co., Ltd. Director of San Hsin Development Consultants CO., LTD.</div>
	<div>Chien-Jin Investment Co., Ltd. Representative: Yi-Cheng Wu</div>	<div>Director of Nanyang Industries Co., Ltd. Director of Nova Design (Shanghai) Ltd.</div>
	<div>Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang</div>	<div>Director of Taiwan Tea Corp.</div>
	<div>Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien</div>	<div>Chairperson of Chang Zhou Nan Yang Motor Sales and Service Ltd. Chairperson of Three Brothers Machinery Industrial Co., Ltd. Chairperson of VIETNAM THREE BROTHERS INDUSTRIAL Ltd. Director of Nanyang Industries Co., Ltd. Director of Jung Chang INDUSTRIAL CO., LTD. Director of Wei Le MOTOR CO., LTD.</div>
	<div>Independent director Chih-Hung Hsieh</div>	<div>Independent Director of Grand Pacific Petrochemical Cop.</div>

2. Major resolutions of the Board of Directors in 2023 and as of the date of annual report:

Name of Meeting	Date of Meeting	Major Resolutions	Implementation Status
26th term 28th session Board of Directors	January 12, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Business Plan. 2. Approved the proposal for distribution of 2022 year-end bonus to the Company's Directors and managerial officers. 3. Approved the proposal for the evaluation of the independence and professional fees of the attesting CPAs for the Company's 2023 Financial Statements. 4. Approved the establishment of the general policy for non-assurance services pre-approval policy. 	Implemented and announced the proposals according to the resolutions.

Name of Meeting	Date of Meeting	Major Resolutions	Implementation Status
26th term 29th session Board of Directors	March 15, 2023	<ol style="list-style-type: none"> 1. Approved 2022 Statement on Internal Control System of the Company. 2. Approved 2022 Business Report and Financial Statements of the Company. 3. Approved the distribution of remuneration to the Company's employees for 2022. 4. Approved the distribution of remuneration to the Company's Directors for 2022. 5. Approved 2022 Earnings Distribution. 6. Approved the adjustment to remuneration for the Company's Independent Directors. 7. Approved the amendment to the "Articles of Incorporation" 8. Approved election for the 27th Board of Directors. 9. Approved the Company's acceptance of the candidate nomination for Directors (including Independent Directors). 10. Approved relief of non-competition prohibition on Directors of the 27th Board of Directors and their representatives. 11. Approved the convening of the Company's 2023 general Shareholders' Meeting. 	Implemented and announced in accordance with the contents of the resolution. Items 2 and 5 will be submitted to the 2023 general Shareholders' Meeting for adoption and resolution. Items 3 and 4 will be reported at the 2023 general Shareholders' Meeting. Items 7 and 10 will be submitted to the 2023 general Shareholders' Meeting for discussion and resolution.
26th term 30th session Board of Directors	May 11, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q1 Consolidated Financial Statements. 2. Approved the proposal for adjustment of the Company's financing limit. 3. Approved the adjustment to the endorsement/guarantee provided by SY INTERNATIONAL LTD. (hereinafter referred to as "SYI"), a 100%-owned subsidiary of the Company, to Ching Ta Investment Co., Ltd. (hereinafter referred to as "Ching Ta"), a 99.66%-owned subsidiary of the Company. 4. Approved the amendment of the "Remuneration Committee Charter." 5. Approved the list of candidates nominated for the 27th Directors. 6. Approved relief of non-competition prohibition on Directors of the 27th Board of Directors and their representatives. 	Implemented and announced the proposals according to the resolutions. Items 5 and 6 will be submitted to the 2023 general Shareholders' Meeting for discussion and resolution.

Name of Meeting	Date of Meeting	Major Resolutions	Implementation Status
27th term 1st session Board of Directors	June 28,2023	Election of the 27th term Managing Directors.	Director Ching-Yuan Wu, Director Li-Chu Wu, and Independent Director Chung-Chuan Shih were nominated as Managing Directors; and during the managing directors' meeting, Ching-Yuan Wu was elected as Chairman, while Li-Chu Wu was elected as Vice Chairman.
27th term 2nd session Board of Directors	July 7,2023	<ol style="list-style-type: none"> 1. Approved the appointment of the Company's 5th Remuneration Committee members. 2. Approved the Company's application for medium-term financing facilities. 3. Approved to set the relevant operational dates for 2022 cash dividends. 	The Company implemented and announced the 2022 cash dividends in accordance with the resolution, and the distribution of 2022 cash dividends was completed on August 30, 2023.
27th term 3rd session Board of Directors	August 11, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q2 Consolidated Financial Statements 2. Amendments made to certain provisions of "Regulations Governing the Remuneration of Directors and Managerial Officers." 3. Salary adjustments for directors and managers for 2023 were approved. 	Implemented and announced the proposals according to the resolutions.
27th term 4th session Board of Directors	November 13, 2023	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q3 Consolidated Financial Statements. 2. Approval of the internal audit plan for FY2024. 3. Approved the proposal for adjustment of the Company's financing limit. 4. Resolution to approve the provision of financing endorsements/guarantees by the Company's subsidiary "VIETNAM MANUFACTURING AND EXPORT PROCESSING COMPANY LIMITED." 5. Resolution to approve the Company's earnings distribution for the first half of 2023. 6. It was resolved to amend certain provisions of the "Procedures for Handling Internal Material Nonpublic Information." 	Implemented and announced the proposals according to the resolutions.

Name of Meeting	Date of Meeting	Major Resolutions	Implementation Status
27th term 5th session Board of Directors	January 24, 2024	<ol style="list-style-type: none"> 1. Approved the Company's 2024 Business Plan. 2. Approved the proposal for distribution of 2023 year-end bonus to the Company's Directors and managerial officers. 3. Resolution to approve the provision of financing endorsements/guarantees by the Company's subsidiary "VIETNAM MANUFACTURING AND EXPORT PROCESSING COMPANY LIMITED." 4. Approved the proposal for the evaluation of the independence and professional fees of the attesting CPAs for the Company's 2024 Financial Statements. 	Implemented the proposals according to the resolutions.
27th term 6th session Board of Directors	March 14, 2024	<ol style="list-style-type: none"> 1. Approved 2023 Statement on Internal Control System of the Company. 2. Approved 2023 Business Report and Financial Statements of the Company. 3. Approved the distribution of remuneration to the Company's employees for 2023. 4. Approved the distribution of remuneration to the Company's Directors for 2023. 5. Approved 2023 Earnings Distribution. 6. Approved the convening of the Company's 2024 general Shareholders' Meeting. 	In accordance with the resolution, items 2 and 5 were submitted for recognition and resolution at the 2024 annual general shareholders' meeting; items 3 and 4 were reported at the 2024 annual general shareholders' meeting.
27th term 7th session Board of Directors	May 14, 2024	<ol style="list-style-type: none"> 1. Approved the Company's 2023 Q3 Consolidated Financial Statements. 2. Approved the proposal for adjustment of the Company's financing limit. 	Implemented and announced the proposals according to the resolutions.

(XIII) The important resolutions passed by the Board of Directors or the Board of Supervisors with varying opinions, as recorded or stated in writing, in the most recent fiscal year and as of the date of annual report: None.

(XIV) Summary of resignations and dismissals of key personnel of the Company:

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Vice President	Shih-Liang Hsu	2019.10.07	2023.12.31	Career planning
Assistant Vice President	Yuh-Shying Gau	2018.10.01	2023.12.31	Career planning

IV. Information about CPA Professional Fee

Unit: NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
KPMG Taiwan	Kuo-Yang Tseng	2023.01.01	10,320	3,126	13,446	Non-audit Fees are mainly for transfer pricing and group main file report service, etc.
	Hsin-Ting Huang	~ 2023.12.31				

- (I) The Company changed its CPA firm, and audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
- (II) Audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

V. CPAs Replacement Related Information:

I. Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on January 12, 2023		
Reason for replacement and explanation	CPA Chung-Che Chen and Hsin-Ting Huang were reassigned and replaced by Kuo-Yang Tseng and Hsin-Ting Huang in accordance with internal staffing adjustments of the accounting firm.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		CPAs
	Circumstances		The Company
	Terminated the engagement		N/A
No longer accepted (discontinued) the engagement			
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	No such situation has occurred.		
Disagreement with the Company	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	✓	
Specify details			
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

II. Information Regarding the Successor CPAs

Name of accounting firm	KPMG Taiwan
Names of CPAs	CPA Kuo-Yang Tseng, CPA Hsin-Ting Huang
Date of engagement	Approved by the Board of Directors on January 12, 2023
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

III. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations : N/A

VI. Information Regarding the Chairman, Presidents, Financial and Accounting Managers Holding a Position at an Accounting Firm or an Affiliate in the Most Recent Fiscal Year: None.

VII. Conditions of Share Transfer and Changes in Equity Pledge from the Directors, Managers, and Shareholders Holding over 10% of Shares in the Most Recent Year and as of the Date of the Annual Report:

(I) Changes in shareholding of Directors, managerial officers and major shareholders

Unit: share

Title	Name	2023(Note 1)		As of Apr 27th of the Current Year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman / President	Ching-Yuan Wu	-	(8,295,000)	-	-
Vice Chairman / Director	Chien-Jin Investment Co., Ltd.	-	(9,189,000)	-	-
Vice Chairman	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	-	(9,282,000)	-	-
Managing Director/ Independent Director	Chung-Chuan Shih	-	-	-	-
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang Yi-Cheng Wu (Note 2)	-	-	-	-

Title	Nmae	2023(Note 1)		As of Apr 27 th of the Current Year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Director	Chao-Yao Investment Co., Ltd	-	(6,558,000)	-	-
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang Ren-Hao Tien Te-Ching Chang	-	(1,531,000)	-	-
		-	-	-	-
		-	-	-	-
Independent Director	Chen Chiang	-	-	-	-
Independent Director	Chih-Hung Hsieh	-	-	-	-
Independent Director	Fu-Wei Chen (Note 3)	-	-	-	-
Vice President	Nai-Shih Lin	-	-	-	-
Vice President	Hsu-Pin Chen	-	-	-	-
Vice President	Shih-Liang Hsu (Note 4)	-	-	-	-
Assistant Vice President	Ying-Feng Chiu	(10,000)	-	-	-
Assistant Vice President	Chao-Shun Lin	-	-	-	-
Assistant Vice President	Hsi-Cheng Chang	-	-	-	-
Assistant Vice President	Kuei-Chin Huang	-	-	-	-
Assistant Vice President	Chao-Sheng Lin	-	-	-	-
Assistant Vice President	Chien-Sheng Chen	-	-	-	-
Assistant Vice President	Ren-Hao Tien	-	-	-	-
Assistant Vice President	Yuan-Ping Huang	-	-	-	-
Assistant Vice President	Ming-Chieh Lin	-	-	-	-
Assistant Vice President	Yuh-Shying Gau (Note 5)	-	-	-	-
Assistant Vice President	Kuang-Pin, Chuang	-	-	-	-

Note 1 : From January 1, 2023 to December 31, 2023.

Note 2 : Yi-Cheng Wu, Representative of Chien-Jin Investment Co., Ltd., was newly elected as a director on June 28, 2023.

Note 3 : Fu-Wei Chen was newly elected as an Independent Director on June 28, 2023.

Note 4 : Shih-Liang Hsu resigned on December 31, 2023

Note 5 : Yuh-Shying Gau resigned on December 31, 2023

- (II) Where the counterparty of stock transfer or stock pledge is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors of the Board, Supervisors of the Board, and shareholders holding over 10% shares of the Company, and the number of shares obtained or pledged shall be disclosed: None.

VIII. Information on Relationships among top 10 Shareholders

Apr.27, 2024 Unit: share

Name	Shareholding of the Individual		Spouse & Minor Shareholding		Total Shareholding Under the Names of Other Parties		Names and Relationships of Top 10 Shareholders who are Related Parties, Spouses, or Relatives within Second Degree of Kinship with Each Other		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Da Yang Investment Ltd. Representative: Tiao-Mou Hsu	54,905,000	6.88%	-	-	-	-	-	-	-
Chuan Yuan Investment Ltd. Representative: Kuo-I Wang	47,375,000	5.94%	-	-	-	-	-	-	-
Bai Ke Investment Ltd. Representative: Wen-Lung Chang	45,730,000	5.73%	-	-	-	-	-	-	-
Guancheng Investment Co., Ltd. Representative: Ting-Yu Hsiao	29,997,000	3.76%	-	-	-	-	-	-	-
Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	29,181,000	3.66%	-	-	-	-	Ching-Yuan Wu	Brother and sister with the company's representative	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-
							Li-Chu Wu	Representative of the company	-
Ting-Chueh Investment Co., Ltd. Representative: Chen-Mei Ku	20,165,000	2.53%	-	-	-	-	Hongbai Investment Co., Ltd.	Representative of the company	-
Ching-Yuan Wu	20,126,240	2.52%	281,360	0.04%	-	-	Chien-Jin Investment Co., Ltd.	Brother and sister with the company's representative	-
							Chuangfu Development Consulting Co., Ltd.	Brother and sister with the company's representative	-
							Li-Chu Wu	Sibling	-
Hongbai Investment Co., Ltd. Representative: Chen-Mei Ku	17,963,000	2.25%	-	-	-	-	Ting-Chueh Investment Co., Ltd.	Representative of the company	-
Chuangfu Development Consulting Co., Ltd. Representative: Li-Mei Wu	17,086,000	2.14%	-	-	-	-	Chien-Jin Investment Co., Ltd.	Sisterhood with the company's representative	-
							Ching-Yuan Wu	Brother and sister with the company's representative	-
							Li-Chu Wu	Sisterhood with the company's representative	-
Li-Chu Wu	17,046,560	2.14%	4,269,600	0.54%	-	-	Chien-Jin Investment Co., Ltd.	Representative of the company	-
							Ching-Yuan Wu	Sibling	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-

IX. Number of Shares Held by the Company, Its Directors, Managers or Any Companies under Direct or Indirect Control of the Company in a Single Enterprise, and Their Total Shareholding Ratio

Dec.31, 2023 Unit: share; %

Reinvestment Entities (Note)	Investment by the Company		Investments by Directors of the Board, Supervisors of the Board, Managerial Officers, and Directly or Indirectly Controlled Entities		Total Investment	
	Number of Shares/ Amount of capital contribution	Shareholding Ratio	Number of Shares/ Amount of capital contribution	Shareholding Ratio	Number of Shares/ Amount of capital contribution	Shareholding Ratio
Shan Young Assets Management Co., Ltd.	771,432,767	100%	-	-	771,432,767	100%
Chu-Yang Motor Co., Ltd.	2,900,000	100%	-	-	2,900,000	100%
Ching Ta Investment Co., Ltd.	119,256,602	99.66%	-	-	119,256,602	99.66%
Sanyang Deutschland GmbH	NTD 122,713	100%	-	-	NTD 122,713	100%
Sanyang Italia S.r.l	NTD 179,915	100%	-	-	NTD 179,915	100%
Youth Taisun Co., Ltd.	18,093,488	100%	-	-	18,093,488	100%
SY International Ltd.	NTD 3,662,936	100%	-	-	NTD 3,662,936	100%
Nova Design Co., Ltd.	19,080,000	100%	-	-	19,080,000	100%
Nanyang Industries Co., Ltd.	179,283,498	89.78%	-	-	179,283,498	89.78%
Sunshine Auto-Lease Co., Ltd.	8,125,365	16.27%	41,251,385	82.58%	49,376,750	98.85%
Profit Source Investments Ltd.	NTD 867,759	100%	-	-	NTD 867,759	100%
APh corporation	165,537,388	66.57%	-	-	165,537,388	66.57%
Sanyang Motor Colombia S.A.S	100,002	100%	-	-	100,002	100%
Yi Young Co., Ltd.	28,000,000	100%	-	-	28,000,000	100%

Note : The Company uses the equity method for its long-term investments.

Chapter 4. Funding Status

I. Capital and Shares

(I) Source of Capital

Capitalization Process

Unit: share; NT\$

Year/ Month	Issuing Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Contributed by Assets Other than Cash	Others
July 1990	NT\$10	500,000,000	5,000,000,000	455,000,000	4,550,000,000	Earnings NT\$395,371,200 Additional Paid-in Capital NT\$200,916,800	None	(79) Tai-Cai-Zheng (I) No.01769
December 1992	NT\$10	500,000,000	5,000,000,000	486,850,000	4,868,500,000	Earnings NT\$136,500,000 Additional Paid-in Capital NT\$182,000,000	None	(81) Tai-Cai-Zheng (I) No.03331
September 1994	NT\$10	750,000,000	7,500,000,000	569,000,000	5,690,000,000	Cash NT\$91,225,000 Earnings NT\$486,850,000 Additional Paid-in Capital NT\$243,425,000	None	(83) Tai-Cai-Zheng (I) No.32553
October 1995	NT\$10	750,000,000	7,500,000,000	694,180,000	6,941,800,000	Earnings NT\$995,750,000 Additional Paid-in Capital NT\$256,050,000	None	(84) Tai-Cai-Zheng (I) No.34157
July 1998	NT\$10	750,000,000	7,500,000,000	746,243,500	7,462,435,000	Earnings NT\$242,963,000 Additional Paid-in Capital NT\$277,672,000	None	(87) Tai-Cai-Zheng (I) No.58685
September 1999	NT\$10	850,000,000	8,500,000,000	776,093,240	7,760,932,400	Additional Paid-in Capital NT\$298,497,400	None	(88) Tai-Cai-Zheng (I) No.75780
August 2000	NT\$10	850,000,000	8,500,000,000	790,070,000	7,900,700,000	Additional Paid-in Capital NT\$139,767,600	None	(89) Tai-Cai-Zheng (I) No.72283
August 2001	NT\$10	850,000,000	8,500,000,000	805,370,000	8,053,700,000	Additional Paid-in Capital NT\$153,000,000	None	(90) Tai-Cai-Zheng (I) No.153660
September 2008	NT\$10	850,000,000	8,500,000,000	845,638,500	8,456,385,000	Earnings NT\$402,685,000	None	Jin-Guan-Zheng-Fa No.0970039548
August 2011	NT\$10	950,000,000	9,500,000,000	896,376,810	8,963,768,100	Earnings NT\$507,383,100	None	Jin-Guan-Zheng-Fa No.1000036651
April 2014	NT\$10	950,000,000	9,500,000,000	900,044,604	9,000,446,040	Overseas convertible corporate bonds US\$6,400,000	None	Jin-Guan-Zheng-Fa No.1020051210
December 2015	NT\$10	950,000,000	9,500,000,000	880,044,604	8,800,446,040	Cancellation of treasury stocks NT\$200,000,000	None	Jing-Shou-Shang No.10401262010
August 2017	NT\$10	950,000,000	9,500,000,000	868,595,604	8,685,956,040	Cancellation of treasury stocks NT\$114,490,000	None	Jing-Shou-Shang No.10601113840
June 2018	NT\$10	950,000,000	9,500,000,000	853,595,604	8,535,956,040	Cancellation of treasury stocks NT\$150,000,000	None	Jing-Shou-Shang No.10701062160

Year/ Month	Issuing Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Contributed by Assets Other than Cash	Others
July 2020	NT\$10	950,000,000	9,500,000,000	814,398,604	8,143,986,040	Cancellation of treasury stocks NT\$391,970,000	None	Jing-Shou-Shang No.10901146070
September 2020	NT\$10	950,000,000	9,500,000,000	804,982,604	8,049,826,040	Cancellation of treasury stocks NT\$94,160,000	None	Jing-Shou-Shang No.10901180540
November 2020	NT\$10	950,000,000	9,500,000,000	803,077,604	8,030,776,040	Cancellation of treasury stocks NT\$19,050,000	None	Jing-Shou-Shang No.10901200540
December 2021	NT\$10	950,000,000	9,500,000,000	797,639,604	7,976,396,040	Cancellation of treasury stocks NT\$54,380,000	None	Jing-Shou-Shang No.11001217790
December 2022	NT\$10	950,000,000	9,500,000,000	797,489,604	7,974,896,040	Cancellation of treasury stocks NT\$1,500,000	None	Jing-Shou-Shang No.11101239480

Share Class

Share Class	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Ordinary Shares	797,489,604	152,510,396	950,000,000	TWSE Listed Company's Shares

Information for shelf registration: None.

(II) Shareholder Structure

Apr.27, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Corporate Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	3	8	406	77,438	212	78,067
Number of Shares Held	3,531,000	4,137,838	381,057,997	333,563,652	75,199,117	797,489,604
Shareholding Ratio	0.44	0.52	47.78	41.83	9.43	100

(III) Diffusion of Ownership

Apr.27, 2024 Par value of NT\$10 per share

Shareholding Range	Number of Shareholders	Number of Shares Held (Shares)	Shareholding Ratio (%)
1~999	41,210	2,538,342	0.32
1,000~5,000	30,530	57,396,409	7.20
5,001~10,000	3,273	25,901,697	3.25
10,001~15,000	1,027	13,163,395	1.65
15,001~20,000	596	11,105,385	1.39
20,001~30,000	446	11,540,065	1.45
30,001~40,000	235	8,547,189	1.07
40,001~50,000	161	7,569,940	0.95
50,001~100,000	266	19,069,976	2.39
100,001~200,000	137	20,290,098	2.54
200,001~400,000	64	17,971,664	2.25
400,001~600,000	28	13,716,324	1.72
600,001~800,000	16	10,612,839	1.33
800,001~1,000,000	9	8,083,501	1.01
Over 1,000,001	69	569,982,780	71.47
Totle	78,067	797,489,604	100.00

(IV) List of major shareholders:

Apr.27, 2024

Shareholding Name of Major Shareholders	Number of Shares Held (Shares)	Shareholding Ratio (%)
Da Yang Investment Ltd.	54,905,000	6.88
Chuan Yuan Investment Ltd.	47,375,000	5.94
Bai Ke Investment Ltd.	45,730,000	5.73
Guancheng Investment Co., Ltd.	29,997,000	3.76
Chien-Jin Investment Co., Ltd.	29,181,000	3.66
Ting-Chueh Investment Co., Ltd.	20,165,000	2.53

Shareholding Name of Major Shareholders	Number of Shares Held (Shares)	Shareholding Ratio (%)
Ching-Yuan Wu	20,126,240	2.52
Hongbai Investment Co., Ltd.	17,963,000	2.25
Chuangfu Development Consulting Co., Ltd.	17,086,000	2.14
Li-Chu Wu	17,046,560	2.14

(V) Information on market price, net value, earnings and dividends per share

Items		Year	2022	2023	As of May 14, 2024 of the current fiscal year
Market Price per Share	Highest		42.05	99.30	87.60
	Lowest		26.45	33.70	68.60
	Average		33.03	64.88	75.37
Net Value per Share (Note 2)	Before distribution		22.36	28.08	30.10
	After distribution		20.56	Note 1	Note 1
Earnings Per Share	Weighted Average Shares (Thousand Shares)		792,660	792,605	792,605
	Earnings Per Share		3.93	7.95	1.75
Dividends per Share	Cash Dividends		1.8	Note 1	Note 1
	Stock Dividends	Appropriated from Earnings	0	Note 1	Note 1
		Appropriated from Capital Reserves	0	Note 1	Note 1
	Accumulated Undistributed Dividend (Note 3)		0	0	0
Analysis of Return on Investment	Price / Earnings Ratio (Note 4)		8.40	8.16	43.07
	Price / Dividend Ratio (Note 5)		18.35	Note 1	Note 1
	Cash Dividend Yield (Note 6)		5.45%	Note 1	Note 1

Note 1: The distribution of earnings for 2023 has not yet been resolved by the Shareholders' Meeting.

Note 2: Information on net value per share and earnings per share of the Company has been audited (reviewed) by CPAs in the most recent quarter and as of the date of the annual report.

Note 3: If retroactive adjustment is necessary due to stock dividend payout, earnings per share before and after the distribution shall be stated.

Note 4: Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share, excluding loss per share.

Note 5: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 6: Cash dividend yield = Cash dividends per share/average closing price per share for the current fiscal year ◦

(VI) Dividend policy and implementation of the Company

1. Dividend policy:

For any earnings in the annual accounts, the Company shall, as required by law, first pay taxes and offset accumulated deficits from previous years. Next, it shall allocate 10% as the statutory surplus reserve, adding the undistributed earnings at the beginning of the period to calculate the accumulated undistributed earnings. It shall then allocate or reserve special surplus reserves as required by law. The remaining portion constitutes the distributable earnings for the current year. The Board of Directors shall prepare the proposal for earning distribution and submit it to the Shareholders' Meeting for resolution.

The Company is currently in the mature stage of the business lifecycle. However, the industry environment may change due to external factors, and the Company will still actively expand domestic and foreign markets for further growth. Therefore, in addition to considering actual earnings, the Company shall also consider future capital requirements, tax regulations, and the impact on shareholders when deciding on earnings distribution. The objective is to maintain stable dividend distribution. Dividends may be distributed in cash or by stocks, but the ratio of stock dividends shall not exceed 50% of the total dividends. The proposal for distribution shall be proposed and resolved by the Board of Directors in accordance with the Company Act.

Earnings distribution or deficit offset of the Company may occur at the end of each half of a fiscal year. The proposal for earnings distribution or deficit offset in the first half of a fiscal year, along with the business report and financial statements, shall be submitted to the Audit Committee for review and then to the Board of Directors for resolution.

In distributing earnings in accordance with the aforementioned provisions, the Company shall first estimate and reserve amounts for taxes payable, offsetting losses, and allocating legal reserves. It shall also extract or reverse special reserves as required by law. If there is any surplus, it, along with the beginning balance of accumulated undistributed earnings, shall be considered as distributable earnings. However, this provision shall not apply if the amount of legal reserves has reached the total capital of the Company.

When distributing earnings by issuing new shares in accordance with the foregoing Paragraph 3, the Company shall follow the Company Act. For distributing earnings in cash, the distribution shall be resolved by the Board of Directors.

2. Dividend distribution proposed at this Shareholders' Meeting:

The 2023 earnings distribution proposal was drafted according to the Articles of Incorporation of the Company, with cash dividends of NT\$3 per share.

Sanyang Motor Co., Ltd.

2023 Earnings Distribution Table

Unit: NT\$

Summary	Amount
Undistributed earnings at the beginning of the period	3,706,233,062
Plus (minus):	
Changes in actuarial gains and losses in the current period	(94,602,211)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	9,799,566
Changes in ownership interests in subsidiaries	(183,169,470)
Reversal of special reserve (Note 1)	4,257,886
Net profit after tax	6,297,521,345
	9,740,040,178
Provisions:	
Provision of 10% as legal reserve	(602,954,923)
Provision of special reserve (Note 1)	(32,738,261)
Earnings available for distribution in the current period	9,104,346,994
Distribution item:	
Cash dividend of NT\$3/share (Note 2)	2,392,468,812
Undistributed earnings at the end of the period	6,711,878,182

Note 1: According to the Financial Supervisory Commission's Jin-Guan-Zheng-Fa-Zi No.1090150022 issued on March 31, 2021, subsidiaries are required to allocate the same amount to a special reserve fund at the year-end if the market price of the parent company's stock is lower than its book value, based on their shareholding ratio. This amount cannot be distributed. Subsequently, when the market price recovers, the same amount is reversed from the special reserve fund based on the shareholding ratio, totaling NT\$4,257,886. Additionally, the net amount of decreases in other equity items recorded during the period is allocated to a special reserve fund of NT\$32,738,261 beyond the net income after tax and other items included in the undistributed earnings for the period.

Note 2: The dividend per share is adjusted based on the actual number of shares outstanding as of the ex-dividend date.

Note 3: The Company's earnings were not distributed according to the decision made by the Board of Directors on November 13, 2023.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed at this Shareholders' Meeting: None.

(VIII) Remuneration of Employees and Directors:

1. Percentages or ranges with respect to remuneration of employees, Directors of the Board, and Supervisors of the Board as set forth in the Company's Articles of Incorporation:
If the Company earns a profit for the year, it shall allocate over 1% of the income before tax as employee remuneration, and within 1% as director of the Board and supervisor of the Board remuneration. However, if the Company suffers accumulated losses, it shall first retain an appropriate amount for offsetting such losses. Independent Directors shall not participate in the foregoing remuneration distribution.
2. Basis for estimating the amount of remuneration for employees, Directors of the Board, and Supervisors of the Board, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: The Company calculated its employee and Director's remuneration by multiplying the income before tax for 2023 by 1% and 1%, respectively. No difference existed between the actual distributed amount and the estimated amount listed in the 2023 parent only financial statements.
3. Remuneration distribution approved by the Board of Directors:
 - (1) The remuneration to employees, Directors of the Board, and Supervisors of the Board may be distributed in cash or in the form of stocks. In case of any discrepancy between the recognized and estimated amounts, the discrepancy, its cause, and the response to the discrepancy shall be disclosed:
On March 14, 2024, the Company's Board of Directors resolved to distribute NT\$73,460 thousand as employee remuneration and NT\$73,460 thousand as remuneration to Directors, both of which were paid in cash. No discrepancy existed between the actual distributed amount and the estimated amount listed in the 2023 parent only financial statements.
 - (2) The amount of employee remuneration distributed in the form of stocks, and its ratio to net income after tax and total amount of employee remuneration listed in the parent only financial statements for the current period: The Company did not distribute any remuneration to employees in the form of stocks in 2023, so this provision is not applicable.
4. Actual distribution of remunerations to employees, Directors of the Board, and Supervisors of the Board for the preceding year (including the number of shares distributed, amount, and stock price), and the discrepancy, if any, between the actual and recognized amount of remunerations paid to employees, Directors of the Board, and Supervisors of the Board, as well as its cause and response to the discrepancy: In 2022, NT\$35,380 thousand was paid to employees as remuneration, and NT\$35,380 thousand was paid to Directors as remuneration. No discrepancy existed between the actual and recognized amount of remunerations in 2022.

(IX) The Company's repurchase of its shares: None.

II. Issuance of Corporate Bonds, Preferred Stocks, Overseas Depository Receipts, Employee Stock Option Certificates, Mergers and Acquisitions or Issuance of New Shares for Acquisition of Other Companies: None.

III. Implementation of the Company's Capital Allocation Plans:

(I) Each Uncompleted Issuance, Private Placement of Securities, or Issuance or Private Placement Completed in the Most Recent 3 Years but Have Not Yet Fully Yielded the Planned Benefits: None.

(II) Implementation Status: None.

Chapter 5. Overview of Operations

I. Business Activities

(I) Scope of Business

1. Principal Business Activities

- (1) Mechanical Equipment Manufacturing.
- (2) Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
- (3) Motor Vehicles and Parts Manufacturing.
- (4) Motorcycles and Parts Manufacturing.
- (5) Bicycles and Parts Manufacturing.
- (6) Other Transport Equipment and Parts Manufacturing.
- (7) Mold and Die Manufacturing.
- (8) Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
- (9) Wholesale of Petroleum Products.
- (10) Wholesale of Motor Vehicles.
- (11) Wholesale of Motorcycles.
- (12) Wholesale of Motor Vehicle Parts and Motorcycle Parts Accessories.
- (13) Wholesale of Bicycle and Component Parts Thereof.
- (14) Wholesale of Other Traffic Means of Transport and Component Parts Thereof.
- (15) Retail Sale of Molds.
- (16) Retail Sale of Petroleum Products.
- (17) Retail Sale of Motor Vehicles.
- (18) Retail Sale of Motorcycles.
- (19) Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
- (20) Retail Sale of Bicycle and Component Parts Thereof.
- (21) International Trade.
- (22) Restrained Telecom Radio Frequency Equipments and Materials Import.
- (23) Other Consulting Service.
- (24) Environmental Testing Services.
- (25) Magazine (Periodical) Publishing.
- (26) Book Publishing.
- (27) Automobile Repair.
- (28) Motorcycle Repair.
- (29) Bicycle Repair.
- (30) Unclassified Other Services.
- (31) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of businesses

This year, the sales of motorcycles, automobiles and related parts account respectively for 51.79%, 41.76%, and 6.45% of the businesses.

3. The Company's current products and new products development plan

(1) Motorcycles

A. Current products

Motorcycles: WOO series, MIO series, Fiddle LT series, VIVO series, New DUKE series, DUKE series, Z1 attila series, JET SR/SL series, FNXBT series, CLBCU series, KRNBT series, Jin Fa Cai series, 4MICA series, DRGBT series, MMBCU series, Orbit/CROX/X'Pro series, JET4 RX series, Fiddle series, JET 14/JET X series, Symphony S/SR/ST/CARGO series, HUSKYADV series, HDseries, Joyride S series, JOYRIDE 300/JOYRIDE 16 300 series, CRUiSYM α/Joymax Z+ series, MAXSYM series, MAXSYM TL series, Wolf series, Wolf Legend series, SYMNH X/T series, VF series.

Electric Motorcycles: E-WOO series, e X'Pro series, Fiddle electric series, MIO electric series.

B. New products development plan

- Corresponding to the model development of each main market segments in Taiwan/Asia/Europe/Central and South America/ASEAN market, and increase model sales
- Development of new multifunctional prototypes
- Development of new, trendy motorcycles
- Development of eco-friendly EV models
- Development of flagship products and heavy machinery products and investment in new technologies

(2) Automobiles

A. Current products

Domestic automobile series: VENUE, ALL NEW TUCSON L, CUSTIN, PORTER, QT500

Imported automobile series: SANTA FE, KONA EV, STARIA, IONIQ 5, IONIQ 6

B. New products development plan

Launch of the all-new small SUV, high-performance EVs and 7-seater EVs.

4. Industry overview

(1) Industry status and development

A. Motorcycles

The top six countries in global motorcycle sales in 2023 were as follows: India: Domestic sales of approximately 15.86 million units (-2.1%); China: Domestic sales of approximately 14.15 million units (+2.7%); Indonesia: Domestic sales

of approximately 6.23 million units (+19.4%); Vietnam: Domestic sales of approximately 2.51 million units (-16.2%); Thailand: Domestic sales of approximately 1.85 million units (+3.6%); Philippines: Domestic sales of approximately 1.55 million units (-0.5%). The cumulative domestic sales of these six countries totaled approximately 42.15 million units, representing a 1% growth compared to the same period last year.

In Taiwan, the total domestic motorcycle market sales volume in 2023 was 870,620 units, representing an 18.6% growth compared to 2022. This growth was primarily attributed to the overall domestic environment in 2022 being affected by the COVID-19 pandemic and the impending end of trade-in and scrapping subsidies for aging motorcycles by the Ministry of Environment. Of the total sales, gasoline-powered motorcycles saw a growth of 22.4%, while electric scooter sales declined by 9.1%.

In 2023, the post-pandemic rebound in major economies such as the US, China, Europe, and the Middle East led to increased sales, driving commodity demand. However, post-pandemic challenges included persistently high inflation rates, shifting the focus from low-cost production bases to meet demand. Taiwan's motorcycle exports (excluding triangular trade) totaled 94,464 units, indicating a YoY decrease of 39.71% compared to 156,671 units in 2022. The main export regions were Europe, the Americas, and Asia. Exports to Europe accounted for 24.54% of Taiwan's total exports, with Italy, Spain, Belgium, and Greece being the top four markets (based on customs statistics). Exports to the Americas accounted for 28.34% of Taiwan's total exports, with the US and the Dominican Republic being the main destinations (based on customs statistics). Exports to Asia accounted for 39.53% of Taiwan's total exports, with Iraq, Japan, Arab countries, South Korea, the Philippines, Hong Kong, Israel, and Macau being the major markets (based on customs statistics). In the future, with limited growth in the domestic market, the expansion of overseas operations and export markets will become the main driving force for the growth of Taiwan's motorcycle industry. Despite formidable competition from mainland Chinese manufacturers and the unpredictability of the global economic landscape, the key to sustaining Taiwanese manufacturers' presence in the international market lies in enhancing product value, exploring emerging markets, and strategically deploying resources globally to cater to diverse market needs.

B. Automobiles

To encourage the private sector to adopt low-pollution automobiles, the government offers a variety of subsidies to encourage the public to purchase EVs. In addition to exempting vehicle license taxes, the exemption of goods taxes for EVs has been extended until 2025. In January 2023, the Legislative Yuan passed the "Climate Change Response Act," continuing to promote multiple subsidy policies to encourage people to switch to hybrid and electric cars. As a result, the automotive market is poised to reap the rewards of these governmental initiatives, fostering an accelerated growth trajectory for the

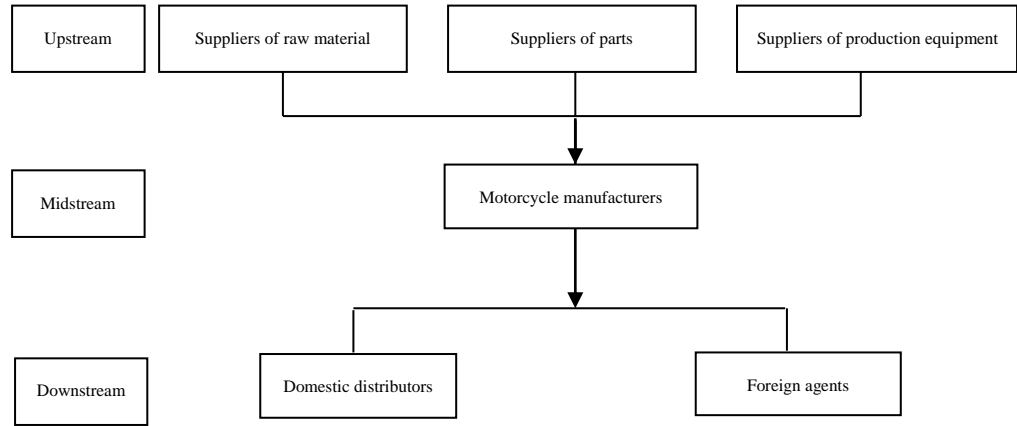
electric automobile sector.

In 2023, the pandemic and the shortage of chips were largely alleviated, and the automobile production capacity gradually resumed. As a result, the total sales in Taiwan’s automobile market reached 477,000 units, up by 10.9% from 429,000 units in 2022.

(2) Connections among industry upstream, midstream, and downstream

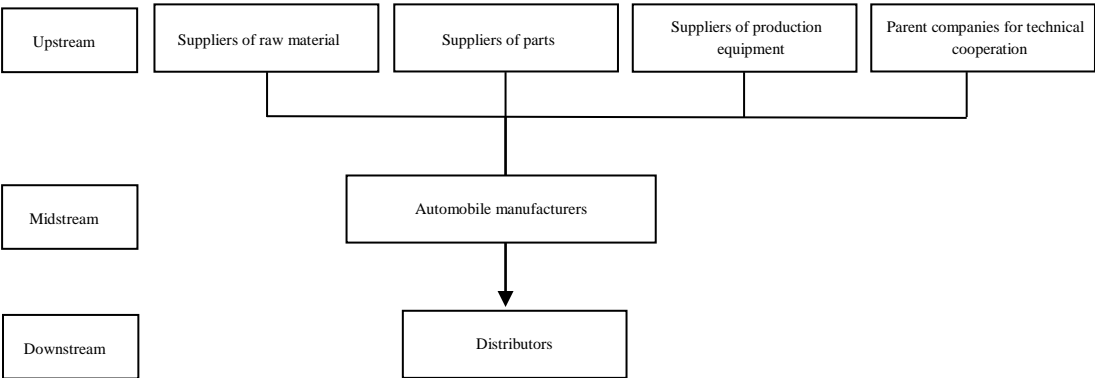
A. Motorcycles

The upstream mainly comprises suppliers of raw material (from the industries of steel, iron, aluminum ingots, rubber and plastics), suppliers of parts (systems/parts) and suppliers of production equipment (equipment and peripherals); the midstream is the motorcycle manufacturers, which manufacture necessary products for consumers by using upstream raw materials and parts; the downstream is the customers served by the motorcycle manufacturers, including domestic distributors for domestic sales and foreign agents for foreign sales.



B. Automobiles

The upstream mainly comprises suppliers of raw material (from the industries of steel, iron, aluminum ingots, rubber and plastics), suppliers of parts (systems/parts), suppliers of production equipment (equipment and peripherals), and the parent companies for technical cooperation (KD parts); the midstream is the automobile manufacturers, which manufacture necessary products for consumers by using upstream raw materials and parts; the downstream is the automobile distribution system.



(3) Future development trends of products

A. Motorcycles

a. More rigorous laws and regulations on environmental protection

The greenhouse effect has led to increasingly severe global warming. In response to this and the awakening of environmental consciousness among consumers, both developed and developing countries have implemented stricter pollution control regulations and monitoring standards to reduce urban pollution. Some have even resorted to license plate restrictions to control the overall level of pollution. Countries such as Taiwan, South Korea, Japan, Brazil, China, and the United States are adopting more stringent pollution control measures to reduce urban pollution. The development of “low-pollution, low-energy consumption” motorcycles will be a key focus of the motorcycle industry.

b. In view of remarkable differences in regional market demands, it is necessary that company offer relative products to rapidly respond different market needs

In developed countries, there is a greater emphasis on sports, leisure, personal style, and environmental friendliness in motorcycle products. For example, motorcycles with high added value, such as those above 300c.c., are popular for leisure purposes, while smaller motorcycles with sporty or fashionable styles are also in demand.

In the Taiwanese market, motor scooters remain the dominant choice among consumers; however, a notable shift toward environmental consciousness and innovative segmentation is underway. Particularly, there’s a burgeoning interest in retro-style or multifunctional motorcycles, especially among the younger demographic, leading to a positive growth trajectory. In the mass market segment, there is a focus on fuel economy, with models emphasizing fuel efficiency being highly successful.

In the Southeast Asian region, although CUB-type motorcycles are still dominant, convenient motor scooters have been steadily growing in popularity in recent years, especially 125/150c.c. models with new features such as 14-inch wheels, gradually gaining mainstream prominence. In developing countries such as China, Central and South America, and Africa, the market is still focused on affordable and durable motorcycles. However, in recent years, there has been a growing trend toward luxury motorcycles with higher prices and larger engine capacities, reflecting the polarization of wealth gaps in these markets.

c. Product development is moving toward meeting the polarized trend of high-end and low-price demands

In developed and highly developed countries, the gap between the rich and the poor has gradually widened and the expenses of living has gradually increased, resulting in the phenomenon of polarized consumption. In developed and highly developed countries, the widening wealth gap and rising cost of living have led to a phenomenon of polarized consumption

patterns toward two extremes: premium and value models. High-priced motorcycles are designed with luxurious equipment and extreme performance, serving as a symbol of status and prestige for their owners; low-priced motorcycles are designed with functions that meet basic needs and are mainly used as commuter transportation. In the future, motorcycle manufacturers need to grasp this consumer trend and offer products that cater to the diverse needs of polarized consumers.

d. Increase added value of products and extend the use of related technologies

As the global economy continues to evolve, motorcycles are evolving beyond mere transportation tools to become expressions of personal style and leisure companions. Consequently, leading manufacturers are intensifying their efforts to enhance the overall value of their products. They're achieving this by promoting features such as high-displacement engines for enhanced performance, advanced safety equipment like ABS/CBS/TCS, unique and differentiated designs, premium branding to signify quality, and extending motorcycle-related technologies to include electric scooters.

e. Development of Alternative Energy Motorcycles

In response to the growing concerns over environmental conservation, leading automotive companies across the globe are channeling substantial resources into researching alternative energy sources for motorcycles. This includes exploring avenues such as electric scooters, hybrid scooters, and motorcycles powered by hydrogen fuel cells. Despite these concerted efforts, the widespread adoption of alternative energy automobiles is encountering hurdles stemming from technological constraints and concerns regarding battery range. These challenges present obstacles to achieving mass adoption in the near future. Nevertheless, developing alternative energy products has become a paramount priority for manufacturers.

B. Automobiles

a. Development of alternative energy automobiles

In response to increasingly stringent environmental regulations, manufacturers are actively improving the fuel efficiency of their automobiles and introducing hybrid and electric models. Therefore, NEVs have become a primary focus for manufacturers' future development.

b. Development of self-driving automobiles

Autonomous driving is an emerging global trend in automotive development, with major manufacturers competing in research and development of self-driving automobiles. In this development process, automobile-to-everything (V2X) technology and Advanced Driver Assistance Systems (ADAS) play indispensable roles. V2X enables communication between automobiles and surrounding road infrastructure, while ADAS systems use various sensing technologies such as radar and image recognition to control steering, throttle, and braking systems. The integration of V2X and ADAS systems enables faster and safer

transportation services, transforming the future of human mobility.

c. Advanced safety equipment becomes the mainstream

Advanced safety features like ADAS systems have been incorporated into new car safety ratings in various countries, compelling manufacturers to equip their automobiles with such features. Features like Adaptive Cruise Control (ACC), Forward Collision Warning (FCW), Blind Spot Detection (BSD), and Around View Monitor (AVM), etc. are being actively introduced and promoted by manufacturers.

d. Further Development of SUV Market

The demand for SUVs in the market is expanding, with the scale continuing to grow. Products are increasingly segmented into different categories (B/C/D Segment), and various brands are starting to introduce B-SUV or Crossover models. Expanding the complete SUV product lineup helps brands increase overall sales volume, and luxury brands are also successively entering SUV model development.

(4) Status of product competitions

A. Motorcycles

In terms of motorcycle products, those 125c.c. and below are still threatened by low-cost products from mainland China, ASEAN, and India. Brand appeal and high-quality, differentiated products are the main response of Taiwanese manufacturers. Meanwhile, Taiwanese companies also leverage global production, production base specialization, strengthened supply chains, and model platform integration to reduce product costs in order to compete with low-cost rivals. In the high-displacement motorcycle product segment, although Western and Japanese manufacturers still hold technological advantages, Taiwanese manufacturers are investing heavily in R&D to enhance product design, develop new technologies, and improve manufacturing competitiveness, thereby continuously increasing product added value and brand value.

In terms of motorcycle derivative products, electric motorcycle extending from environmental concepts have become a green energy industry in which manufacturers are vigorously investing in R&D or collaborating through technology partnerships to mitigate environmental impacts.

B. Automobiles

In response to the global ban on the sale of gasoline vehicles by 2040, coupled with the maturation of battery technology, the decreasing cost of EVs is advantageous for further market expansion due to reduced retail prices. Traditional automotive brands are more actively developing and launching electric vehicle models than in the past.

(5) Technology and research overview

A. R&D expenditures in the recent years

The R&D team, by adhering to the R&D roadmap of product innovation and technological leadership, are continuously launching high-quality

market-leading products that appeal to consumers both domestically and internationally. In 2022, SYM not only led domestic motorcycle sales but also maintained its dominant position in 2023, capturing nearly 40% of the market share. Of notable significance is the increasing sales performance of mid-to-high-end models, which now accounts for close to 50% of total sales. This shift toward higher-end models has proven to be highly lucrative for the Company, as evidenced by increased operating profits, high gross margins and consistent sales figures. Through continuous investment in technology and research and development, it is expected that Sanyang's leadership in high-end models and advanced technology development can be further expanded, meeting marketing strategies to continuously launch products with higher competitiveness than industry peers. The R&D expenditure in recent years amounted to NT\$879,954 thousand in 2022 and NT\$992,368 thousand in 2023, demonstrating the Company's emphasis on investment in research and development.

As part of the product research and development plan, the Company aims to elevate its capabilities in this domain. Central to this strategy is a concerted focus on patent development to safeguard pertinent intellectual property. We have initiated a comprehensive patent advocacy program aimed at fostering a culture of innovation among our employees. Through education and encouragement, we inspire our R&D professionals to generate inventive solutions and submit patent applications for their achievements. To support this initiative, we have implemented a robust patent application management system. Additionally, we offer incentives in the form of rewards for patent creation, incentivizing our R&D team to actively pursue patent protection for valuable innovative technologies. Harnessing patent rights enables us to assert the technical superiority of our products, facilitating product differentiation in the market. Moreover, patents serve as a deterrent against potential infringement by other entities, safeguarding our competitive position and ensuring the integrity of our intellectual property portfolio. Through these concerted efforts, we aim to fortify our position as a leader in innovation and product development within the industry.

B. R&D outcomes in recent years

a. Developing brand new styles and performances of automobiles

(a) Motorcycles

- January 2023 "ADX 125" : All-new European-inspired ADV crossover scooter models.
- June 2023 "CLBCU 125" : Urban chic scooter models for urban women in the Taiwan market.
- September 2023 "HUSKYADV 300" : Introduction of multifunctional large heavy-duty scooter models in the Mainland China market.
- August, October 2023 "Tuscany 150" : Introduction of European-style trendy scooter models through SYMxGPX collaboration in the

Malaysia/Vietnam market.

(b) Automobiles

- June 2023 : The first pure electric sports car IONIQ 6 was officially launched.
- June 2023 : Tucson L Turbo Hybrid officially launched.
- December 2023 : QT500 newly launched.

b. Developing modified styles and improving performances

(a) Motorcycles

- March 2023 "Fiddle LT 115" : Introduction of new regulation-compliant headlights and Keyless smart keyless start system for retro chic scooter models in the Taiwan market.
- March 2023 "Fiddle 125/DX 150" : Introduction of color LCD instrument panel and retro aluminum alloy steel ring for European-style trendy scooter models in the Taiwan market.
- March 2023 "Fiddle 150" : Introduction of front view modeling, color LCD instrument panel and retro aluminum alloy steel ring for European-style trendy scooter models in the Mainland China market.
- March 2023 "JoymaxZ+ 300" : Introduction of upgrade to new taillight assembly and new LED front and rear lights and turn signals, and introduction of Continental ABS system for entry-level large heavy-duty scooter models in the Mainland China market.
- May 2023 "JET SL 125" : Introduction of TCS traction control system for sports scooter models in the Taiwan market.
- June 2023 "JoymaxZ+ 300" : New tail-view LED dual-wing taillight design and TCS traction control system for entry-level large heavy-duty scooter models in the Taiwan market.
- June 2023 "HUSKYADV 150" : Introduction of BOSCH ABS system for crossover ADV scooter models in the Mainland China market.
- June 2023 "CRUiSYM 150" : Introduction of BOSCH ABS system for touring scooter models in the Mainland China market.
- June 2023 "FORMICA 150" : Introduction of multifunctional 12-inch scooter models in the Mainland China market.

(b) Automobiles

- March 2023 VENUE British Edition "London Red" dazzling debut.
- June 2023 VENUE British Edition "Oxford Green" understated debut.
- September 2023 VENUE "Espresso" Rich debut.
- October 2023 TUCSON L Shadow Quality debut.

(6) Long-term and short-term development plan (future development strategies of the Company)

Items	Development Plans	
Short-term Development Plans	a. Winning the hearts of consumers and maintain market lead	<ul style="list-style-type: none"> ◎ Optimization of retail store layout and service experience ◎ Putting customer satisfaction first in sales and after-sales service ◎ Increasing customer loyalty and repeat purchase rates
	b. Operational performance growth	<ul style="list-style-type: none"> ◎ Annual growth in profit from automobiles and motorcycles ◎ Expansion of overseas business scale
Long-term Development Plans	a. Innovative leading technology	<ul style="list-style-type: none"> ◎ Development of diversified new energy technologies and products ◎ Integration of resources for complete product portfolio ◎ Buildup of technological capabilities and introduction of high-displacement products
	b. Enhancement of favorable brand image	<ul style="list-style-type: none"> ◎ Pursuit of quality, providing highly reliable products ◎ Complete product line offering high price–performance ratio.
	c. Global strategy	<ul style="list-style-type: none"> ◎ Joint sales of global brand in three regions ◎ International talent development and cultivation ◎ Flexible resource allocation for global procurement ◎ Actively seek international collaboration opportunities

II. Overview of the Market, Production and Sales

(I) Market Analysis

1. Motorcycles

(1) Sales areas of main products:

Apart from domestic sales, the motorcycles and their parts manufactured by the Company are also exported to regions and countries such as Europe, America, Africa, Australia, Hong Kong, Macao, Japan, Southeast Asia, etc.

(2) Market shares:

The Company's domestic/foreign sales and domestic market shares over the past two years are shown as follows. In the future, the Company will continue developing new products to satisfy consumer needs and maintain its stable growth:

Unit: Unit; %

Year Items	2023	2022
Domestic Sales (Ex-factory) Growth Rate	336,377 (+34.00%)	251,046 (+7.02%)
Foreign Sales (Ex-factory) Growth Rate	14,134 (-44.21%)	25,335 (+0.33%)
Total Domestic and Foreign Sale (Ex-factory) Growth Rate	350,511 (+26.82%)	276,381 (+6.37%)
Domestic Market Shares	38.4%	34.8%

Note: The above foreign sales exclude sales of IKD and triangular trade volume.

(3) Market supply and demand situation in the future

Looking ahead to 2024, global economic growth is expected to continue, but there are inherent risks of sudden spikes in commodity prices. Turmoil in the Middle East and the Red Sea crisis could disrupt global supply chains, leading to inflationary pressures and potentially delaying central bank interest rate cuts. According to the latest IMF economic forecasts, although economic growth forecasts for 2024 have been raised from 2.9% to 3.1%, it still remains below the long-term average of 3.8% from 2000 to 2019. The main reasons for this upward tick in economic forecasts are two-fold: firstly, the stronger-than-expected resilience of the US economy, and secondly, the anticipated fiscal stimulus measures in China. Among the major developed economies, the US is poised to lead the pack with a growth forecast of 2.1%, followed by Spain at 1.5%. Canada is expected to secure the third position, with France trailing behind in fourth. In contrast, among emerging markets, India is anticipated to exhibit the most rapid growth, with a projected rate of 6.5%. Following closely behind is China, with a growth forecast of 4.6%.

In terms of the domestic motorcycle market, the overall market grew by 18.6% in 2023 due to the continued implementation of the government's aging motorcycle trade-in program and the Ministry of Environment's subsidy of NT\$2,000 for trading-in and scrapping Phase 1 to Phase 4 motorcycles, which is expected to end by the end of 2023. Coupled with the introduction of competitive new products such as the CLBCU, which has garnered positive reviews for the SYM brand, the Company's sales and market share have significantly increased, leading to a 31.0% growth in the overall domestic motorcycle market, firmly establishing its position as the market leader.

In 2024, the overall domestic market environment has been profoundly affected by global regional conflicts and instability, as well as inflation, leading to an estimated 15% to 20% decline in the domestic motorcycle market, facing a battle to defend the sales of 700,000 units. The Company will continue to launch new products to ensure sales volume and market share, maintaining SYM's leading position in the market.

In the export market, Taiwanese motorcycle manufacturers face formidable

competition from Chinese brands. However, the Taiwanese industry maintains certain advantages in R&D and design capabilities. These strengths, coupled with strategic overseas factory deployment, enable Taiwanese companies to gradually realize overall benefits and maintain competitiveness in the global market. The export volume of Taiwan's motorcycle industry has recovered to the pre-pandemic level as the pandemic has normalized and people's daily life has returned to normal. In 2024, Sanyang will not only continue to provide high-value-added products in developed countries, such as high-displacement scooters, but also strengthen competitive triangular trade products. Additionally, efforts will be made to strengthen the ASEAN and Latin American markets, continue to integrate cost advantages of overseas subsidiaries, and provide reasonably priced and competitive products. Therefore, the Company is still optimistic about the development of the export market.

(4) Growth of the industry in the future

- A. Domestic motorcycle market: The motorcycle industry is grappling with several key challenges, including high ownership rates, sluggish market growth, stringent environmental regulations, and escalating product prices. Despite these hurdles, the ongoing stimulus of the trade-in policy is expected to sustain consumer purchasing intentions. As a result, profitability remains a paramount focus for industry operations. In light of these conditions, the industry's development trajectory emphasizes the continuous enhancement of product value-added and investment in eco-friendly product development. In 2024, the Company remains steadfast in its commitment to quality, service, and innovation. By prioritizing these core values, the Company seeks to earn consumer loyalty through genuine engagement and connection, a concept referred to as "winning hearts." Through the introduction of products and services that resonate with customers, the Company aims to elevate customer satisfaction levels and cultivate a strong brand image built on trust and brand affinity.
- B. Foreign motorcycles market: While the motorcycle market in developed countries is considered saturated, there is still room for growth in developing countries. Therefore, the industry's medium-term growth should remain relatively stable. In terms of market operation, the Company will continue to expand its product line, adjust product sales mix, strengthen overseas distribution network layout, develop emerging markets overseas, seek overseas cooperation opportunities to improve sales profits and expand sales volume in emerging markets, thus enhancing brand image.

(5) Expected sales volume and competitive niches

A. Expected sales volume

In 2024, the Company is expected to sell a total of 303,000 motorcycles (excluding triangular trade and IKD) in Taiwan and abroad.

B. Competition niche

- a. After-sales service parts are sold exclusively by the Company, increasing

confidence and satisfaction among dealers and consumers.

- b. The Company has a comprehensive distribution network in the domestic market.
- c. By continuing to focus on the heavy motorcycle market and investing in high-priced and popular scooters, sales revenue and operating profit are expected to increase.

(6) Countermeasures for favorable/unfavorable Factors of Development Visions

A. Favorable factors

a. External environment – global

- (a) With the rising awareness of environmental protection and under the circumstance that inflation has not yet eased, consumers are paying more attention to fuel economy, and the demand for economical and fuel-efficient products such as EVs and motorcycles has increased.
- (b) The purchasing power in Latin America is increasing, indicating long-term market growth.
- (c) OEM/ODM opportunities derived from cost pressures for Western brands.
- (d) The large displacement markets in Europe and the US are of considerable size, and the products have high added value.
- (e) There is increased demand in mature Western markets as well as growing markets in Asia and Latin America for mid- to low-priced products.
- (f) The structure of the scooter market in emerging markets is gradually expanding.
- (g) Favorable factors such as demographic dividends, improved infrastructure, and rising living standards in emerging markets will contribute to the expansion of demand and consumption of two-wheeled products.

b. External environment - Taiwan

- (a) Increased demand from young consumers for trendy and differentiated products will boost spending on vehicle purchases and related accessories and parts.
- (b) Increased availability of low-price/installment payment options lowers the threshold for purchasing motorcycles, which is beneficial for market activity.
- (c) Energy and environmental factors drive the development of energy-saving and environmentally friendly vehicles.
- (d) Government subsidies for promoting EVs will gradually stimulate the electric vehicle market.
- (e) Continued implementation of motorcycle trade-in and scrapping subsidy policies by central and local governments will boost motorcycle sales growth.

B. Unfavorable factors

a. External environment - global

- (a) With the advent of the green environmental era and ongoing discussion of carbon taxes, alternative eco-friendly products (EVs) will gradually enter the market, partially replacing gasoline-powered motorcycles.
- (b) Significant differences exist in product demand and regulations across regions.
- (c) Export markets face pressure from both large European, Japanese, and Chinese manufacturers, squeezing the development of export markets.
- (d) Global pollution emissions and safety-related regulations are becoming increasingly stringent, requiring better cost control and technological breakthroughs in response.
- (e) European and Japanese brands are increasingly introducing products manufactured in India, ASEAN, and China, featuring continuously enhanced specifications and equipment, all at affordable price points. This strategic move aims to penetrate the mass market segment effectively, thereby intensifying competition and squeezing the survival for other players in export markets.
- (f) In some emerging markets, import regulations are unclear, policies change frequently, and local content requirements increase annually, making the import threshold for motorcycle products stricter, requiring actively grasp of market information and timely response.
- (g) Inflation in export markets continues to worsen, potentially affecting product sales profits due to increased costs.

b. External environment - Taiwan

- (a) Increasingly stringent environmental and safety regulations lead to increased costs, and higher prices may affect consumer willingness to purchase new vehicles.
- (b) Government efforts to promote the electric vehicle market and ongoing subsidy policies will partially substitute gasoline-powered motorcycles.
- (c) The population aged 15-40 presents a negative growth, and the number of motorcycle buyers decreases.
- (d) Promotions have made low-priced models the mainstream in the market, leading to substitution effects for mid- to high-priced models and reducing manufacturers' motorcycle sales profits.
- (e) Continued development of public transportation systems has led to substitution effects on motorcycle sales.
- (f) Taiwan is facing the trend of trade liberalization, and new competitors and low-cost products may enter the Taiwanese market.
- (g) The Ministry of Environment release the "Regulations of Elimination Aging Motorcycles Allowance" to scrap subsidy policy for trading-in and scrapping aging Phase 1 to Phase 4 motorcycles, which was implemented from 2022 to 2023, ended in late 2023, which may lead to

a decline in motorcycle sales.

C. Countermeasures

- a. Domestically, the focus is on enhancing channel efficiency, service, and parts supply, offering attractive and eco-friendly products, strengthening online marketing, and enhancing brand image.
- b. Internationally, the focus is on continuing to focus on sales in four major regions (Europe, ASEAN, Africa, Middle East, Central and South America), developing new markets and customers, expanding the global sales network, deepening market penetration in mature markets to increase market share and brand image, expanding sales of large displacement models, and breaking into emerging markets.

2. Automobiles

(1) Sales areas of main products:

All products manufactured by the Company and distributed by it as agent are sold domestically.

(2) Market shares: The domestic sales and market shares over the past two years are as follows:

Unit: Unit; %

Year Items	2023	2022
Sales (Ex-factory)	22,358	15,419
Growth Rate	45.00%	14.7%
Domestic Market Shares	4.6%	3.6%

(3) Market supply and demand situation in the Future

The price range of imported vehicles is trending downwards, gaining greater acceptance in the market and progressively encroaching on the market share of domestically produced vehicles. To maintain competitive pricing for products, the Greater China region will inevitably emerge as crucial player in the global automotive parts supply chain for international manufacturers.

(4) Countermeasures for favorable/unfavorable Factors of Development Visions

A. Favorable factors

According to “Commodity Tax Act”, the government’s “trade-in” policy for automobiles has been extended to 2026. Commodity Tax reduction are provided to those who replace automobiles older than 10 years when purchasing new automobiles. The Company also promotes the “Regulations Governing the Greenhouse Gas Reduction Incentive Scheme for Replacement of Aging Automobiles” to subsidize the public who replace the aging automobiles that are more than 10 years old with electric vehicles or hybrid electric vehicles. The subsidy period is from 2023 to 2024 for three years, with the aim of reducing the carbon emission of aging automobiles. Additionally,

the policies of "exemption from vehicle license tax" and "reduction of commodity tax" for EVs are being extended until 2025.

Since 2021, the global automotive supply chain has been profoundly affected by the epidemic, and production has been unable to meet demand, with orders still pending. The shortage of materials was alleviated in 2023 and the production capacity for automobiles was gradually restored. In addition to the fulfillment of existing orders, the lifting of lockdowns on commercial vehicles continued to boost the automobile market.

B. Unfavorable factors

- a. Taiwan's labor cost advantage has disappeared, and international car manufacturers have set up production plants in emerging countries with lower labor costs. In addition, the loose monetary policy of the Japanese yen has made imported Japanese vehicles competitive in price.
- b. Since joining the WTO, the import tariff on cars has been gradually reduced to 17.5%, but the import tariff on automotive parts has not been adjusted accordingly, narrowing the price gap between domestically produced cars and imported cars, prompting the proportion of imported car sales to rise.
- c. Facing global climate change, energy saving and carbon reduction are issues that all countries must address seriously and proactively. The automotive industry is at the forefront, and environmental regulations for automobiles are becoming increasingly stringent in various countries. Each manufacturer will inevitably invest more in researching and developing new products, new technologies, improving engine fuel efficiency, and developing alternative energy vehicles, inevitably increasing the cost of purchasing cars for customers.

C. Countermeasures

- a. Introduce non-powered automatic equipment from Japan and increasing the proportion of automated equipment production can reduce labor-intensive production methods, achieve energy savings, improve production efficiency, and enhance quality. Automated facilities also help lower the age range of labor and increase the willingness of younger generations to engage in production, allowing the industry to effectively control labor expenses.
- b. Strengthen Hyundai's brand image in the domestic market by providing trustworthy high-end products and services, continuing to cultivate the Taiwanese market, and increasing market share and revenue in the domestic market.
- c. Deepen cooperation with the technology parent company and actively striving to become part of the global supply chain system to increase opportunities for exporting finished vehicles and parts, compensating for the insufficient scale of the domestic market.
- d. Expand the product line of heavy-duty commercial vehicles to operate in the heavy-duty vehicle market, increasing revenue and profitability.
- e. Consider fuel efficiency, economy, and alternative energy as the

development trends for vehicles in response to the emerging eco trends. Continue to plan and develop high-efficiency, low-fuel-consumption vehicles and green energy vehicles. The parent technology and brand partner, Hyundai Motor, plans to launch a large number of EVs by 2025. In addition, Hyundai is currently accelerating the progress of autonomous driving technology, and plans to gradually equip its models with “Level 3” autonomous driving function in response to the future development of the automotive market.

(II) Usage and Manufacturing Processes for Main Products

1. Main products and uses

Motorcycles:

(1) Scooter series

Domestic sales:

100~115c.c. : FIDDLE LT 115, WOO 115

125~160c.c. : Lively 125, Z1 Attila 125, DUKE 125, New DUKE 125, JET SR 125, JET SL 125/158, FIDDLE 125, FIDDLE DX 150, CLBCU 125, Jin Fa Cai 125/150, 4MICA 125/150, KRNBT 125, DRGBT 158, MMBCU 158

270~300c.c. : JOYMAX Z+ 300

400~600c.c. : MAXSYM 400, MAXSYM TL 508

Foreign sales:

125~160c.c. : JOYRIDE S 125、VS 125, Joymax Z+ 125, CRUiSYM 125, DRGBT 158, MMBCU 158

180~300c.c. : HD2 180, JOYRIDE 200I, CRUiSYM 250/300, VS300, CITYCOM 300i, Joymax Z+ 250/300, HD 300, CITYCOM 300

400~600c.c. : MAXSYM TL 508, MAXSYM 400i

(2) Gear series

Domestic sales: Wolf/ Wolf Legend 125

(3) ATV series

Foreign sales: DS 250

(4) Electric scooters

Domestic sales: E-WOO

Automobiles:

(1) VENUE : 1.6L Gasolin

(2) TUCSON L : 2.0L Gasolin, 1.6L Gasolin, 1.6L HEV

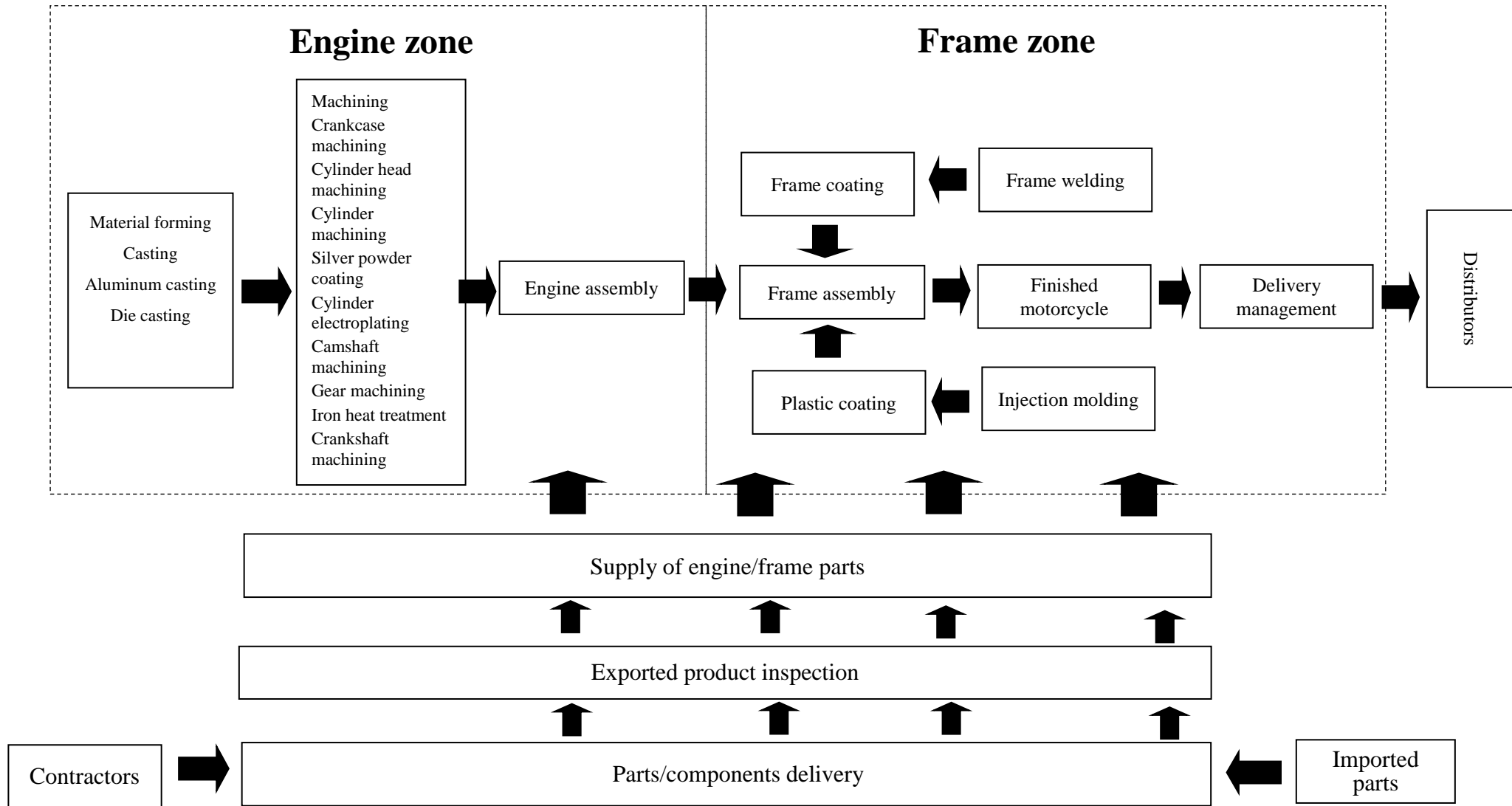
(3) CUSTIN : 1.5L Gasolin

(4) Commercial automobiles : PORTER 3.25t Diesel fuel, QT500 5t Diesel fuel

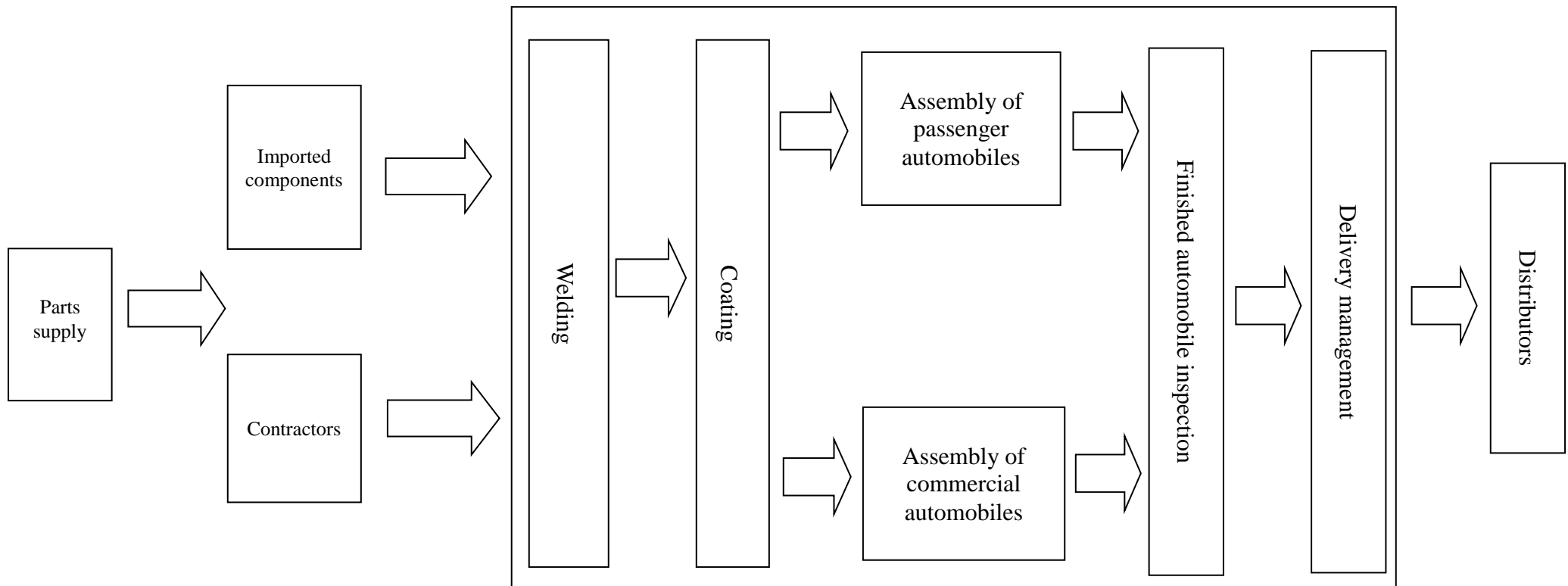
(5) Imported automobile series : KONA Electric, IONIQ 5 Electric, IONIQ 6 Electric,
SANTA FE SUVs, STARIA Commercial
automobiles

2. Production process of primary products

Motorcycles:



Automobiles:



(III) Supply Situation of Main Raw Materials and Parts for Motorcycle and Automobile

Motorcycles:

1. Main raw materials used by the Company:
 - (1) All aluminum ingots, plastic particles and coatings are purchased from domestic manufacturers at domestic market prices.
 - (2) For supply of all raw materials, the standard usage is calculated based on the monthly production schedule, and the raw materials are purchased according to the stock status.
2. Motorcycle parts purchased by the Company in 2023, 7% were imported from abroad, while 93% were purchased from domestic contractors or processed by such contractors as entrusted by the Company.
 - (1) Supply situation of import:

The Company places orders monthly with foreign manufacturers according to the production/marketing schedules, stock status and lead time for scheduling orders, in order to satisfy factories' production requirements. In the face of the pandemic, the production schedule of electronics-related parts and components has been affected, resulting in significant adjustments to production schedules.
 - (2) Supply situation of domestic contractors:

Orders are issued on a weekly basis, and manufacturers deliver products according to orders. In the face of the pandemic, the production schedule of electronics-related parts and components has been affected, resulting in significant adjustments to production schedules.
3. All above supplies shall be in line with actual production requirements.

Automobiles:

1. Among the automobile parts purchased by the Company, main parts are imported from foreign countries, while the some parts are purchased from domestic manufacturers or processed by the contractors as entrusted by the Company.
 - (1) Ratios of purchased parts: 80% KD parts and 20% domestic parts.
 - (2) Origins of purchased parts: KD parts are from Hyundai Motor Company and its subsidiaries; domestic parts are from domestic component manufacturers.
2. The Company primarily procures components from Hyundai Motor and its subsidiaries in South Korea, as well as domestic component manufacturers. Despite facing shortages of chips this year due to supply chain disruptions, resulting in certain chip-dependent parts experiencing temporary shortages, the supply of other components remained largely stable.
3. All above supplies can still be in line with actual production requirements.
4. Businesses on commercial automobiles: Given the stable market for commercial automobiles in Taiwan, our current production lines manufacture light-duty and medium-sized commercial automobiles. This strategy allows us to establish a comprehensive product line for the commercial automobile business.

(IV) List of Major Suppliers and Customers in the Past Two Years

1. Major suppliers

Unit: NT\$ thousand

Items	Q1 of 2024				2023				2022			
	Suppliers	Amount	%	Relationship with the Issuer	Suppliers	Amount	%	Relationship with the Issuer	Suppliers	Amount	%	Relationship with the Issuer
1	Hyundai Motor Company	3,463,349	43	Companies having business dealings with the Company	Hyundai Motor Company	12,854,847	37	Companies having business dealings with the Company	Hyundai Motor Company	7,792,692	28	Companies having business dealings with the Company
2	Xiamen Xiaxing Motorcycle Co., Ltd	1,112,426	14	The Company's sub-subsidary	Xiamen Xiaxing Motorcycle Co., Ltd	3,625,889	10	The Company's sub-subsidary	Xiamen Xiaxing Motorcycle Co., Ltd	3,164,801	12	The Company's sub-subsidary
3	Others	3,424,938	43	-	Others	18,822,761	53	-	Others	16,514,541	60	-
	Net purchase	8,000,713	100	-	Net purchase	35,303,497	100	-	Net purchase	27,472,034	100	-

2. Major customers

Unit: NT\$ thousand

Items	Q1 of 2024				2023				2022			
	Customers	Amount	Percentage of annual net sales (%)	Relationship with the Issuer	Customers	Amount	Percentage of annual net sales (%)	Relationship with the Issuer	Customers	Amount	Percentage of annual net sales (%)	Relationship with the Issuer
1	Nanyang Industries Co., Ltd.	5,029,989	37	The Company's sub-subsidary	Nanyang Industries Co., Ltd.	16,984,747	35	The Company's sub-subsidary	Nanyang Industries Co., Ltd.	10,232,064	29	The Company's sub-subsidary
2	Dingtai Vehicles Co., Ltd.	1,396,322	10	-	Dingtai Vehicles Co., Ltd.	5,978,357	12	-	Dingtai Vehicles Co., Ltd.	4,399,381	12	-
3	Others	7,124,262	53	-	Others	26,327,139	53	-	Others	21,251,072	59	-
	Net sales	13,550,573	100	-	Net sales	49,290,243	100	-	Net sales	35,882,517	100	-

(V) Production and Sales Status in the Past Two Years

1. Production Capacity and Amount Table

Unit: capacity: unit; amount: NT\$ thousand

Main Products \ Year Production Capacity and Amount	2023		2022	
	Capacity	Amount	Capacity	Amount
Motorcycles	350,127	15,144,929	277,736	13,093,824
Automobiles	21,008	14,607,649	13,179	7,429,369
Others	-	1,359,754	-	1,899,278
Total	371,135	31,112,332	290,915	22,422,471

2. Sales Volume and Amount Table

Unit: volume: unit; amount: NT\$ thousand

Main Products \ Year Sales Volume and Amount	2023				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Motorcycles	336,377	20,118,378	111,609	5,408,141	251,046	15,451,108	118,880	5,455,856
Automobiles	22,358	20,586,116	-	-	15,419	11,969,875	-	-
Others	-	2,228,118	-	949,490	-	2,055,315	-	950,363
Total	358,735	42,932,612	111,609	6,357,631	266,465	29,476,298	118,880	6,406,219

Note1: In 2023, the Company sold 97,475 motorcycles (including triangular trade), which amounted to NT\$4,098,852 thousand, and 2,061 automobiles (including imported ones), which amounted to NT\$3,325,390 thousand.

Note2: In 2022, the Company sold 93,545 motorcycles (including triangular trade), which amounted to NT\$3,211,687 thousand, and 2,304 automobiles (including imported ones), which amounted to NT\$3,191,458 thousand.

III. Employee Information

Datas of employees include their average working years, average age, and distribution of education level in the past two years:

Year		2022	2023	As of May 14, 2024 of the current fiscal year
Employees	Male	2,051	2,156	2,155
	Female	294	313	312
	Total	2,345	2,469	2,467
Average Age		43.3	43	43
Average working Years		17	16.8	17
Education Level Distribution	PhD	4	3	2
	Master's Degree	262	269	277
	Bachelor's Degree	755	822	829
	High School Diploma	997	1,014	975
	Below High School	327	361	384

IV. Environmental Protection Expenditures

1. Total amount of losses and penalties in the most recent year: There were no significant losses and disposals in 2023.
2. Details of the Company's environmental protection expenditures in 2023 are as follows:

Unit: NT\$ thousand

Category	Amount
Corporate Operating Costs	4,071
Management Costs	297,733
Research and Development Costs	51,112
Social Costs	0
Losses and Compensations Cost	14,451
Total Environmental Expenditures	367,367

3. Investment in energy-saving or green energy-related, environment-friendly, and sustainable machinery and equipment:

In 2023, an investment of NT\$17,100 thousand was made, resulting in an annual electricity saving of 767,600 kWh. This initiative contributes to a reduction of 379.96 tCO₂e in carbon emissions per year.

Energy management:

Hsinchu Plant: Replacement of aging equipment, introduction of energy-saving and environmentally friendly high-efficiency transformers, energy-saving lighting improvements, energy conservation by production capacity consolidation, replacement of air compressors, replacement of air conditioners, control of A/C activation time, etc., which saved total electricity consumption of 680,415 kWh.

Xinfeng Plant: Improvements to energy-saving ice-cooled water, cooling towers, and lighting have reduced power consumption by 87,180 kWh.

V. Labor Relations

- (I) Losses from Labor Disputes in the Most Recent Year:

The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. It is predicted that the Company won't be involved in any major labor disputes because it has complete channels for communicating about labor relations, salary, and benefit systems.

- (II) Information on Employee Benefits, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, Labor Agreements and Measures for Safeguarding Employees' Rights and Interests:

Items	Systems and Measures
Benefits	<p>The Company has established the Employee Welfare Committee to appropriately plan employee benefits and improve related welfare systems.</p> <ol style="list-style-type: none"> 1. Wedding and funeral subsidies 2. Bereavement subsidies 3. Mid-Autumn and year-end bonuses 4. Birthday presents 5. Cash gifts for festivals 6. Domestic and foreign travel subsidies 7. Automobile purchases subsidies 8. Scholarships 9. Club subsidies 10. Annual large-scale events subsidies 11. Traffic allowances 12. Internal and external employee education and training 13. Commemorative gold coins for senior employees 14. Hospitalization subsidies for employees and their families 15. Emergency aids and loans 16. Group insurances 17. Regular health examinations 18. Special store offers
Retirement (Resignation) Systems	<p>(1) Retirement:</p> <p>For pensions covered by the old pension system, in accordance with the Labor Standards Act, the Company established the Regulatory Committee on Reserve for Employee Retirement and makes monthly contributions to the reserve for employee retirement. As of the end of December 2023, the balance amounted to NT\$393,144 thousand in the special retirement account.</p> <p>For pensions covered by the new pension system, in accordance with the Labor Pension Act, the Company monthly contributes 6% of its employees' wages to their individual special accounts for those who adopt the new pension system. As for those who opt for voluntary contributions, the Company makes contributions to their individual special accounts at a ratio designated by the employees themselves.</p>

Items	Systems and Measures
	<p>(2) Resignation:</p> <p>According to rules of the Company, the employees, whose pension has been paid under the old system for more than five years (inclusive) but no more than 25 years, may apply for resignation allowance at the time of resignation. The retirement allowance shall be determined by multiplying the years of service, monthly base salary, and certain ratio (20%~110%). In 2023, the Company paid a resignation allowance to its resigned employees in the amount of NT\$0.</p>
Continuing Education and Training	<p>The Company plans to improve its education and training systems. It annually executes its education and training plans for different fields at varying levels in combination with its business strategies and plans for its future core competencies. It encourages its employees to receive continuing education/training and improve their professional competencies, in order to maintain and enhance their competitive advantages. In 2023, the Company organized 125 classes for education and training. A total of 2,426 employees were trained, with total training hours of 738 hours.</p>
Labor Agreements	<p>The Company enters into collective agreements with its employees based on the Labor Standard Act, and files such agreements with the Labor Affairs Bureau. It implements related systems in accordance with laws, regulations and collective agreements.</p> <p>(1) The Company and its employees formally entered into the collective agreements on March 28, 1989. Such agreements were renewed in May 1992, May 1995, May 1998, July 2001, June 2004, June 2007, June 2010, June 2013, June 2016, June 2017, and June 2020. The most recent effective signing period was from July 2023 to July 2026. To foster stable labor relations and cultivate harmony between labor and management, the Company is committed to promoting labor welfare through proactive measures. Central to this endeavor is the initiation of collective bargaining procedures with the labor union. In these negotiations, both parties adhere to the principles of labor-management autonomy and integrity, engaging in constructive dialogue on various aspects including labor conditions, welfare measures, education and occupational safety, rewards and penalties, as well as promotion criteria.</p> <p>(2) The Company quarterly holds a labor-management symposium.</p> <p>(3) Apart from internal administrative channels, the Company also offers alternative methods, such as suggestion boxes and improvement proposals, for submitting complaints. These options ensure smooth communications between the employees and management.</p>
Measures for Safeguarding Employees' Rights and Interests	<p>The Company has lawfully established a labor union and holds quarterly labor-management meetings, so the labor relations are harmonious. The Company provides suggestion boxes, complaint channels, employee communication zones, and employee assistance mechanisms to assist employees in solving related problems.</p>
Losses from Labor Disputes in the Most Recent Year	<p>The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. It is predicted that the Company won't be involved in any major labor disputes because it has sufficient channels for communicating about labor relations, salary, and benefit systems.</p>

(III) Protective Measures for Work Environment and Employees' Personal Safety

The Company upholds being people-oriented as its core value. The Company is devoted to providing safe, sanitary and healthy workplaces. It carries out occupational safety and health management in accordance with labor laws and regulations. In 1999, it introduced and obtained the certification by the occupational safety and health management system OHSAS 18001. It also implemented and enforced related rules and PDCA cycle to guarantee its employees' personal safety and health. To strengthen its procurement management, contracting management, and transformation management, it introduced the Taiwan Occupational Safety and Health Management System (CNS 15506) in 2015 and ISO/CNS 45001 Occupational Safety and Health Management System in 2019. The current effective period is from October 17th 2022 to October 16th 2025. These systems are designed to assist the organization in providing safe sanitary workplaces, preventing harms or health impacts from work, and actively improving organizational health and safety performance.

Additionally, the Company performs workplace hazard and risk identification and formulates plans for management, audit assistance, independent management, education, training, and emergency response drills. It takes preventive measures against possible injuries and disasters and regularly conducts emergency response drills to ensure systematic responses in a well-organized manner when any accident happens, minimizing damages and losses. The Company also guarantees its employees' life safety to achieve the goal of "no disaster, harm or occupational disease" as stated in its safety and health declaration.

(IV) Information on Code of Conduct or Ethics for Employees

Related procedures and rules are specially drafted to be followed by employees in their conducts, rights, obligations and ethical concepts. They are summarized as follows:

1. Hierarchical delegation of responsibilities

(1) Hierarchical delegation of responsibilities for business approval

Clarify business procedures and hierarchical delegation of responsibilities, and regulate authorities for each position

(2) Application form for position agent

Implement an agent system to ensure normal business operations of the Company.

(3) Positions and titles structure

Establish structure of positions and titles to provide employees with appropriate blueprints for career development.

2. Work rules

Clarify the rights and obligations of employees and the employer, and urge all staff of the Company to jointly promote the business operations of the Company.

3. Code of professional ethics

To become internationalized, the Company has to learn from international enterprises. Specifically, the headquarters shall define the code of professional ethics and require all its employees to carefully read, personally sign, and comply with related rules.

4. Responsibilities of Sectors

Clarify responsibilities and organizational functions of each main sector in order to allocate tasks among sectors according to their respective professions and enhance the Company's core competencies.

5. Punishment and reward measures

To promptly reward employees with contributions and protect the Company from damages arising out of employees' behaviors, related rewards and punishments are specified in the work rules.

6. Evaluation measures

The supervisors offer appropriate assistance and feedback according to employees' performances, which are used as basis for individual rewards, transfer, promotion, appointment, dismissal, cultivation, work review, and improvement.

7. Management measures for attendance and leave

To maintain disciplines, improve work quality, and establish guidelines for the employees' attendance and leave, the Company has formulated comprehensive rules on employees' attendance and leave.

8. Measures on non-competition and confidentiality undertakings

To safeguard the commercial interests and enhance the competitiveness of the Company, employees are obliged to maintain the confidentiality of the Company's business. To avoid any harm to the interests or business reputation of the Company, employees ought to sign Non-competition and Confidentiality Undertakings.

9. Detailed rules on prevention and control of sexual harassment

To prevent and control sexual harassment in the workplace, maintain gender equality at work, and safeguard human dignity, the Company has established related rules and announced relevant laws and complaint channels on its internal website. This is to ensure that employees conduct themselves appropriately at work.

(V) Corporate Responsibilities

Sanyang Motor has been adhering to the concept on quality first and customer satisfaction. It is wholly dedicated to developing its core automobile and motorcycle businesses. In addition to creating value for itself and enhancing shareholder equity, it also diligently complies with all laws and regulations, strictly maintains operation of its governance mechanism, creates safe work environment for its employees, and provides its employees with reasonable compensation and benefits. Furthermore, it actively invests in innovations, research, and development of intellectual properties and energy-saving products with lower carbon emissions,

improves its performance in environmental protection, delivers education on environmental protection and energy conservation, and actively participates in social public welfare. This is in order to make contributions to social and economic development, advancement of products and technologies, and environmental sustainability. Outcomes of the Company are briefly introduced as follows:

1. Responses to climate changes

To reduce the impacts of products on the environment, the Company follows the standard procedures of ISO 14064, identifies and develops an inventory of greenhouse gases, and applies for verification by a third-party certification body. This process allows the Company to gain an exact understanding of current greenhouse gas emissions, which will serve as the basis for planning future emissions reductions.

Furthermore, a dedicated Energy Management Promotion Team was established, comprising representatives from the EHS unit, plant management, and energy management personnel. This team is responsible for the comprehensive implementation of energy-saving policies, including efforts to enhance production efficiency, improve equipment utilization efficiency, manage energy consumption in public facilities, and reduce overall energy costs.

2. EHS policies and management

Following EHS policies were established as guidelines for future environmental management:

(1) EHS policies: Obey laws and regulations, create safe workplaces, prevent occupational hazards and environmental pollution, promote worker health, and continuously improve the environment.

(2) Environmental declarations: Prevent pollution, save energy, recycle resources, and promote a green environment.

(3) Safety and health declaration: No disaster, harm or occupational disease.

Based on ISO 14001, ISO 45001, and CNS 15506 management systems, the top management formulates relevant policies and orientations to ensure the achievement of environmental policies and objectives. They also regularly hold EHS Committee meetings and management review meetings to report on EHS practices and performances, review deficiencies, and offer suggestions for improvement.

3. Pollution control

To reduce possible environmental hazards associated with wastes, the Company is committed to reducing waste production, actively recycling and reusing resources. We strengthen waste management from source to production processes through management and proper classification of wastes, in the hope of minimizing waste generation, maximizing the benefits of reuse, decreasing resource consumption, or mitigating environmental impacts of our products, activities, and services.

4. Green design

Greenhouse effects have caused increasingly serious global warming. In

response to environmental protection regulations and the growing environmental awareness among consumers, more stringent pollution control regulations or license plate restriction policies for total pollution control have been adopted to reduce urban pollution. For instance, the European V Regulations and the Taiwan VII Regulations rigorously restrict waste emissions from motorcycles and strengthen pollution monitoring (OBDII). Other areas, including South Korea, Brazil, the United States, China and ASEAN countries, will also tighten their regulations following Europe. Furthermore, motorcycles featuring "low pollution and low energy consumption" have been developed using advanced technologies, including "injection system, lean combustion and hybrid system." In spite of significant progress in technologies, developing alternative energy products is still a long-term concern for motorcycle manufacturers.

5. Customers first

To understand what customers are really thinking, customer satisfaction surveys are regularly performed among consumers and distributors. We believe that the surveys will not only make the Company more informative of market changes, but also serve as basis for subsequent improvements.

In addition, the Company enables its customers to understand its product specifications, performance, operation and maintenance instructions, as well as notes on driving safely, riding motorcycles defensively, personal rights and interests, and assistance systems through clear product identifications. These identifications include various data and product labels, user manuals, and maintenance manuals for motorcycle owners as required by the laws and regulations. The Company also aims to establish the most rigorous and comprehensive product guarantee system. When facing with product accidents, the rights and interests of customers are absolutely the priority. Therefore, relevant operating procedures are formulated not only to help customers solve problems and protect their rights and interests but also to ensure that every accident can be resolved in the best and quickest way possible.

Furthermore, the Company has established a 24-hour special free service hotline, and the calls to this hotline will be answered by a human. It is committed to protecting its customers' personal information to the highest degree and providing them with the safest and most comprehensive service network.

6. Friendly and safe workplace

A safe workplace is fundamental for sustainable operations of enterprises and is the core value that Sanyang Motor is most concerned about. The Company undertakes to ensure the safety and health of its employees and stakeholders. Furthermore, we emphasize employee self-safety awareness, aiming to create a "zero harm" workplace. The Company is committed to promoting occupational safety culture competitions, health promotion activities for labor protection, and other initiatives to improve occupational safety and health performance, aiming for zero accidents and zero occupational diseases. In 2023, the Company continued to focus on occupational safety and health hazard prevention management, covering six major areas: chemical hazard management,

prevention of workplace unlawful infringement, operation environment monitoring, maternal health protection, prevention of work overload, and prevention of human-induced hazards.

7. Employee care

Sanyang Motor respects human rights, obeys laws and regulations, and prohibits inappropriate discrimination. Its employees are treated equally and properly in the Company, without regard to gender, religion, political affiliation, race, or nationality. If employees experience humiliation, threats, harassment, or insults, they can file complaints through advisory services for workplace violence or through established complaint channels.

In addition to competitive salary, reward, and compensation, the Company also offers comprehensive retirement, resignation, and welfare systems to ensure that its employees find pleasure in their work. This is with the hope of collectively achieving outstanding business performance and sharing in the Company's growth, ultimately aiming to attract and retain employees.

8. Social contributions

Taiwan:

- (1) Donated 2 ambulances and on-board ambulance equipment to the Nantou County Government.
- (2) Together with Chin Tsu Charitable Foundation, we gathered the love of our employees and donated supplies to Qionglin Township, Hsinchu County.
- (3) Donated wheelchairs and incubators to Hsinchu MacKay Children's Hospital.
- (4) Participated in the "Blue Clean Sea" campaign organized by Hsinchu County and organized the "Beach Cleanup: Finding New Life" to continue the beach cleanup activities and practice environmental friendliness.
- (5) Awarded scholarships and stationery to 39 students from 13 schools, with a total donation amounting to NT\$225,875.
- (6) For the first time, blood donation drive was combined with the Hsinchu Industrial Park event to give away lucky bags.

Overseas:

- (1) Xiamen Xiashing Motorcycle Co., Ltd. donated RMB \$ 1 million to support earthquake victims in Gansu Province and RMB \$ 1 million in scholarships to promote the Chairman's pledge of giving back to society.
- (2) Vietnam Manufacturing and Export Processing Co., Ltd. championed the Chairman's spirit of giving back to society and held a charitable event in a local orphanage.

9. Issuing Sustainability Report

To fulfill corporate social responsibilities, Sanyang Motor regularly and publicly issues its corporate sustainability report to explain to all stakeholders of the society about its outcomes in fulfillment of such responsibilities and its determination to achieve sustainable development.

VI. Cyber Security Management

As the Company grows, the protection of electronic data and the continuous operation of information systems become increasingly important. Through the proper deployment of information security protection measures, we aim to avoid information security incidents caused by factors such as cyber attacks, natural disasters, and machine failures.

(I) Data Security Aspect:

Based on the importance of data and the frequency of risk occurrence, we have categorized risk levels and established local high-availability and network remote offsite backup mechanisms. The Company regularly conducts data restoration drills to reduce the risk of data loss. Additionally, we have enhanced the functionality of our storage systems, utilizing more advanced technology and predictive analytics to proactively prevent data storage system failures.

(II) Network Security Aspect:

To maintain normal business operations, we have implemented network and computer security protection systems. We continuously update relevant information security equipment, set up internal and external network security protections, and deploy endpoint protection on important hosts.

(III) Management Systems:

1. Establishment of the Information and Communications Security Management Committee:

The Company has established the Information and Communications Security Management Committee (referred to as the Information Security Committee) as a dedicated unit to ensure the effective operation of the information and communication security operations. The Information Security Committee uniformly formulates information and communication security policies and regularly reviews them. The content includes information and communication security, information and communication asset management, risk assessment and management, human resource security management, information and communication access control, physical and environmental security, organizational context assessment, system and network security, system development and operation, information security incident reporting and handling, business continuity management, information and communication security audit management, corrective management, document and record management, backup and recovery management, database management, and implementation of information and communications security.

2. Obtain ISO 27001 certification:

To foster compliance with international information security management standards, in December 2021, the Company applied for and obtained ISO 27001 certification for the operation and management activities of core business application information systems, including system management, data center management, and network infrastructure management. The certification was obtained through third-party verification by the British Standards Institution (BSI) Taiwan Branch and is valid until January 2025. Through the implementation of

the ISO 27001 information security management system and the appointment of 16 dedicated information security supervisors and personnel, we continuously review and improve the information security system to mitigate information security risks to an acceptable level and protect the confidentiality, integrity, and availability of information.

3. Continue to implement the information security PDCA cycle operations:

- (1) Conduct inventory and risk assessment of information assets on a regular basis.
- (2) Conduct disaster recovery drills for critical systems.
- (3) Perform system vulnerability scanning and penetration testing on a regular basis.
- (4) Execution of social engineering drills on a regular basis.
- (5) Hold information security education and training on a regular basis.
- (6) Dissemination of information security awareness to employees on a regular basis.
- (7) A total of 25 information security meetings were held, and 1 information security management review meeting was held to regularly review the information communication security policy.
- (8) Implemented 1 internal audit and 1 external audit; there were no major deficiencies identified, ensuring the implementation of information security measures.

4. Information security maintenance and monitoring:

Information and communication security management is a continuous process. The Company has established dedicated organizations and formulated a series of information security regulations. We have obtained ISO 27001 certification and regularly undergo third-party verification to ensure the continuous implementation of information and communication security. Furthermore, we have planned additional monitoring mechanisms to adapt to the rapidly changing landscape of information security due to technological advancements

- (1) Introduction of a Security Operations Center (SOC) is planned for 2024 to facilitate real-time, centralized aggregation of enterprise security information, monitor internal crises, assess hidden threats, and promptly respond to them.
- (2) Introduction of Application Performance Monitoring (APM) is planned for 2024 to enable the IT Systems Center to quickly grasp the complex and virtualized network infrastructure, in response to the rapid development and application of virtualization technology. This breaks the traditional monitoring approach's inability to immediately reflect issues, allowing the IT Systems Center to quickly identify the causes of application performance degradation and promptly address application interruption issues. This will shorten the processing time from hours under traditional methods to minutes through APM.

(IV) Information Security Joint Defense:

Joined the Taiwan Computer Emergency Response Team/Coordination Center

(TWCERT/CC) to facilitate the sharing of cybersecurity information and strengthens collaborative defense against cyber threats. This collaboration aims to achieve comprehensive effectiveness in cross-domain cybersecurity threat prevention.

VII. Important Contracts

December 31, 2023

Contract Type	Parties	Contract Term	Main Content	Restrictions
Automobiles:				
Distribution Contract	Nanyang Industries Co., Ltd.	January 1, 1994 ~ Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Nanyang Industries Co., Ltd.	July 1, 2006 ~ Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Hyundai Motor Company	January 1, 2023 ~ December 31, 2024	Sell automobiles and parts of Hyundai Motor Company within the territory of R.O.C.	None
Technology licensing contract (PORTER)	Hyundai Motor Company	November 20, 2013 ~ November 19, 2025	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (TUCSON HEV)	Hyundai Motor Company	January 29, 2023 ~ January 28, 2028	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (VENUE)	Hyundai Motor Company	April 27, 2020 ~ April 26, 2025	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (TUCSON L)	Hyundai Motor Company	May 30, 2021 ~ November 15, 2026	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (KU)	Hyundai Motor Company	July 26, 2021 ~ July 25, 2026	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (QT 500)	Hyundai Motor Company	April 01, 2023 ~ March 30, 2025	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Motorcycles:				
R&D Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	December 6, 2021 ~ December 6, 2024	Provide technology services related to R&D.	Exclusive licensing

Contract Type	Parties	Contract Term	Main Content	Restrictions
General Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	December 6, 2021 ~ December 6, 2024	Provide general technology services unrelated to products.	Exclusive licensing
No. VIPO 17 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	December 20, 2021 ~ December 20, 2024	Technology transfer for new types of motorcycles, including VJE, VJF and VJG, etc.	Exclusive licensing
No. VIPO 18 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	December 01, 2022 ~ November 30, 2025	Technology transfer for new types of motorcycles, including VW3 and VW4, etc.	Exclusive licensing
No. VIPO 19 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	August 01, 2023 ~ July 31, 2026	Technology transfer for new types of motorcycles, including V4A, VW5 and VW6, etc.	Exclusive licensing

Chapter 6. Financial Overview

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

(I) Consolidated Condensed Balance Sheet - IFRSs

Unit: NT\$ thousand

<div style="text-align: center;">Year</div> <div style="text-align: left;">Items</div>		Financial Information for the Past Five Fiscal Years (Note 1)					Q1 of 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		18,804,301	19,910,726	22,122,077	28,741,232	30,139,002	29,497,263
Property, plant, and equipment		12,050,453	12,711,071	12,639,469	13,800,765	14,629,094	15,034,631
Intangible assets		-	-	-	1,040,230	1,096,283	1,091,986
Other assets		10,267,463	11,396,280	11,769,672	13,495,047	16,913,535	17,105,172
Total assets		41,122,217	44,018,077	46,531,218	57,077,274	62,777,914	62,729,052
Current liabilities	Before distribution	17,515,944	18,528,804	16,653,583	20,488,077	20,237,678	19,759,691
	After distribution	18,327,124	19,572,805	17,690,514	21,923,558	Note 2	-
Non-current liabilities		8,365,548	9,422,484	13,057,933	16,346,709	17,146,334	15,859,009
Total liabilities	Before distribution	25,881,492	27,951,288	29,711,516	36,834,786	37,384,012	35,618,700
	After distribution	26,692,672	28,995,289	30,748,447	38,270,267	Note 2	-
Equity attributable to owners of parent company		14,034,804	14,770,919	15,412,103	17,833,881	22,395,211	24,005,748
Share capital		8,535,956	8,030,776	7,976,396	7,974,896	7,974,896	7,974,896
Capital reserves		1,736,657	1,730,173	1,708,432	1,713,762	1,713,762	1,719,239
Retained earnings	Before distribution	6,072,937	6,583,938	7,182,522	9,603,610	14,197,678	15,583,809
	After distribution	5,261,757	5,539,937	6,145,591	8,168,129	Note 2	-
Other equity		(1,594,441)	(1,441,152)	(1,322,431)	(1,325,571)	(1,358,309)	(1,139,380)
Treasury stock		(716,305)	(716,305)	(132,816)	(132,816)	(132,816)	(132,816)
Non-controlling interest		1,205,921	1,205,921	1,407,599	2,408,607	2,998,691	3,104,604
Total equity	Before distribution	15,240,725	16,066,789	16,819,702	20,242,488	25,393,902	27,110,352
	After distribution	14,429,545	15,022,788	15,782,771	18,807,007	Note 2	-

Note 1: The consolidated financial statements for each year have been audited by independent auditors.

Note 2: No resolution has been passed to distribute the earnings for 2023.

Note 3: The consolidated financial information for the first quarter of 2024 has been reviewed by independent auditors.

(II) Consolidated Condensed Income Statement - IFRSs

Unit: NT\$ thousand

Year Items	Financial Information for the Past Five Fiscal Years (Note 1)					Q1 of 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	33,383,428	40,774,917	41,617,351	50,850,618	64,461,239	16,817,199
Gross profit	5,822,977	7,806,855	7,932,838	9,718,210	13,410,119	3,390,573
Net operating profit (loss)	450,920	1,959,359	2,222,611	3,416,744	6,110,776	1,697,830
Non-operating income and expenses	1,959,174	534,636	118,692	633,242	1,964,672	104,723
Pre-tax profit (loss)	2,410,094	2,493,995	2,341,303	4,049,986	8,075,448	1,802,553
Net income (loss) from continuing operations	2,192,460	2,051,856	1,964,718	3,439,941	6,663,388	1,455,393
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) for the year	2,192,460	2,051,856	1,964,718	3,439,941	6,663,388	1,455,393
Other comprehensive income (loss) for the year (net amount after tax)	(228,276)	50,356	100,025	583,106	(120,670)	255,561
Total comprehensive income for the year	1,964,184	2,102,212	2,064,743	4,023,047	6,542,718	1,710,954
Net profit (loss) attributable to the owner of the parent company	2,226,225	1,938,344	1,830,190	3,116,035	6,297,521	1,384,940
Net profit (loss) attributable to non-controlling interest	(33,765)	113,512	134,528	323,906	365,867	70,453
Comprehensive income attributable to the owner of the parent company	2,023,388	2,009,242	1,942,381	3,645,565	6,179,980	1,605,060
Comprehensive income attributable to non-controlling interest	(59,204)	92,970	122,362	377,482	362,738	105,894
Earnings (loss) per share	2.71	2.41	2.30	3.93	7.95	1.75

Note 1: The consolidated financial statements for each year have been audited by independent auditors.

Note 2: The consolidated financial information for the first quarter of 2024 has been reviewed by independent auditors °

II. Parent Company Only Condensed Balance Sheets and Parent Company Only Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Parent Company Only Condensed Balance Sheet - IFRSs

Unit: NT\$ thousand

<div>Year</div> <div>Items</div>		Financial Information for the Past Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		4,317,788	4,659,870	5,155,637	7,933,432	8,694,968
Property, plant, and equipment		4,994,550	5,044,289	4,945,448	4,894,622	4,958,429
Intangible assets		-	-	-	-	-
Other assets		22,258,211	24,181,200	24,975,412	28,773,728	32,395,428
Total assets		31,570,549	33,885,359	35,076,497	41,601,782	46,048,825
Current liabilities	Before distribution	11,200,395	11,270,740	8,918,844	10,950,796	11,999,903
	After distribution	12,011,575	12,314,741	9,955,775	12,386,277	Note 2
Non-current liabilities		6,335,350	7,843,700	10,745,550	12,817,105	11,653,711
Total liabilities	Before distribution	17,535,745	19,114,440	19,664,394	23,767,901	23,653,614
	After distribution	18,346,925	20,158,441	20,701,325	25,203,382	Note 2
Share capital		8,535,956	8,030,776	7,976,396	7,974,896	7,974,896
Capital reserves		1,736,657	1,730,173	1,708,432	1,713,762	1,713,762
Retained earnings	Before distribution	6,072,937	6,583,938	7,182,522	9,603,610	14,197,678
	After distribution	5,261,757	5,539,937	6,145,591	8,168,129	Note 2
Other equity		(1,594,441)	(1,441,152)	(1,322,431)	(1,325,571)	(1,358,309)
Treasury stock		(716,305)	(132,816)	(132,816)	(132,816)	(132,816)
Total equity	Before distribution	14,034,804	14,770,919	15,412,103	17,833,881	22,395,211
	After distribution	13,223,624	13,726,918	14,375,172	16,398,400	Note 2

Note 1: The parent company only financial statements for each year have been audited by independent auditors.

Note 2: No resolution has been passed to distribute the earnings for 2023.

(II) Parent Company Only Condensed Income Statement - IFRSs

Unit: NT\$ thousand

<div> <div>Year</div> <div>Items</div> </div>	Financial Information for the Past Five Fiscal Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	23,659,272	30,796,834	29,876,799	35,882,517	49,290,243
Gross profit	2,455,146	3,924,645	3,694,692	4,204,934	6,374,325
Net operating profit	287,858	1,379,482	1,434,778	1,745,717	3,532,860
Non-operating income and expenses	2,052,131	883,996	582,487	1,721,513	3,675,244
Pre-tax profit (loss)	2,339,989	2,263,478	2,017,265	3,467,230	7,199,104
Net income (loss) from continuing operations	2,226,225	1,938,344	1,830,190	3,116,035	6,297,521
Loss from discontinued operations	-	-	-	-	-
Net income (loss) for the year	2,226,225	1,938,344	1,830,190	3,116,035	6,297,521
Other comprehensive income (loss) for the year (net amount after tax)	(202,837)	70,898	112,191	529,530	(117,541)
Total comprehensive income for the year	2,023,388	2,009,242	1,942,381	3,645,565	6,179,980
Earnings (loss) per share	2.71	2.41	2.30	3.93	7.95

Note 1: The parent company only financial statements for each year have been audited by independent auditors.

III. CPAs and Audit Opinions of the Past Five Fiscal Years

Year	Name of CPA Firm	CPA	Opinion
2019	KPMG Taiwan	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2020	KPMG Taiwan	Chung-Che Chen, Ti-Nuan Chien	Unmodified opinion
2021	KPMG Taiwan	Chung-Che Chen, Hsin -Ting Huang	Unmodified opinion
2022	KPMG Taiwan	Chung-Che Chen, Hsin -Ting Huang	Unqualified opinion and other matters section
2023	KPMG Taiwan	Kuo-Yang Tseng, Hsin -Ting Huang	Unqualified opinion and other matters section

IV. Financial Analysis

(I) Financial Analysis for the Past Five Fiscal Years - IFRSs

1. Consolidated Financial Analysis

Unit: NT\$ thousand

Year Items		Financial Information for the Past Five Fiscal Years					
		2019	2020	2021	2022	2023	Q1 of 2024
Financial structure (%)	Debt to asset ratio (%)	62.94	63.50	63.85	64.53	59.55	56.78
	Ratio of long-term capital to property, plant, and equipment (%)	195.90	200.53	236.38	265.12	290.79	285.80
Solvency	Current ratio (%)	107.36	107.46	132.84	140.28	148.93	149.28
	Quick ratio (%)	76.69	73.02	86.91	88.00	92.01	97.19
	Times interest earned (times)	11.13	11.73	12.96	15.59	19.40	18.37
Operating performance	Average collection turnover (times)	12.43	15.68	15.14	16.40	19.53	16.91
	Days sales outstanding	29	23	24	22	19	22
	Average inventory turnover (times)	6.32	6.41	5.38	4.91	4.95	5.32
	Average payment turnover (times)	10.44	9.52	7.98	9.22	11.01	10.74
	Average inventory turnover days	57	56	68	74	74	69
	Property, plant, and equipment turnover (times)	2.91	3.29	3.28	3.85	4.53	4.54
	Total assets turnover (times)	0.85	0.96	0.92	0.98	1.08	1.07
Profitability	Return on assets (%)	6.06	5.24	4.69	7.07	11.70	2.45
	Return on equity (%)	14.94	13.11	11.95	18.56	29.20	5.54
	Ratio of net income before tax to paid-in capital (%)	28.23	31.06	29.35	50.78	101.26	22.60
	Net profit margin (%)	6.57	5.03	4.72	6.76	10.34	8.65
	Earnings per share (NT\$)	2.71	2.41	2.30	3.93	7.95	1.75
Cash Flow	Cash flow ratio (%)	7.71	26.40	8.67	9.93	34.26	7.74
	Cash flow adequacy ratio (%)	71.34	90.49	62.84	48.43	73.65	87.46
	Cash reinvestment ratio (%)	1.18	8.73	0.79	1.72	8.86	2.44
Leverage	Operating leverage	10.37	3.30	2.95	2.20	1.59	1.45
	Financial leverage	2.09	1.13	1.10	1.09	1.08	1.07

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2:

1. Financial structure:

(1) Debt to asset ratio = total liabilities / total assets

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

/ net value of property, plant and equipment

2. Solvency:

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities

(3) Times interest earned = income before tax and interest expenses / interest expenses for the year

3. Operating performance:

(1) Average collection turnover = net sales / average trade receivables

(2) Days sales outstanding = 365 / average collection turnover

(3) Average inventory turnover = cost of sales / average inventory

(4) Average payment turnover = cost of sales / average trade payables

(5) Average inventory turnover days = 365 / average inventory turnover

(6) Property, plant and equipment turnover = net sales / average net value of property, plant and equipment

(7) Total assets turnover = net sales / average total assets

4. Profitability:

(1) Return on assets = [net income (loss) after tax + interest expenses * (1 - tax rate)] / average total assets

(2) Return on equity = income (loss) after tax / average total equity

(3) Net profit margin = net income (loss) after tax / net sales

(4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - 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 net cash flow from operations / five-year sum of capital expenditures, inventory additions, and cash dividends

(3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross value of property, plant, and equipment + long-term investments + other non-current assets + working capital)

6. Leverage:

(1) Operating leverage = (net sales - variable operating cost and expenses) / operating profit

(2) Financial leverage = operating profit / (operating profit - interest expenses)

2. Parent Company Only Financial Analysis

Unit: NT\$ thousand

<div> <div>Year</div> <div>Items</div> </div>		Financial Information for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio (%)	55.54	56.41	56.06	57.13	51.37
	Ratio of long-term capital to property, plant, and equipment (%)	407.85	448.32	528.92	626.22	686.69
Solvency	Current ratio (%)	38.55	41.34	57.81	72.45	72.46
	Quick ratio (%)	18.03	22.88	33.13	33.33	28.55
	Times interest earned (times)	17.13	17.30	18.45	22.34	30.60
Operating performance	Average collection turnover (times)	17.38	29.10	25.15	25.98	34.66
	Days sales outstanding	21	13	15	14	11
	Average inventory turnover (times)	10.34	13.54	12.94	10.33	9.48
	Average payment turnover (times)	13.21	11.53	9.26	11.20	13.37
	Average inventory turnover days	35	27	28	35	39
	Property, plant, and equipment turnover (times)	4.84	6.14	5.98	7.29	10.01
	Total assets turnover (times)	0.78	0.94	0.87	0.94	1.12
Profitability	Return on assets (%)	7.75	6.26	5.58	8.47	14.81
	Return on equity (%)	16.57	13.46	12.13	18.75	31.31
	Ratio of net income before tax to paid-in capital (%)	27.41	28.19	25.29	43.48	90.27
	Net profit margin (%)	9.41	6.29	6.13	8.68	12.78
	Earnings per share (NT\$)	2.71	2.41	2.30	3.93	7.95
Cash Flow	Cash flow ratio (%)	12.73	37.15	9.06	2.23	29.17
	Cash flow adequacy ratio (%)	116.57	174.40	117.66	74.39	92.02
	Cash reinvestment ratio (%)	1.77	9.29	Note 1	Note 1	4.52
Leverage	Operating leverage	11.18	3.55	3.29	3.06	2.13
	Financial leverage	2.02	1.11	1.09	1.10	1.07

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2:

1. Financial structure:

(1) Debt to asset ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net value of property, plant and equipment

2. Solvency:

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities
- (3) Times interest earned = income before tax and interest expenses / interest expenses for the year

3. Operating performance:

- (1) Average collection turnover = net sales / average trade receivables
- (2) Days sales outstanding = 365 / average collection turnover
- (3) Average inventory turnover = cost of sales / average inventory
- (4) Average payment turnover = cost of sales / average trade payables
- (5) Average inventory turnover days = 365 / average inventory turnover
- (6) Property, plant and equipment turnover = net sales / average net value of property, plant and equipment
- (7) Total assets turnover = net sales / average total assets

4. Profitability:

- (1) Return on assets = [net income (loss) after tax + interest expenses * (1 - tax rate)] / average total assets
- (2) Return on equity = income (loss) after tax / average total equity
- (3) Net profit margin = net income (loss) after tax / net sales
- (4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - 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 net cash flow from operations / five-year sum of capital expenditures, inventory additions, and cash dividends
- (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross value of property, plant, and equipment + long-term investments + other non-current assets + working capital)

6. Leverage:

- (1) Operating leverage = (net sales - variable operating cost and expenses) / operating profit
- (2) Financial leverage = operating profit / (operating profit - interest expenses)

(II) Notes on Variances in Financial Ratios in the Past 2 Years - IFRSs

1. Changes in consolidated financial ratios

Unit: %

Year		2023	2022	Increase (Decrease) (%)
Items				
Financial structure	Debt to asset ratio (%)	59.55	64.53	(7.72)
	Ratio of long-term capital to property, plant, and equipment (%)	290.79	265.12	9.68
Solvency	Current ratio (%)	148.93	140.28	6.17
	Quick ratio (%)	92.01	88.00	4.56
	Times interest earned (times)	19.40	15.59	24.44
Operating performance	Average collection turnover (times)	19.53	16.40	19.09
	Days sales outstanding	19	22	(13.64)
	Average inventory turnover (times)	4.95	4.91	0.81
	Average payment turnover (times)	11.01	9.22	19.41
	Average inventory turnover days	74	74	0.00
	Property, plant, and equipment turnover (times)	4.53	3.85	17.66
	Total assets turnover (times)	1.08	0.98	10.20
Profitability	Return on assets (%)	11.70	7.07	65.49
	Return on equity (%)	29.20	18.56	57.33
	Ratio of net income before tax to paid-in capital (%)	101.26	50.78	99.41
	Net profit margin (%)	10.34	6.76	52.96
	Earnings per share (NT\$)	7.95	3.93	102.29
Cash Flow	Cash flow ratio (%)	34.26	9.93	245.02
	Cash flow adequacy ratio (%)	73.65	48.43	52.08
	Cash reinvestment ratio (%)	8.86	1.72	415.12
Leverage	Operating leverage	1.59	2.20	(27.73)
	Financial leverage	1.08	1.09	(0.92)

Note 1: Analysis of changes in the above financial ratios by over 20% are explained as follows:

1. Solvency:

Times interest earned: In 2023, the pre-tax net profit increased, leading to a rise in the interest coverage ratio compared to 2022.

2. Profitability: In 2023, the operating revenue grew, leading to an increase in profitability-related ratios compared to 2022.

3. Cash Flow : In 2023, the operating new cash flow increased compared to 2022, leading to a higher ratio of cash flow-related metrics.

4. Leverage:

Operating leverage: In 2023, the operating net profit increased, leading to a decrease in operating leverage compared to 2022.

2. Changes in parent company only financial ratios

Unit: %

Year		2023	2022	Increase (Decrease) (%)
Items				
Financial structure	Debt to asset ratio (%)	51.37	57.13	(10.08)
	Ratio of long-term capital to property, plant, and equipment (%)	686.69	626.22	9.66
Solvency	Current ratio (%)	72.46	72.45	0.01
	Quick ratio (%)	28.55	33.33	(14.34)
	Times interest earned (times)	30.60	22.34	36.97
Operating performance	Average collection turnover (times)	34.66	25.98	33.41
	Days sales outstanding	11	14	(21.43)
	Average inventory turnover (times)	9.48	10.33	(8.23)
	Average payment turnover (times)	13.37	11.20	19.38
	Average inventory turnover days	39	35	11.43
	Property, plant, and equipment turnover (times)	10.01	7.29	37.31
	Total assets turnover (times)	1.12	0.94	19.15
Profitability	Return on assets (%)	14.81	8.47	74.85
	Return on equity (%)	31.31	18.75	66.99
	Ratio of net income before tax to paid-in capital (%)	90.27	43.48	107.61
	Net profit margin (%)	12.78	8.68	47.24
	Earnings per share (NT\$)	7.95	3.93	102.29
Cash Flow	Cash flow ratio (%)	29.17	2.23	1,208.07
	Cash flow adequacy ratio (%)	92.02	74.39	23.70
	Cash reinvestment ratio (%)	4.52	Note 1	-
Leverage	Operating leverage	2.13	3.06	(30.39)
	Financial leverage	1.07	1.10	(2.73)

Note 1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured

Note 2: Analysis of changes in the above financial ratios by over 20% are explained as follows:

1. Solvency:

Times interest earned: In 2023, the pre-tax net profit increased, leading to a rise in the interest coverage ratio compared to 2022.

2. Operating performance:

Average collection turnover, Days sales outstanding: In 2023, the increase in operating revenue led to a higher accounts receivable turnover ratio compared to 2022, and a decrease in the average collection days.

Property, plant, and equipment turnover: In 2023, the increase in operating revenue led to a higher turnover rate of property, plant, and equipment compared to 2022.

3. Profitability: In 2023, the operating revenue grew, leading to an increase in profitability-related ratios compared to 2022.

4. Cash Flow : In 2023, the operating new cash flow increased compared to 2022, leading to a higher ratio

of cash flow-related metrics.

5. Leverage:

Operating leverage: In 2023, the operating net profit increased, leading to a decrease in operating leverage compared to 2022.

V. Audit Committee's Reports on Financial Report of the Most Recent Fiscal Year

Sanyang Motor Co., Ltd.

Review Report of the Audit Committee

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and Proposal for Earnings Distribution, among which the Financial Statements have been audited by KPMG, Taiwan, by whom an audit report has been issued accordingly. The above Business Report, Financial Statements, and Proposal for Earnings Distribution have been reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Sincerely,

2024 Annual General Shareholders' Meeting of Sanyang Motor Co., Ltd.

Convener of the Audit Committee :
Chung-Chuan Shih

Mar. 14, 2024

VI. Financial Statements of the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of Sanyang Motor Co., Ltd.:

Opinion

We have audited the financial statements of Sanyang Motor Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matters section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Refer to Note 4(17) "Revenue recognition" for the accounting principles on the recognition of revenue and Note 6(19) "Revenue from contracts with customers" for details of revenues.

Description of key audit matter:

The Company's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Company are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Company were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Understand the Company's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales agreements.
- (c) Test internal controls of the Company over shipment and revenues recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2023 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

2. Valuation of accounts receivable

Refer to Note 4(6) “Financial instruments” for the accounting policies on the valuation of accounts receivable, Note 5(1) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(3) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Company is relatively significant, and the recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Obtain the Management’s overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.
- (b) Analyze and test the accuracy of accounts receivable aging report.
- (c) Perform the subsequent period collection of accounts receivable test.

Other Matters

We did not audit the financial statement of Taiwan Tea Corporation, which accounted for using the equity method by the subsidiary. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, is so far as it relates to the amounts included for Taiwan Tea Corporation, is based solely on the report of other auditors. The amount of Taiwan Tea Corporation which accounted for using the equity method were 9.02% and 9.92% of the total assets as of December 31, 2023 and 2022, respectively, and for the years ended December 31, 2023 and 2022, the share of profit (loss) of subsidiaries, associates and joint venture accounted for using the equity method were (1.10)% and (17.70)% of the profit before income tax, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 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.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Yang Tseng and Hsin Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2024

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SANYANG MOTOR CO., LTD.

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 (Note 6(1))	\$ 1,991,827	4	2,175,711	5
1170 Notes and accounts receivable, net (Notes 6(3) and (19))	1,047,981	2	912,909	2
1180 Accounts receivable from related parties, net (Notes 6(3), (19) and 7)	376,393	1	506,701	1
1310 Inventories (for manufacturing business) (Notes 6(4))	5,025,344	11	4,015,334	10
1460 Non-current assets held for sale (Notes 6(5))	-	-	97,036	-
1476 Other current financial assets (Note 6(1) and 8)	9,177	-	54,371	-
1479 Other current assets, others (Note 7)	244,246	1	171,370	1
	<u>8,694,968</u>	<u>19</u>	<u>7,933,432</u>	<u>19</u>
Non-current assets:				
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(2))	557,947	1	132,037	-
1550 Investments accounted for using equity method (Notes 6(6), (7), (8) and 7)	28,298,754	62	25,585,616	62
1600 Property, plant and equipment (Notes 6(9), 7 and 8)	4,958,429	11	4,894,622	12
1755 Right-of-use assets (Note 7)	57,399	-	83,261	-
1760 Investment property (Notes 6(10) and 8)	2,371,475	5	2,391,001	6
1840 Deferred income tax assets (Note 6(16))	523,220	1	450,607	1
1933 Other non-current receivables (Notes 6(5))	455,965	1	-	-
1980 Other non-current financial assets (Note 8)	101,819	-	103,773	-
1995 Other non-current assets, others	28,849	-	27,433	-
	<u>37,353,857</u>	<u>81</u>	<u>33,668,350</u>	<u>81</u>
Total assets	\$ <u>46,048,825</u>	<u>100</u>	<u>41,601,782</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SANYANG MOTOR CO., LTD.
Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (Note 6(11))	\$ 4,400,000	10	4,838,567	11
2130	Current contract liabilities (Note 6(19))	33,439	-	41,451	-
2170	Accounts payable (Note 6(12))	2,819,240	6	2,398,944	6
2180	Accounts payable to related parties (Notes 6(12) and 7)	682,578	2	510,993	1
2200	Other payables	2,271,181	5	1,507,851	4
2220	Other payables to related parties (Note 7)	192,582	-	158,150	-
2230	Current tax liabilities	638,334	1	295,068	1
2251	Current provisions for employee benefits (Note 6(15))	69,653	-	70,682	-
2252	Short-term provisions for warranties (Note 6(14))	439,401	1	424,851	1
2280	Current lease liabilities (Note 7)	23,172	-	25,928	-
2322	Long-term borrowings, current portion (Note 6(13))	135,000	-	413,333	1
2399	Other current liabilities, others (Note 6(5))	295,323	1	264,978	1
		<u>11,999,903</u>	<u>26</u>	<u>10,950,796</u>	<u>26</u>
Non-current liabilities:					
2540	Long-term borrowings (Note 6(13))	9,315,000	20	10,106,667	24
2570	Deferred income tax liabilities (Note 6(16))	1,401,672	3	1,401,672	4
2580	Non-current lease liabilities (Note 7)	35,472	-	58,644	-
2640	Net defined benefit liability, non-current (Note 6(15))	519,450	1	806,217	2
2645	Guarantee deposits received (Note 7)	362,383	1	351,532	1
2670	Other non-current liabilities, others (Note 9)	19,734	-	92,373	-
		<u>11,653,711</u>	<u>25</u>	<u>12,817,105</u>	<u>31</u>
	Total liabilities	<u>23,653,614</u>	<u>51</u>	<u>23,767,901</u>	<u>57</u>
Equity (Note 6(6) and (17)):					
3100	Share capital	7,974,896	17	7,974,896	19
3200	Capital surplus	1,713,762	4	1,713,762	4
3300	Retained earnings	14,197,678	31	9,603,610	23
3400	Other equity	(1,358,309)	(3)	(1,325,571)	(3)
3500	Treasury shares	(132,816)	-	(132,816)	-
	Total equity	<u>22,395,211</u>	<u>49</u>	<u>17,833,881</u>	<u>43</u>
	Total liabilities and equity	<u>\$ 46,048,825</u>	<u>100</u>	<u>41,601,782</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

SANYANG MOTOR CO., LTD.**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)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(19) and 7)	\$ 49,290,243	100	35,882,517	100
5000	Operating costs (Note 6(4) and 7)	42,869,251	87	31,649,964	88
		6,420,992	13	4,232,553	12
5910	Unrealized profit from sales	(46,667)	-	(27,619)	-
	Gross profit from operations	6,374,325	13	4,204,934	12
	Operating expenses (Notes 6(15), (20) and 7):				
6100	Selling expenses	917,429	2	781,585	2
6200	Administrative expenses	944,563	2	800,420	2
6300	Research and development expenses	992,368	2	879,954	3
6450	Expected credit gain (Note 6(3))	(3,895)	-	(2,742)	-
		2,850,465	6	2,459,217	7
	Net operating income	3,523,860	7	1,745,717	5
	Non-operating income and expenses:				
7010	Other income (Notes 6(21) and 7)	208,788	-	81,322	-
7020	Other gains and losses (Note 6(7), (21) and 7)	42,727	-	563,039	2
7050	Finance costs (Note 6(21) and 7)	(243,251)	-	(162,453)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (note 6(6))	2,132,785	5	1,239,605	3
7229	Gains on disposal of non-current asset held for sale (Notes 6(5) and (21))	1,534,195	3	-	-
		3,675,244	8	1,721,513	5
7900	Profit before income tax	7,199,104	15	3,467,230	10
7950	Less: Income tax expenses (Note 6(16))	901,583	2	351,195	1
8200	Profit for the period	6,297,521	13	3,116,035	9
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(119,832)	-	(27,469)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	76,000	-	(9,447)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	92,708	-	151,715	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	23,966	-	5,494	-
	Components of other comprehensive income that will not be reclassified to profit or loss	72,842	-	120,293	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(190,383)	-	409,237	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(190,383)	-	409,237	1
8300	Other comprehensive income	(117,541)	-	529,530	1
8500	Comprehensive income	\$ 6,179,980	13	3,645,565	10
	Earnings per share (Note 6(18))				
9750	Basic earnings per share (NT dollars)	\$ 7.95		3.93	
9850	Diluted earnings per share (NT dollars)	\$ 7.93		3.93	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	Retained earnings						Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity
Balance at January 1, 2022	\$ 7,976,396	1,708,432	2,622,007	1,443,600	3,116,915	7,182,522	(1,740,360)	417,929	(1,322,431)	(132,816)	15,412,103
Profit for the year	-	-	-	-	3,116,035	3,116,035	-	-	-	-	3,116,035
Other comprehensive income for the year	-	-	-	-	(19,417)	(19,417)	409,237	139,710	548,947	-	529,530
Comprehensive income for the year	-	-	-	-	3,096,618	3,096,618	409,237	139,710	548,947	-	3,645,565
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	164,258	-	(164,258)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(109,352)	109,352	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,036,931)	(1,036,931)	-	-	-	-	(1,036,931)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(4,351)	(4,351)
Retirement of treasury shares	(1,500)	(20)	-	-	(2,831)	(2,831)	-	-	-	4,351	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(239)	-	-	-	-	-	-	-	-	(239)
Changes in equity of associates and joint ventures accounted for using equity method	-	5,589	-	-	(187,855)	(187,855)	-	-	-	-	(182,266)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	552,087	552,087	-	(552,087)	(552,087)	-	-
Balance at December 31, 2022	<u>7,974,896</u>	<u>1,713,762</u>	<u>2,786,265</u>	<u>1,334,248</u>	<u>5,483,097</u>	<u>9,603,610</u>	<u>(1,331,123)</u>	<u>5,552</u>	<u>(1,325,571)</u>	<u>(132,816)</u>	<u>17,833,881</u>
Profit for the year	-	-	-	-	6,297,521	6,297,521	-	-	-	-	6,297,521
Other comprehensive income for the year	-	-	-	-	(94,603)	(94,603)	(190,383)	167,445	(22,938)	-	(117,541)
Comprehensive income for the year	-	-	-	-	6,202,918	6,202,918	(190,383)	167,445	(22,938)	-	6,179,980
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	345,802	-	(345,802)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,419)	4,419	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,435,481)	(1,435,481)	-	-	-	-	(1,435,481)
Changes in ownership interests in subsidiaries	-	-	-	-	(183,169)	(183,169)	-	-	-	-	(183,169)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	9,800	9,800	-	(9,800)	(9,800)	-	-
Balance at December 31, 2023	<u>\$ 7,974,896</u>	<u>1,713,762</u>	<u>3,132,067</u>	<u>1,329,829</u>	<u>9,735,782</u>	<u>14,197,678</u>	<u>(1,521,506)</u>	<u>163,197</u>	<u>(1,358,309)</u>	<u>(132,816)</u>	<u>22,395,211</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the years ended December 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 7,199,104	3,467,230
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	476,461	522,572
Amortization expense	10,886	11,642
Expected credit gain	(3,895)	(2,742)
Net gain on financial asset and liabilities at fair value through profit or loss	-	(2,299)
Interest expense	243,251	162,453
Interest revenue	(116,000)	(8,501)
Dividend revenue	(32,083)	(33,282)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(2,132,785)	(1,239,605)
Loss on disposal of property, plant and equipment	66,073	53,832
Gain on disposal of non-current assets classified as held for sale	(1,534,195)	-
Gain on disposal of Investments accounted for using equity method	-	(498,877)
Impairment loss on property, plant and equipment	1,768	-
Unrealized profit from sales	46,667	27,619
Others	18,652	118
Total adjustments to reconcile profit (loss)	(2,955,200)	(1,007,070)
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(131,177)	116,404
Accounts receivable from related parties	130,308	(190,361)
Inventories	(1,030,993)	(1,927,665)
Other current assets	21,684	(88,414)
Contract liabilities	(8,012)	(1,261)
Accounts payable	420,296	243,535
Accounts payable to related parties	171,585	(75,186)
Provisions for employee benefits	(1,029)	1,776
Other payables (including related parties)	760,369	119,115
Short-term provisions for warranties	14,550	31,627
Other current liabilities	150,155	36,593
Net defined benefit liabilities	(406,599)	(62,625)
Total adjustments	(2,864,063)	(2,803,532)
Cash inflow generated from operations	4,335,041	663,698
Interest received	16,740	8,025
Interest paid	(243,897)	(162,186)
Income taxes paid	(606,963)	(265,238)
Net cash flows from operating activities	3,500,921	244,299

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the years ended December 31	
	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(353,563)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	41,692	-
Acquisition of investments accounted for using the equity method	(1,083,061)	(2,144,086)
Proceeds from disposal of non-current assets classified as held for sale	1,200,000	-
Decrease in receipts in advance due to disposal of assets	(139,845)	-
Increase in receipts in advance due to disposal of assets	4,156	135,389
Acquisition of property, plant and equipment	(571,882)	(470,692)
Proceeds from disposal of property, plant and equipment	13,285	11,802
Acquisition of investment properties	(1,017)	(98,271)
Other current financial assets	45,194	88,288
Other non-current financial assets	1,954	163,687
Other non-current assets	(13,078)	(9,252)
Dividends received	130,485	311,217
Net cash flows used in investing activities	(725,680)	(2,011,918)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	32,680,486	37,235,326
Decrease in short-term borrowings	(33,119,053)	(35,817,403)
Decrease in short-term notes and bills payable	-	(300,000)
Proceeds from long-term borrowings	17,870,000	9,800,000
Repayments of long-term borrowings	(18,940,000)	(7,380,000)
Increase in guarantee deposits received	10,851	2,775
Payments of lease liabilities	(25,928)	(25,505)
Cash dividends paid	(1,435,481)	(1,036,931)
Cost of increase in treasury shares	-	(4,351)
Net cash flows from (used in) financing activities	(2,959,125)	2,473,911
Net increase (decrease) in cash and cash equivalents	(183,884)	706,292
Cash and cash equivalents at beginning of period	2,175,711	1,469,419
Cash and cash equivalents at end of period	\$ 1,991,827	2,175,711

See accompanying notes to parent company only financial statements.

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

SANYANG MOTOR CO., LTD. (the “Company”) was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together, the registered office is located at No. 3, Chung Hua Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam’s scooter market in 2000.

The major business activities of the Company are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

2. Approval date and procedures of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. New standards, amendments and interpretations adopted

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its Parent Company only financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the following new amendments, which do not have a significant impact on its Parent Company only financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

- (2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its Parent Company only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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Notes to the Financial Statements

- (3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have been issued by the Internal Accounting Standards Board (IASB), but yet to be endorsed by the FSC, to have a significant impact on its Parent Company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9— Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of significant accounting policies

The significant accounting policies presented in the Parent Company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the Parent Company only financial statements.

- (1) Statement of compliance

These Parent Company only financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (2) Basis of preparation

- (i) Basis of measurement

The Parent Company only financial statements have been prepared on the historical cost basis except for the following significant accounts:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial instruments at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Parent Company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

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(3) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its subsidiaries that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

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SANYANG MOTOR CO., LTD.

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- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled within the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(6) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI (e.g. financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

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6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowances charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

(9) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The Parent Company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Investment in Subsidiaries

The Company accounts for its investments using the equity method when it has control over them. Under the equity method, the profit or loss and other comprehensive income stated in the statement of comprehensive income will be identical to the profit or loss and other comprehensive income attributable to the owners of parent company stated in the consolidated statement of comprehensive income, and the equity as shown in the balance sheet will be the same as the equity attributable to owners of parent company as shown in the consolidated balance sheet.

The Company regards the changes in ownership in the subsidiaries as equity transactions with other shareholders under the circumstances the controllability still exists.

(11) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

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Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(12) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

(1)Buildings	3~55 years
(2)Machinery equipment	2~15 years
(3)Utilities and vehicles	3~15 years
(4)Office equipment and others	3~10 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(13) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the balance sheet.

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If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(14) Intangible assets

(i) Recognition and measurement

The goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	1~3 years
2) Royalty	5 years
3) Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(15) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For the assets expect for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(16) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(17) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods-automobiles, scooters and their parts

The Company manufactures and sells automobiles, scooters and their parts. The Company recognizes revenue 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 location according to the contract, 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision, please refer to Note 6(14).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Service Revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators. The revenue from technical remuneration is recognized when the sales actually occur.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

prices for the time value of money.

(18) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses in the periods during which services are rendered by the employees.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(19) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company determines that interest or penalties related to income tax (including uncertain tax treatments) do not meet the definition of income taxes, and IAS 37 is adopted.

The Company has determined that the global minimum top-up tax—which it is required to pay under Pillar Two legislation—is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary difference.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(21) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(22) Operating segments

Please refer to the consolidated financial report of the Company for the years ended December 31, 2023 and 2022 for information on operating segments information.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the Parent Company only financial statements in conformity with the regulations and IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(3).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(4) for further description of the valuation of inventories.

Assessment

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Company periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Company evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Company strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(22).

The assumptions used in measuring fair value please refer to the following notes:

(i) Note 6(10) Investment property

(ii) Note 6(22) Financial instruments

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 245	230
Bank deposits	1,092,901	1,575,481
Time deposits	-	600,000
Cash equivalents	898,681	-
Cash and cash equivalents	\$ 1,991,827	2,175,711

- (i) Time deposits with a maturity of over three months and without restrictions are classified as other current financial assets. As of December 31, 2023 and 2022, the balances of such deposits classified as other current financial assets were zero and \$200 thousand, respectively.
- (ii) The Company's deposits in segregated trust accounts, which are restricted for withdrawal, are classified as other non-current financial assets. As of December 31, 2023, and 2022, the balance of such deposits classified as other non-current financial assets were \$16,108 thousand and \$11,803 thousand, respectively.
- (iii) Please refer to note 6(22) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(2) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Common shares of domestic listed companies	365,435	-
Common shares of domestic unlisted companies	192,512	132,037
	\$ 557,947	132,037

- (i) The Company designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Company intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2023 and 2022, dividend revenues of \$32,083 thousand and \$33,282 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follows:

	2023	2022
Fair value of disposal	\$ 41,692	-
Gain or loss on disposal transferred to retained earnings	\$ 7,582	-

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iv) Please refer to Note 6(22) for credit risk and market risk.

(v) As of December 31, 2023 and 2022, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals.

(3) Notes and accounts receivable (including related parties) and other receivables

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 309,059	281,368
Accounts receivable — measured at amortized cost	741,069	708,338
Accounts receivable from related parties — measured at amortized cost	376,393	506,701
Subtotal	<u>1,426,521</u>	<u>1,496,407</u>
Other receivables — current (Recognized as Other current assets)	119,053	26,484
Other non-current receivables	480,000	-
Less: Unrealized interest revenue	(24,035)	-
Subtotal	<u>575,018</u>	<u>26,484</u>
Total	<u>2,001,539</u>	<u>1,522,891</u>
Less: Loss allowance	(2,147)	(76,797)
Net Value	<u><u>\$ 1,999,392</u></u>	<u><u>1,446,094</u></u>
Current	1,543,427	1,446,094
Non-current	455,965	-
Total	<u><u>\$ 1,999,392</u></u>	<u><u>1,446,094</u></u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Expected credit losses for notes and accounts receivable were determined as follows:

December 31, 2023				
Credit rating	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 1,424,374	0%	-	No
Medium risk	2,147	100%	2,147	Yes
Total	\$ 1,426,521		2,147	

December 31, 2022				
Credit rating	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 1,419,610	0%	-	No
Medium risk	76,797	100%	76,797	Yes
Total	\$ 1,496,407		76,797	

The aging analyses of notes and accounts receivable were determined as follows:

	December 31, 2023	December 31, 2022
Current	\$ 1,304,478	1,283,928
Overdue 1 to 90 days	119,896	135,682
Overdue 180 days	2,147	76,797
	\$ 1,426,521	1,496,407

For the credit risk of other receivables as of December 31, 2023 and 2022, please refer to note 6(22).

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 76,797	79,539
Recovery of accounts receivable impaired	(3,895)	(2,742)
Amounts written off	(70,755)	-
Balance at December 31	\$ 2,147	76,797

As of December 31, 2023 and 2022, the Company did not provide any notes and accounts receivable as collaterals.

For further credit risk information, please refer to note 6(22).

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials and consumables	\$ 1,453,682	1,727,458
Work in process	70,826	73,304
Finished goods	1,595,955	802,255
Inventories in transit	1,904,881	1,412,317
	\$ 5,025,344	4,015,334

- (i) For the years ended December 31, 2023 and 2022, the details of the cost of sales were as follows:

	For the years ended December 31 2023	2022
Cost of goods sold and others	\$ 42,937,661	31,672,058
Revenue from sale of scraps	(78,330)	(60,091)
Loss (gain) on physical inventory	(32)	1
Loss on disposal of inventory	41,593	7,286
Loss on (gain on reversal of) inventory market price decline and obsolescence	(31,641)	30,710
	\$ 42,869,251	31,649,964

- (ii) The Company recognized gain on reversal of inventory write-downs for the year ended December 31, 2023 due to sale and disposal of inventories.

- (ii) As of December 31, 2023, and 2022, the Company did not provide any inventories as collaterals.

(5) Non-current assets held for sale

The Company sold 12 pieces of land numbered 259, located at the Ronhua Section, Xinfeng Township, Hsinchu County and the building on it. It was resolved by the Board of Directors on June 14, 2022. The contract of real estate transaction was signed on June 15, 2022. Therefore, \$97,036 thousand of the investment properties were reclassified as non-current assets held for sale. According to the contract of real estate transaction the sales price amounted to \$1,200,000 thousand. As of December 31, 2022, the transfer of ownership was still in process and the amount of \$120,000 thousand has been received, recognized as “other current liabilities-other”. The Company received a letter of commitment for the said real estate transaction in 2023 and has since completed all related process of transaction and met all supplementary requirements in the same year. A gain of \$1,534,195 thousand was recognized in 2023 on this disposal. As of December 31, 2023, an outstanding amount of \$455,965 thousand was recognized as “other non-current receivables”.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(6) Investments accounted for using equity method

A summary of the Company's financial information on investments accounted for using equity method is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 28,298,754	25,585,616

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Associates

The Company's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ -	-
	For the years ended December 31	2023
	2022	2022
Attributable to the Company:		
Net loss from continuing operations	\$ -	(36,422)
Other comprehensive income (loss)	-	-
Comprehensive income	\$ -	(36,422)

- (iii) In July 2021, APh ePower Co., Ltd. conducted a cash capital increase, and the Company subscribed to additional shares of \$150,000 thousand at a percentage different from its existing ownership percentage, resulting in an increase in its shareholding percentage from 23.21% to 29.51%. Later, in March 2022 the Company purchased 4,000 shares of APh ePower Co., Ltd. from non-related parties for \$60,000 thousand, resulting in an increase in its shareholding percentage from 29.51% to 32.79%.

In May 2022, APh ePower Co., Ltd. conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh Corp., APh ePower Co., Ltd. became a 100% owned subsidiary of APh Corp. Because of the transaction, the Company obtained 40,000 thousand shares of APh Corp. instead, with a total amount \$317,451 thousand and a shareholding percentage of 32.79%.

The Company will participate in the capital increase plan of APh Corp. from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board of Directors on June 2, 2022. On June 1, 2022, the Company subscribed to additional shares of \$400,000 thousand, obtained 12.05% of the total equity shares on July, 1, 2022, and recognized the difference between from additional paid-in-capital of \$2,444 thousand and retained earnings of \$187,855 thousand. Later on November 1, 2022, the Company subscribed to additional shares at a percentage different from its existing ownership percentage, obtained 8.39% of the total equity shares. With the accumulated percentage of shareholdings reaching 53.23%, the Company obtained control over it. From that date, it became a subsidiary

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

of the Company. Please refer to Note 6 (7) for details.

- (iv) The detail of impairment evaluation for goodwill, please refer to the consolidated financial statements for the year 2023
- (v) For the years ended 2023 and 2022, the subsidiaries disposal of non-current financial assets at fair value through other comprehensive income, resulting in unrealized gains and losses on the valuation of financial assets being reclassified to retained earnings amounted to \$2,218 thousand and \$552,087 thousand, respectively.
- (vi) For the assessment of whether the Company has substantial control over each investee company, please refer to the consolidated financial statements for the year 2023.
- (vii) Collateral

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using the equity method as collaterals.

(7) Business combination

The Company successively participated in the capital increase plan of APh Corp. in 2022. As of November 1, 2022, the accumulated shareholding percentage reached 53.23%. From that date the Company obtained control over it. APh Corp. is in investment industry. The main operations of its 100% owned subsidiary APh ePower Co., Ltd. are the production, development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing, which is beneficial for the Company to develop the market share of electric vehicles and businesses in renewable energy.

From the date (November 1, 2022), the Company obtained control to December 31, 2022, the Company recognized a net loss of \$20,424 thousand for APh Corp..

- (i) Consideration transferred price is \$400,000 thousand in cash.
- (ii) The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	\$	870,900
Inventories		1,309
Prepayments		15,152
Other current assets, others		150
Property, plant and equipment		108,620
Right-of-use assets		153,008
Intangible assets		4,013
Intangible assets — Patents and others		372,490
Other non-current assets, others		10,168
Other payables		(6,506)
Current lease liabilities		(12,361)
Other current liabilities, others		(124)
Non-current lease liabilities		(140,648)
Fair value of identifiable net assets	\$	<u>1,376,171</u>

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 400,000
Add : Non-controlling interest (measured at proportionate share of identifiable net assets attributable to non-controlling interests)	643,609
Add : Fair value of pre-existing interest in acquiree	1,000,000
Less : Fair value of identifiable net assets	<u>(1,376,171)</u>
Goodwill	<u><u>\$ 667,438</u></u>

Goodwill is mainly from the future development in energy market and profitability of APh ePower, the subsidiary is 100% owned by APh. It is expected to create synergy from the integration of the electronic vehicle business of the company and the Company.

- (iv) The Company recognized a gain of \$498,877 thousand arising from the remeasurement of fair value of 44.84% equity of APh owned before the acquisition date. For the year ended December, 2022, the gain was recognized as “other gain and loss”.

(8) Changes in equity interest of subsidiary

Acquisition of non-controlling interests

- (i) In July 2023, the Company subscribed to additional shares of APh of \$1,083,061 thousand at a percentage different from its existing ownership percentage, resulting in an increase in its shareholding percentage from 53.23% to 66.57%.

The impact of the changes in equity interest in APh upon the equity attributable to the Company's shareholders were as follows:

	2023
Retained earnings	\$ <u><u>(183,169)</u></u>

- (ii) In July 2022, the Company further acquired shares of Nanyang in cash with \$4,086 thousand, and the shareholding ratio from 89.60% to 89.78%.

The impact of the changes in equity interest in Nanyang Industrial on the equity attributable to the Company's shareholders is as follows:

	2022
Carry amount of additional equity acquired	\$ 3,847
Payment of consideration	<u>(4,086)</u>
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u><u>\$ (239)</u></u>

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(9) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:								
Balance at January 1, 2023	\$ 2,998,045	2,606,112	10,405,941	1,052,048	709,250	144,377	-	17,915,773
Additions	-	17,859	142,967	23,670	18,667	368,719	-	571,882
Disposals	-	(4,224)	(1,775,130)	(262,059)	(151,127)	-	-	(2,192,540)
Transfer from inventories	-	-	-	-	29,162	-	-	29,162
Transfer from (to) construction in progress	-	1,692	190,769	10,129	427	(203,017)	-	-
Reclassifications	-	-	-	-	-	(26,055)	-	(26,055)
Balance at December 31, 2023	<u>\$ 2,998,045</u>	<u>2,621,439</u>	<u>8,964,547</u>	<u>823,788</u>	<u>606,379</u>	<u>284,024</u>	<u>-</u>	<u>16,298,222</u>
Balance at January 1, 2022	\$ 2,998,045	2,552,563	10,739,709	1,047,813	699,825	133,786	-	18,171,741
Additions	-	18,507	176,585	11,313	13,979	250,308	-	470,692
Disposals	-	(1,446)	(647,712)	(9,099)	(32,475)	-	-	(690,732)
Transfer from inventories	-	-	-	-	26,148	-	-	26,148
Transfer from (to) construction in progress	-	98,446	137,359	2,021	1,773	(239,599)	-	-
Transfer to investment property	-	(61,958)	-	-	-	-	-	(61,958)
Reclassifications	-	-	-	-	-	(118)	-	(118)
Balance at December 31, 2022	<u>\$ 2,998,045</u>	<u>2,606,112</u>	<u>10,405,941</u>	<u>1,052,048</u>	<u>709,250</u>	<u>144,377</u>	<u>-</u>	<u>17,915,773</u>
Accumulated depreciation and impairment loss :								
Balance at January 1, 2023	\$ -	2,063,813	9,392,356	956,167	554,116	-	54,699	13,021,151
Depreciation for the year	-	49,553	319,860	14,172	46,471	-	-	430,056
Impairment loss	-	-	-	-	-	-	1,768	1,768
Disposals	-	(4,219)	(1,711,869)	(249,169)	(137,568)	-	(10,357)	(2,113,182)
Balance at December 31, 2023	<u>\$ -</u>	<u>2,109,147</u>	<u>8,000,347</u>	<u>721,170</u>	<u>463,019</u>	<u>-</u>	<u>46,110</u>	<u>11,339,793</u>
Balance at January 1, 2022	\$ -	2,078,215	9,605,749	951,643	533,765	-	56,921	13,226,293
Depreciation for the year	-	47,964	372,233	13,574	47,114	-	-	480,885
Disposals	-	(1,437)	(585,626)	(9,050)	(26,763)	-	(2,222)	(625,098)
Transfer to investment property	-	(60,929)	-	-	-	-	-	(60,929)
Balance at December 31, 2022	<u>\$ -</u>	<u>2,063,813</u>	<u>9,392,356</u>	<u>956,167</u>	<u>554,116</u>	<u>-</u>	<u>54,699</u>	<u>13,021,151</u>
Carrying amount:								
Balance at December 31, 2023	<u>\$ 2,998,045</u>	<u>512,292</u>	<u>964,200</u>	<u>102,618</u>	<u>143,360</u>	<u>284,024</u>	<u>(46,110)</u>	<u>4,958,429</u>
Balance at January 1, 2022	<u>\$ 2,998,045</u>	<u>474,348</u>	<u>1,133,960</u>	<u>96,170</u>	<u>166,060</u>	<u>133,786</u>	<u>(56,921)</u>	<u>4,945,448</u>
Balance at December 31, 2022	<u>\$ 2,998,045</u>	<u>542,299</u>	<u>1,013,585</u>	<u>95,881</u>	<u>155,134</u>	<u>144,377</u>	<u>(54,699)</u>	<u>4,894,622</u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Company were pledged as collaterals; please refer to note 8.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(10) Investment property

The movements of investment property of the Company were as follow:

	Owned property			Total
	Land and	Buildings	Construction in	
Cost or deemed cost:				
Balance at January 1, 2023	\$ 1,933,660	587,028	18,569	2,539,257
Additions	-	1,017	-	1,017
Transfer from construction in progress	-	3,252	(3,252)	-
Balance at December 31, 2023	<u>\$ 1,933,660</u>	<u>591,297</u>	<u>15,317</u>	<u>2,540,274</u>
Balance at January 1, 2022	\$ 2,000,498	462,355	57,568	2,520,421
Additions	-	11,710	86,561	98,271
Transfer from construction in progress	-	125,560	(125,560)	-
Transfer from property, plant and equipment	-	61,958	-	61,958
Transfer to non-current assets held for sale	(66,838)	(74,555)	-	(141,393)
Balance at December 31, 2022	<u>\$ 1,933,660</u>	<u>587,028</u>	<u>18,569</u>	<u>2,539,257</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2023	\$ -	148,256	-	148,256
Depreciation for the year	-	20,543	-	20,543
Balance at December 31, 2023	<u>\$ -</u>	<u>168,799</u>	<u>-</u>	<u>168,799</u>
Balance at January 1, 2022	\$ -	115,859	-	115,859
Depreciation for the year	-	15,825	-	15,825
Transfer from property, plant and equipment	-	60,929	-	60,929
Transfer to non-current assets held for sale	-	(44,357)	-	(44,357)
Balance on December 31, 2022	<u>\$ -</u>	<u>148,256</u>	<u>-</u>	<u>148,256</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 1,933,660</u>	<u>422,498</u>	<u>15,317</u>	<u>2,371,475</u>
Balance at January 1, 2022	<u>\$ 2,000,498</u>	<u>346,496</u>	<u>57,568</u>	<u>2,404,562</u>
Balance at December 31, 2022	<u>\$ 1,933,660</u>	<u>438,772</u>	<u>18,569</u>	<u>2,391,001</u>
Fair value:				
Balance at December 31, 2023				<u>\$ 7,853,353</u>
Balance at December 31, 2022				<u>\$ 5,269,927</u>

- (i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency's website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.
- (ii) As of December 31, 2023 and 2022, the investment property of the Company were pledged as collaterals; please refer to note 8.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(11) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Letters of credit	\$ -	188,567
Unsecured bank loans	300,000	300,000
Secured bank loans	4,100,000	4,350,000
Total	\$ 4,400,000	4,838,567
Unused short-term credit lines	\$ 8,052,534	6,346,739
Range of interest rates	1.65%~1.68%	1.29%~1.81%

For the collaterals for short-term borrowings, please refer to Note 8.

(12) Accounts payable (including related parties)

Accounts payable (including related parties) were summarized as follows:

	December 31, 2023	December 31, 2022
Accounts payables to suppliers	\$ 3,501,818	2,909,937

(13) Long-term borrowings

The long-term borrowings were summarized as follows:

December 31, 2023				
	Currency	Range of	Expiry	Amount
Unsecured bank loans	NTD	1.8756%	2025	\$ 250,000
Secured bank loans	NTD	1.5950%~1.8300%	2024~2028	9,200,000
Less: current portion				(135,000)
Total				\$ 9,315,000
Unused long-term credit lines				\$ 2,250,000

December 31, 2022				
	Currency	Range of	Expiry	Amount
Unsecured bank loans	NTD	1.7678%	2024	500,000
Secured bank loans	NTD	1.3430%~1.8550%	2023~2028	10,020,000
Less: current portion				(413,333)
Total				\$ 10,106,667
Unused long-term credit lines				\$ -

For the collaterals for long-term borrowings, please refer to Note 7 and 8.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(14) Provisions

	For the years ended December 31	
	2023	2022
Balance at January 1	\$ 424,851	393,224
Provisions made during the year	206,020	195,628
Provisions used during the year	(161,347)	(140,798)
Provisions reversed during the year	(30,123)	(23,203)
Balance at December 31	<u>\$ 439,401</u>	<u>424,851</u>
Current	\$ 439,401	424,851
Non-current	-	-
Total	<u>\$ 439,401</u>	<u>424,851</u>

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2023 and 2022. The provision is based on estimates made from historical warranty data.

(15) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 899,153	1,485,047
Fair value of plan assets	(379,703)	(678,830)
Net defined benefit liabilities	<u>\$ 519,450</u>	<u>806,217</u>

The employee benefit liabilities for the Company were as follows:

	December 31, 2023	December 31, 2022
Compensated absence liabilities	<u>\$ 69,653</u>	<u>70,682</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$379,703 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2023	2022
Defined benefit obligations at January 1	\$ 1,485,047	2,861,646
Current service costs and interest cost	25,324	21,771
Remeasurements loss (gain):		
— Actuarial loss (gain)—experience adjustments	98,557	200,726
Actuarial loss (gain)-financial assumptions	31,898	(3,985)
Benefits paid	(744,072)	(1,595,111)
Other	2,399	-
Defined benefit obligations at December 31	\$ 899,153	1,485,047

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31	
	2023	2022
Fair value of plan assets at January 1	\$ 678,830	2,020,273
Interest income	9,774	10,065
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	10,623	169,272
Contributions paid by the employer	419,314	71,621
Benefits paid	(741,237)	(1,592,401)
Other	2,399	-
Fair value of plan assets at December 31	\$ 379,703	678,830

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2023	2022
Current service costs	\$ 3,816	7,728
Net interest of net liabilities for defined benefit obligations	11,734	3,978
	\$ 15,550	11,706
Operating costs	\$ 7,520	6,439
Selling expenses	2,131	1,432
Administration expenses	2,556	1,547
Research and development expenses	3,343	2,288
	\$ 15,550	11,706

5) Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income

Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income for the Company were as follows:

	For the years ended December 31	
	2023	2022
Cumulative amount, January 1	\$ 1,189,665	1,162,196
Recognized during the year	119,832	27,469
Cumulative amount, December 31	\$ 1,309,497	1,189,665

6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Future salary increase rate	3.500%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$28,495 thousand.

The weighted-average lifetime of the defined benefit plans is 7.73 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2023		
Discount rate	\$ (13,452)	13,827
Future salary increase rate	13,151	(12,856)
December 31, 2022		
Discount rate	\$ (23,927)	24,609
Future salary increase rate	23,543	(23,021)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$72,067 thousand and \$56,216 thousand for the years ended December 31, 2023 and 2022, respectively.

(16) Income taxes

(i) The components of income taxes for the Company were as follows:

	For the years ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 706,536	353,090
Land value increment tax	191,563	-
Others	52,131	22,793
	<u>950,230</u>	<u>375,883</u>
Deferred tax expense		
Origination and reversal of temporary differences	(48,647)	(24,688)
Income tax expense	<u><u>\$ 901,583</u></u>	<u><u>351,195</u></u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	2023	2022
Items that may not be reclassified subsequently to profit or loss		
Remeasurement from defined benefit plans	\$ (23,966)	(5,494)

(iii) Reconciliation of income tax and profit before tax was as follows:

	For the years ended December 31	
	2023	2022
Profit before income tax	\$ 7,199,104	3,467,230
Income tax using the Company's domestic tax rate	\$ 1,439,821	693,446
Tax-exempt income from disposal of land	(305,380)	-
Land value increment tax	191,563	-
Share of profit accounted for using equity method	(426,557)	(247,921)
Gains on disposals of investments	-	(99,775)
Additional tax on undistributed earnings	73,701	36,591
Effect of investment tax credit	-	443
Adjustments for prior years tax	(21,571)	(14,241)
Change in unrecognized temporary differences	(12,367)	(696)
Effect of tax on repatriated offshore funds	(2,860)	(327)
Others	(34,767)	(16,325)
Income tax expense	\$ 901,583	351,195

(iv) Unrecognized deferred tax liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, the Company considered it probable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences associated with investments in subsidiaries	\$ 3,939,840	3,005,642
Unrecognized deferred tax liabilities	\$ 787,968	601,128

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(v) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Defined benefit plans	Others	Total
Deferred tax assets:			
Balance at January 1, 2023	\$ 237,933	212,674	450,607
Recognized in profit or loss	-	48,647	48,647
Recognized in other comprehensive income	23,966	-	23,966
Balance at December 31, 2023	\$ 261,899	261,321	523,220
Balance at January 1, 2022	\$ 232,439	187,986	420,425
Recognized in profit or loss	-	24,688	24,688
Recognized in other comprehensive income	5,494	-	5,494
Balance at December 31, 2022	\$ 237,933	212,674	450,607

	Income from foreign investments	Land value increment tax	Total
Deferred tax liabilities:			
Balance at January 1, 2023	314,135	1,087,537	1,401,672
Recognized in profit or loss	-	-	-
Balance at December 31, 2023	\$ 314,135	1,087,537	1,401,672
Balance at January 1, 2022	\$ 314,135	1,087,537	1,401,672
Recognized in profit or loss	-	-	-
Balance at December 31, 2022	\$ 314,135	1,087,537	1,401,672

(vi) The Company's income tax returns for the years through 2021 were assessed by the tax authorities.

(17) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were 950,000 thousand shares, with par value of \$10 per share. The total value of the authorized ordinary shares was amounted to \$9,500,000 thousand. As of that date, 797,490 thousand shares were issued. All issued shares were paid up upon issuance.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	(in thousands of shares)	
	Ordinary Shares	
	2023	2022
Balance on January 1	797,490	797,640
Retirement of treasury shares	-	(150)
Balance on December 31	797,490	797,490

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 176,538	176,538
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	5,589	5,589
Stock option from convertible bonds	105,557	105,557
Others	55,334	55,334
	\$ 1,713,762	1,713,762

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then calculated with the beginning balance of undistributed retained earnings as accumulated one. After the special reserve being set aside or reversed as required by the regulations, the remaining is the distributable earnings and should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and the Company is endeavoring to expand the domestic and foreign market, therefore, future finance demand, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution. The dividend is determined to be distributed in cash or stock to maintain stable dividend distribution. The distribution ratio of stock dividend shall not be higher than 50% of the total divided amount, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

The Company can distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off-setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one. While legal reserve is equal to the total capital amount, it is allowed to not be set aside. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with the rules issued by the Financial Supervisory Commission, the special reserve in the amount of \$1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards.

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder's equity and aforementioned special reserve. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative change to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserves were (reversed) by \$2,233 thousand and \$(117,813) thousand in June, 2023 and June, 2022, respectively.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company set aside special reserves, which could not be distributed, and were calculated by the differences of the Company's stock price below the carrying amount of the treasury stock held by the subsidiaries, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The special reserves were set aside (reserved) by \$(6,652) thousand and \$8,461 thousand in June, 2023 and June, 2022, respectively.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 28, 2023 and June 23, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.80000000	1,435,481	1.30024452	1,036,931

The Board of Directors resolved not to distribute the earnings for the first half of year 2023 and 2022 on November 13, 2023 and November 10, 2022, respectively.

(iv) Treasury shares (including shares held by the subsidiaries)

- 1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed as treasury shares. As of December 31, 2023 and 2022, the market price per share of the Company was \$71.40 and \$33.85, respectively.

The details of the treasury shares held by subsidiaries were as follows:

Company	December 31, 2023		December 31, 2022	
	Shares held (in thousand shares)	Acquired Costs	Shares held (in thousand shares)	Acquired Costs
Ching Ta Investment Co., Ltd.	981	\$ 37,498	981	37,498
Nanyang Industries Co., Ltd.	4,351	95,318	4,351	95,318
	5,332	\$ 132,816	5,332	132,816

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- 3) The Board of Directors of the Company in year 2022, resolved to repurchase 150 thousand shares for maintaining the Company's credit and shareholders' benefits. The Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2022.

(v) Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (1,331,123)	5,552	(1,325,571)
Exchange differences on foreign operations	(189,623)	-	(189,623)
Exchange differences on associates accounted for using equity method	(760)	-	(760)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	168,848	168,848
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(1,403)	(1,403)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(9,800)	(9,800)
Balance at December 31, 2023	<u>\$ (1,521,506)</u>	<u>163,197</u>	<u>(1,358,309)</u>
Balance at January 1, 2022	\$ (1,740,360)	417,929	(1,322,431)
Exchange differences on foreign operations	409,111	-	409,111
Exchange differences on associates accounted for using equity method	126	-	126
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	154,622	154,622
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(14,912)	(14,912)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(552,087)	(552,087)
Balance at December 31, 2022	<u>\$ (1,331,123)</u>	<u>5,552</u>	<u>(1,325,571)</u>

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(18) Earnings per share

Basic earnings per share

	For the years ended December 31	
	2023	2022
Net income attributable to common shareholders of the Company	\$ 6,297,521	3,116,035
Issued number of ordinary shares on January 1	797,490	797,640
Effects of treasury shares	(4,885)	(4,980)
Weighted average number of ordinary shares on December 31	792,605	792,660
	<u>\$ 7.95</u>	<u>3.93</u>

Diluted earnings per share

	For the years ended December 31	
	2023	2022
Net income attributable to common shareholders of the Company	\$ 6,297,521	3,116,035
(after the adjustment of potential dilutive ordinary shares)		
Weighted average number of ordinary shares	792,605	792,660
Effect of potential dilutive ordinary shares		
Employee share bonus	1,206	1,218
Weighted average number of ordinary shares	793,811	793,878
(after the adjustment of potential dilutive ordinary shares)		
	<u>\$ 7.93</u>	<u>3.93</u>

(19) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31	
	2023	2022
Primary geographical markets:		
Taiwan	\$ 43,041,165	29,476,298
China	247,946	596,927
Asia	1,366,408	1,499,870
Europe	3,765,354	3,449,524
America	797,506	817,554
Others	71,864	42,344
	<u>\$ 49,290,243</u>	<u>35,882,517</u>
Major products/services lines		
Merchandise sales	\$ 48,890,359	35,668,376
Technical services	252,711	196,494
Others	147,173	17,647
	<u>\$ 49,290,243</u>	<u>35,882,517</u>

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 309,059	281,368	249,023
Accounts receivable	1,117,462	1,215,039	1,173,427
Less: Loss allowance	(2,147)	(76,797)	(79,539)
Total	<u>\$ 1,424,374</u>	<u>1,419,610</u>	<u>1,342,911</u>
Contract liabilities	<u>\$ 33,439</u>	<u>41,451</u>	<u>42,712</u>

Please refer to Note 6(3) for the details of accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2023 and 2022.

(20) Employee remuneration and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$73,460 thousand and \$35,380 thousand, and directors' and supervisors' remuneration amounting to \$73,460 thousand and \$35,380 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expensed under operating expenses during 2023 and 2022. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out a share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the Parent Company only financial statements, were identical to those of the actual distributions for 2023 and 2022.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(21) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the year ended December 31	
	2023	2022
Interest income	\$ 116,000	8,501
Rental income	60,705	39,539
Dividend revenue	32,083	33,282
Total other income	\$ 208,788	81,322

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the year ended December 31	
	2023	2022
Foreign exchange gains	\$ 141,176	62,314
Gain on disposal of Investments accounted for under equity method	-	498,877
Others	(98,449)	1,848
Other gains and losses, net	\$ 42,727	563,039

(iii) Finance costs

The details of finance costs were as follows:

	For the year ended December 31	
	2023	2022
Interest expense	\$ 243,251	162,453

(iii) Gains on disposal of non-current asset held for sale

	For the year ended December 31	
	2023	2022
Gains on disposal of land and buildings	\$ 1,534,195	-

(22) Financial instruments

(i) Credit risk

1) Maximum amount exposed to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

2) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(3).

Other financial assets at amortized cost includes other receivables and other financial assets, etc., which are considered to be of low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Bank loans	\$ 13,850,000	14,352,899	4,236,932	478,402	3,112,810	6,524,755	-
Lease liabilities	58,644	59,804	11,961	11,961	23,921	11,961	-
	\$ 13,908,644	14,412,703	4,248,893	490,363	3,136,731	6,536,716	-
December 31, 2022							
Non-derivative financial liabilities							
Bank loans	\$ 15,358,567	15,844,730	4,571,815	861,986	2,723,011	6,279,264	1,408,654
Lease liabilities	84,572	86,862	15,098	11,961	23,921	35,882	-
	\$ 15,443,139	15,931,592	4,586,913	873,947	2,746,932	6,315,146	1,408,654

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	13,010	30.7250	17,985	30.7150	552,401
EUR		15,696	34.0200	16,572	32.7400	542,570
JPY		11,100	0.2172	6,155	0.2325	1,431
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		24,926	30.7250	22,533	30.7150	692,097
JPY		-	-	4,066	0.2325	945

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables and accounts payable that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and JPY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax for the years ended December 31, 2023 and 2022 by \$1,362 thousand and \$3,227 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains (losses) on monetary items

For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to \$141,176 thousand and \$62,314 thousand, respectively.

(iv) Interest rate analysis

The financial assets and liabilities' exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate changes.

If the interest rate increased/decreased by 1%, the Company's net income would have increase/decrease by \$101,262 thousand and \$109,097 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company's variable-rate borrowings.

(v) Other market price risk

If the price of the securities which the Company hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant:

	For the year ended December 31			
	2023		2022	
	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Prices of securities at the reporting date				
Increase 5%	\$ 22,318	-	5,281	-
Decrease 5%	\$ (22,318)	-	(5,281)	-

(Continued)

SANYANG MOTOR CO., LTD.

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(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, disclosure of fair value information is not required.

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	365,435	365,435	-	-	365,435
Common shares of domestic unlisted companies	192,512	-	-	192,512	192,512
	\$ 557,947	365,435	-	192,512	557,947

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Common shares of domestic unlisted companies	\$ 132,037	-	-	132,037	132,037

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

If the financial instruments held by the Company have active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets, trade in active markets by the standards and nature. The fair value is measure at the market quoted price.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.
- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Company needs to obtain the fair value of the company's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

b) Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques models generally accepted by market participants.

c) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers between levels

The Company's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity instruments	
	2023	2022
Opening balance, January 1	\$ 132,037	141,484
Total gains and losses		
Recognized in other comprehensive income	60,475	(9,447)
Ending Balance, December 31	\$ 192,512	132,037

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Company's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Quantified information on significant unobservable inputs was as follow:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	·Net Asset Value ·Market illiquidity discount rate (10% as of December 31, 2023 and 2022)	·Not applicable ·The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	·Net Asset Value ·Market illiquidity discount rate (10% as of December 31, 2023 and 2022)	·Not applicable ·The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	·The multiplier of price-to-book ratio (1.95 and 1.83 as of December 31, 2023 and 2022, respectively) ·Market illiquidity discount rate (40% as of December 31, 2023 and 2022)	The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

			Profit or loss		Other comprehensive income	
	Inputs	Fluctuation	Favorable	Unfavorable	Favorable	Unfavorable
Balance at December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	5,416	(5,416)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	28,609	(28,609)

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	Inputs	Fluctuation	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
Balance at December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	4,914	(4,914)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	16,135	(16,135)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(23) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the Parent Company only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iii) Credit risk

Credit risk means the potential loss for the Company if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

1) Accounts receivable and other receivables

The payment term of the scooter department is mainly by letter of credit or receiving deposits, while the main sales customer of the automobile department is subsidiaries; hence, there is of low credit risk.

The management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of follow up monitoring. Also, the Company continues to evaluate the financial position of its customers. If necessary, to lower the risk of financial loss due to delay, the customers have to provide collaterals under request.

2) Investments

The Company deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Company manages the exposure to credit risk related to each financial institution and believes that cash do not have a significant credit risk concentration.

3) Guarantees

The Company's policy is to provide financial guarantees to subsidiaries which be held more than 50% of the voting rights.

As of December 31, 2023, the detail of the Company provided financial guarantees please refer to note 7 and note13.

As of December 31, 2022, there were no guarantees provided.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow component in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's short-term and long-term unused credit lines are amounted to \$11,002,534 thousand and \$7,146,739 thousand respectively, which was enough for the fulfillment of all contractual obligations.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimize the return.

The Company buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders' meeting and being monitored by internal auditing department.

1) Currency risk

The Company is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the Company uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Company to reduce but not to remove the impact on the fluctuation in exchange rates.

The Company regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

2) Interest rate risk

The Company's interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Company adopts an appropriate interest rate portfolio to manage its interest rate risk.

3) Other market price risk

The Company is exposed to the market price fluctuation risk since it enters into commodity contracts only when there are expected future demands.

(24) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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As of December 31, 2023, the Company's capital management strategy is consistent with the prior year as of December 31, 2022, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Company's debt-to-equity ratio on reporting date is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 23,653,614	23,767,901
Less: cash and cash equivalents	(1,991,827)	(2,175,711)
Net debt	21,661,787	21,592,190
Total equity	22,395,211	17,833,881
Adjusted capital	\$ 44,056,998	39,426,071
Debt-to-equity ratio	49%	55%

7. Related-party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Company during the periods covered in the Parent Company only financial statements.

Name of related party	Relationship with the Company
Shan Young Assets Management Co., Ltd. (Shan Young)	A subsidiary of the Company
Youth Taisun Co., Ltd. (Youth Taisun)	"
Chu-Yang Motor Co., Ltd. (Chu-Yang)	"
NOVA Design Co., Ltd. (NOVA Design)	"
Nanyang Industries Co., Ltd. (Nanyang)	"
SUNSHINE AUTO-LEASE Co., Ltd. (SUNSHINE AUTO-LEASE)	"
Ching Ta Investment Co., Ltd. (Ching Ta)	"
APh Co., Ltd. (Aph) (Note 1)	"
APh ePower Co., Ltd. (APh ePower) (Note 1)	"
Profit Source Investment Ltd. (Profit Source)	"
Sanyang Deutschland GmbH (SYDE)	"
SY International Ltd. (SYI)	"
Sanyang Italia S.R.L. (SIT)	"
Sanyang Motor Colombia S.A.S (SCB)	"
Yi Young Co., Ltd. (Yi Young)	"
NOVA Design Ltd. (NOVA Samoa)	"
Shian Yang Industries Co., Ltd. (Shian Yang)	"
Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	"
Li Yang Industry Co., Ltd. (Li Yang)	"
Jau Ryh Business Co., Ltd. (Jau Ryh)	"
Nanyang Holding Co., Ltd. (NY Samoa)	"

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Name of related party	Relationship with the Company
Three Brothers Machinery Industrial Co., Ltd. (TBM)	//
Fact Co., Ltd.	A subsidiary of the Company
Chong Hing International Limited (Chong Hing)	//
Cosmos System Inc. (Cosmos)	//
New Path Trading Limited (New Path)	//
Plassen International Limited (PIL)	//
Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	//
Sun Goal Limited (Sun Goal)	//
NOVA Design (Shanghai) Ltd. (Nova Shanghai)	//
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd. (Chang Zhou Nan Yang)	//
Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	//
Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	//
Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	//
Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	//
Chin Zong Trading Co., Ltd. (Chin Zong)	//
Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	//
Xiamen Xia Shing Motor Co., Ltd. (Xia Shing Motor)	//
Xiamen Xia Shing Trading Co., Ltd. (Xia Shing Trading)	//
Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	//
Vietnam Casting Forge Precision Co., Ltd. (VCFP)	//
Dinh Duong Joint Stock Company (Dinh Duong)	//
Chuangyang Industrial Co., Ltd. (Chuangyang)	//
Vista Hill Environmental Co., Ltd. (Vista Hill Environmental)	//
Zoeng Chang Industry Co., Ltd. (Zoeng Chang)	Associate of the Company
King Zone Corporation (King Zone)	A subsidiary of the Company is the juristic director of the entity
Hitachi Astemo Taichung Co., Ltd. (Astemo)	The Company is the juristic director of the entity
Taiwan Tea Corporation (Taiwan Tea) (Note 2)	Associate of the Company
He Xu International Co., Ltd (He Xu)	Associate of the Company
Jiuxing Biotechnology Co., Ltd. (Jiuxing)	Same chairman with the Company
Sanyang Educational Foundation	Same chairman with the Company

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Notes to the Financial Statements

Note 1: Since November 1, 2022, Aph and Aph ePower were transferred from associate of the Company to subsidiaries of the Company.

Note 2: Since January 11, 2022, Taiwan Tea Corporation were transferred from related party to an associate of the Company

(2) Significant transactions with related parties

(i) Merchandise sold, technical and consulting services provided to related parties

Significant sales to related parties were as follows:

	Sales	
	For the year ended December 31	
	2023	2022
Subsidiaries		
Nanyang	\$ 16,982,951	10,228,937
Other subsidiaries	2,216,173	2,686,614
	19,199,124	12,915,551
Associates	355	641
Other related parties	539	1,142
	\$ 19,200,018	12,917,334

The prices of automobiles sold by the Company to related parties are determined based on the Company's pricing policy and are not significantly different from the general selling prices. Payment terms include immediate payment upon selection of a vehicle or granting a certain credit limit for vehicle selection after obtaining collateral and paying interest during the payment period. In addition, on December 31, 2023 and 2022, the Company obtained a deposit guarantee from Nanyang Industry, each for \$800,000 thousand, as collateral and obtained deposits guarantee from other subsidiary for \$25,000 thousand as collateral.

The prices of motorcycles, engines, and components sold by the Company to related parties are based on cost plus a markup and are not significantly different from the general selling prices. Payment terms include payment between 30 to 120 days after shipment.

Significant technical and consulting services to related parties were as follow:

	Technical and consulting services provided	
	For the year ended December 31	
	2023	2022
Subsidiaries-Xia Shing Motor	\$ 93,999	46,186
Other subsidiaries	47,452	42,319
	141,451	88,505
Associates	5,561	5,588
Other related parties	1,532	1,571
	\$ 148,544	95,664

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The prices of the technical services provided by the Company to related parties are based on cost plus markup, while consulting services are priced based on the personnel costs of dispatched personnel. As there are no comparable transactions with unrelated parties, the prices are not indicative of arm's-length transactions. Payment is collected according to the contractually agreed period.

(ii) Goods purchased from related parties

Purchases from related parties were as follow:

	Purchases	
	For the years ended December 31	
	2023	2022
Subsidiaries		
Xia Shing Motor	\$ 3,625,889	3,164,801
Other subsidiaries	1,126,709	971,778
	<u>4,752,598</u>	<u>4,136,579</u>
Associates	323,323	314,787
Other related parties	1,011,452	830,381
	<u>\$ 6,087,373</u>	<u>5,281,747</u>

The purchase prices from the aforementioned companies are not significantly different from the purchase prices from general vendors. The payment terms are similar to those from general vendors, which are payment before the 15th of the previous month for purchases made in the first half of the month, payment after the 16th of the previous month for purchases made in the second half of the month, or payment within 45 days after acceptance, with no significant differences from general vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Categories	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries — SIT	\$ 202,834	360,587
	Other subsidiaries	173,078	145,541
	Associates	349	361
	Other related parties	132	212
		<u>\$ 376,393</u>	<u>506,701</u>
Other receivables (Recognized as “Other current assets”)	Subsidiaries — VMEP	\$ 5,930	12,294
	Other subsidiaries	6,885	3,810
	Associates	846	1,060
	Other related parties	240	343
		<u>\$ 13,901</u>	<u>17,507</u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Categories	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries	\$ 449,549	329,757
	Associates	51,860	43,710
	Other related parties	181,169	137,526
		\$ 682,578	510,993
Other payables	Subsidiaries	\$ 34,115	9,290
	Sanyang Educational Foundation (Note)	148,683	148,683
	Associates	8,383	-
	Other related parties	1,401	177
		\$ 192,582	158,150

Note: In accordance with the Board resolution on November 11, 2022, the Company had decided to donate \$100,000 thousand to the Sanyang Educational Foundation for the purpose of education promotion and social welfare contribution, and the donation was recognized as “Administrative Expenses” for the year ended December 31, 2023.

(v) Services acquired and others expense from related parties

Item	Categories	For the years ended December 31	
		2023	2022
Product design services and others	Subsidiaries	\$ 259,345	150,666
	Associates	53,841	2,895
	Other related parties	6,283	914
		\$ 319,469	154,475

(vi) Leases

1) Leasing to related parties:

Rental income		For the years ended December 31	
		2023	2022
Subsidiaries		\$ 44,202	23,917
Associates		894	74
Other related parties		12	-
		\$ 45,108	23,991

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

	Guarantee deposits received	
	December 31, 2023	December 31, 2022
Subsidiaries	\$ 8,680	6,677
Associates	156	156
	\$ 8,836	6,833

The Company enters into leasing agreements, considering the market conditions of neighboring districts, and collects rentals in accordance with the terms in the contracts

2) Leasing from related parties:

	2023	2022
Interest expense		
Subsidiaries	\$ 1,123	1,491
	December 31, 2023	December 31, 2022
Right-of-use assets (Cost)		
Subsidiaries	\$ 136,842	136,842
Lease liabilities		
Subsidiaries	\$ 58,644	81,442

The Company enters into leasing agreements, considering the market conditions of neighboring districts, and pays rentals in accordance with the terms in the contracts

(vii) Property transactions

1) Machinery equipment acquired from related parties were as follows:

		For the years ended December 31	
Categories	Objects	2023	2022
Subsidiaries	Machinery and molds	\$ 2,965	13,761
Associates	"	290	1,315
Other related parties	"	175	220
		\$ 3,430	15,296

2) Machinery equipment and molds sold to related parties:

		For the years ended December 31			
		2023		2022	
		Disposal price	Gains on disposal	Disposal price	Gains on disposal
Associates	\$	-	-	159	158

3) Acquisition of financial assets:

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- a. The Company participated in the capital increased by cash of Shan Young on first Quarter of 2023, in accordance with the Board resolution, acquiring 100,000 thousand shares at subscription price of \$10 per share with \$1,000,000 thousand. The capital increase date was on April 6, 2023.
- b. For the year 2023 and 2022, the Company did not conduct cash capital increases in proportion to its equity holdings in Aph. For further details, please refer to Note 6(6) and 6(7) in the accompanying financial statements.

(viii) Other

- 1) Interest income from delayed receipts of payments

	For the years ended December 31	
	2023	2022
Subsidiaries	\$ 735	277

- 2) Advertising

	For the years ended December 31	
	2023	2022
Subsidiaries	\$ 14,852	339
Associates	-	147
	\$ 14,852	486

- 3) Shan Young provided its real estate as guarantees and endorsements for the Company's bank loans. As of December 31, 2023, and 2022, the book value of the aforementioned real estate was \$8,400,000 and \$7,400,000, respectively
- 4) Chong Hing provided time deposits amounted CNY\$ 201,000 thousand for the Company as collateral for bank loans in \$750,000 thousand as of December 31, 2022.
- 5) SYI provided time deposits amounted USD\$ 7,400 thousand for the Company as collateral for bank loans in \$220,000 thousand as of December 31, 2023.
- 6) The Company provided guarantees and endorsements for VMEP's bank loans. As of December 31, 2023, the endorsement guarantee amounted to \$614,500 thousand. The Company acted as a joint guarantor and did not provide any collateral.

(3) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	\$ 123,418	64,003

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

8. Pledged assets

The book values of pledged assets provided by the Company were as follows:

Asset	Items being guaranteed	December 31, 2023	December 31, 2022
Other current financial assets	The warranties deposit for the Army Logistics Command and the deposit for the gas company, etc.	\$ 9,177	54,171
Other non-current financial assets	The deposits for work-study programs	4,000	333
Property, plant and equipment	Long-term and short-term borrowings, and financing guarantee credit, etc.	3,500,902	3,531,528
Investment property	Long-term and short-term borrowings, and financing guarantee credit, etc.	2,348,740	2,365,014
Total		<u>\$ 5,862,819</u>	<u>5,951,046</u>

9. Commitments and contingencies

(a) Significant unrecognized contractual commitments

(i) The balance of issued but unused letters of credit:

	December 31, 2023	December 31, 2022
USD	<u>USD 56,073</u>	<u>USD 91,263</u>
JYP	<u>JYP -</u>	<u>JYP 111,230</u>

(i) The unpaid balance of signed contracts of construction in progress and computer software, etc.:

	December 31, 2023	December 31, 2022
Unpaid balance	<u>\$ 120,884</u>	<u>280,679</u>

(iii) The performance guaranteed bills received by the Company :

	December 31, 2023	December 31, 2022
Performance guaranteed bills received	<u>\$ 56,148</u>	<u>53,705</u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- (iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June, 19, 2018. The joint construction will take place at the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. The ratio of joint construction is 58% for landowner (the Company) and 42% for constructor (Yao Da Construction Co., Ltd.). The construction is in progress. The Company has completed the pre-sale of real estate development trust in April 2021. The construction is in progress and for pre-sale. The sales prices of the contract signed by the Company and client were as follows:

	December 31, 2023	December 31, 2022
Sales contract price (pre-tax)	\$ 103,830	103,830
Amounts collected (pre-tax)	\$ 19,734	15,579

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	For the year ended December					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	1,711,056	1,230,377	2,941,433	1,401,118	959,982	2,361,100
Labor and health insurance	103,672	83,676	187,348	92,352	77,756	170,108
Pension (Note)	43,078	57,678	100,756	31,581	48,314	79,895
Remuneration of directors	-	95,623	95,623	-	56,799	56,799
Others	103,213	79,374	182,587	83,305	66,518	149,823
Depreciation	332,983	143,478	476,461	379,599	142,973	522,572
Amortization	6,900	3,986	10,886	6,037	5,605	11,642

Note : For the years ended December 31, 2023 and 2022, the pension fund of \$13,139thousand and \$11,973 thousand was settled in the current period, which was not paid by the labor pension reserve account of the Bank of Taiwan and was recorded as operating expense.

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows :

	2023	2022
Number of employees	2,419	2,294
Number of directors (non-employee)	7	6
Average employee benefit expense	\$ 1,415	1,207
Average employee salary expense	\$ 1,219	1,032
Percentage of adjustment for average employee salary expense	18.12%	11.93%
Remuneration for supervisors	\$ -	-

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Compensation policies are as follows:

- (a) Directors (including independent directors)
 - (i) According to Article 24 of Incorporation, the remunerations to the president, the directors and the supervisors are determined based on their contribution and participation in the Company's operation, considering the domestic and foreign industrial standards, and approved by the Board of Directors. In accordance with Article 31-1 of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.
 - (ii) In addition, transportation allowances are reimbursed to the president, the directors and the supervisors when they attend the meeting of Board of Directors.

- (b) Management

According to the Company's regulations, the remuneration of managerial officers shall include salaries and bonuses. Salaries are determined based on industry standards, job titles, positions, educational background, and professional abilities. Bonus distribution is based on the results of performance evaluations according to the "Performance Assessment Regulations," with performance metrics including job performance (60%), management capabilities (30%), specific contributions (10%), and consideration of overall profitability, target achievement rate, operational performance. Compensation percentages are calculated accordingly, aiming to provide reasonable remuneration, and are subject to review based on actual operating conditions and relevant legal requirements. After formulating the compensation policy as described above, it is submitted to the Compensation Committee for review and subsequently presented to the Board of Directors for approval.

- (c) Employees

The salaries to the employees are adjusted on an annual basis, considering their positions, personal performances, and market earnings surveys.

13. Other disclosures:

- (1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	129,840	86,560	86,560	2.50%	Short term financing	-	Business operation	-	Real estate	173,120	278,018	278,018
2	Sanyang Global	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	(CNY30,000)	(CNY20,000)	(CNY20,000)	2.50%	Short term financing	-	Business operation	-	Real estate	(CNY40,000)	(CNY64,237)	(CNY64,237)
3	Chin Zong	VMEP	Other receivables	Y	129,840	64,920	64,920	Note 2	Short term financing	-	Business operation	-	Real estate	129,840	213,334	213,334
4	Nova Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	(CNY30,000)	(CNY15,000)	(CNY15,000)	Note 2	Short term financing	-	Business operation	-	None	(CNY30,000)	(CNY49,292)	(CNY49,292)
5	Ching Ta	Yi Young Co., Ltd.	Other receivables	Y	52,233	-	-	Note 2	Short term financing	-	Business operation	-	None	-	47,513	47,513
6	VMEPH	VMEP	Other receivables	Y	(USD1,700)	108,200	108,200	2.50%	Short term financing	-	Business operation	-	Real estate	389,520	117,140	117,140
					(CNY25,000)	(CNY25,000)	(CNY25,000)							(CNY90,000)	(CNY27,066)	(CNY27,066)
					80,000	-	-	1.065%	Short term financing	-	Business operation	-	None	-	560,256	560,256
					61,450	30,725	30,725	Note 2	Short term financing	-	Business operation	-	None	-	627,034	627,034
					(USD2,000)	(USD1,000)	(USD1,000)								(USD20,408)	(USD20,408)

Note 1: The numbering method is as follows:

(1)“0” represents the parent company.

(2)Investees are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short-term financing shall not exceed 40% of the equity of SCK and Sun Goal.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the equity of Chin Zong, Nova Shanghai and VMEPH. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the equity of Chin Ta. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed the total amount of business operation from the previous year.

Note 6: Inter-company transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guaranteee		Limit on total endorsements/ guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name	Relationship (Note 8)										
0	The Company	VMEP	2	22,395,211	614,500	614,500	94,870	-	2.74%	22,395,211	Y	N	N
					(USD20,000)	(USD20,000)	(VND74,352,350)						
1	Shan Young	The Company	3	13,836,989	8,400,000	8,400,000	6,797,164	9,500,000	102.91%	13,836,989	N	Y	N
2	SYI	Shan Young	4	8,429,008	500,000	500,000	500,000	518,331	5.93%	8,429,008	N	N	N
								(USD16,870)					
2	SYI	Ching Ta	4	2,239,521	510,000	500,000	-	-	5.93%	2,239,521	N	N	N
2	SYI	The Company	3	8,429,008	850,000	850,000	220,000	227,365	10.08%	8,429,008	N	Y	N
								(USD7,400)					
3	Chong Hing	Shan Young	4	3,789,765	3,300,000	3,300,000	2,920,198	3,119,887	87.08%	3,789,765	N	N	N
								(CNY584,700)					
								(USD19,180)					
3	Chong Hing	The Company	3	3,789,765	1,000,000	-	-	-	-	3,789,765	N	Y	N
4	TBM BVI	TBM	3	122,316	30,000	30,000	22,000	32,261	24.82%	122,316	N	Y	N
								(USD1,050)					

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Note 1: The numbering method is as follows:

- (1) "0" represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

Note 2: According to policy for endorsements/ guarantees of the Company, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the equity of the Company. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided to a single party shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided shall not exceed 10% of the equity of the Company. The endorsements/ guarantees of the Company and subsidiaries, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 150% the equity of the Company.

Note 3: According to policy for endorsements/ guarantees of Shang Young, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the maxima of total amount of business-related transactions or amount of signed contract with the endorser/ guarantor for the recent year.

Note 4: According to policy for endorsements/ guarantees of SYI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of the equity of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided to a single party shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided shall not exceed 10% of the equity of SYI.

Note 5: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsement s/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

Note 7: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 8: According to policy for endorsements/ guarantees of TBM BVI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company's equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the Company for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of equity of TBM BVI.

Note 9: The relationship is classified into the following seven types:

- (1) Transactions between the companies.
- (2) The Company directly or indirectly holds more than 50% voting right.
- (3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- (4) The Company directly or indirectly holds more than 90% voting right.
- (5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- (7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
The Company	Equity-Hitach Astemo Taichung Co.,	Other related parties	Note 1	5,339	108,317	19.94 %	108,317	
The Company	Equity-Lico Technology Corporation	-	Note 2	8,861	-	7.13 %	-	
The Company	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	1,500	84,195	25.00 %	84,195	
The Company	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	8,091	122,990	0.72 %	122,990	
The Company	Equity-Apex Biotechnology Corporation	-	Note 1	6,016	242,445	6.02 %	242,445	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	8,209	124,772	0.73 %	124,772	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	360	20,207	6.00 %	20,207	
Youth Taisun	Equity-Xu Mao Investment Co., Ltd.	-	Note 1	75	3,645	0.50 %	3,645	
Nanyang	Equity-The Company	Parent company	Note 1	4,351	310,658	0.55 %	310,658	
Nanyang	Equity-Chaur Chin Industries Co., Ltd.	-	Note 1	1	141	0.28 %	141	
Nanyang	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	7,974	121,207	0.71 %	121,207	

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Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	300	16,839	5.00 %	16,839	
Ching Ta	Equity-The Company	Parent company	Note 1	981	70,079	0.12 %	70,079	
Ching Ta	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	60	3,368	1.00 %	3,368	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	-	Note 1	2,600	126,360	17.33 %	126,360	
Ching Ta	Equity King Zone Co., Ltd.	Other related parties	Note 1	800	5,200	10.00 %	5,200	
Ching Ta	Equity-Tac / Taiwan Aerospace Corp.	-	Note 2	17	-	0.01 %	-	
Ching Ta	Preferred Equity-Setex Technologies, Inc.	-	Note 2	78	15,459	2.44 %	15,459	
Ching Ta	Equity LSC Ecosystem Corporation	-	Note 1	9,167	3,666	7.24 %	3,666	
Ching Ta	Equity Gold Yu Co., Ltd.	-	Note 1	3,000	60,630	5.56 %	60,630	
Ching Ta	Equity-Chang Da logistics Co., Ltd.	-	Note 1 、 Note 4	3	-	0.04 %	-	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	7,835	119,086	0.70 %	119,086	
Ching Ta	Equity-Chyuan Mei	Other related parties	Note 1	38	380	19.00 %	380	
Ching Ta	Equity- Jiuxing Biotechnology Co., Ltd.	Other related parties	Note 1	95	950	19.00 %	950	
Chu-Yang	Equity Ding Tai Motor Co., Ltd.	-	Note 1	100	1,277	2.60 %	1,277	
Chu-Yang	Equity Ding Sheng Motor Co., Ltd.	-	Note 1	200	2,476	6.91 %	2,476	
Chu-Yang	Equity Hong Yu Motor Co., Ltd.	-	Note 1	415	5,139	13.34 %	5,139	
Chu-Yang	Equity Sang Shun Wang Motor Co., Ltd.	-	Note 1	100	1,375	3.41 %	1,375	
Fact Co., Ltd.	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	47	2,652	0.79 %	2,652	
Fact Co., Ltd.	Equity-Xu Mao Investment Co., Ltd.	-	Note 1	1,181	57,409	7.88 %	57,409	
TBM	Equity Vietnam Hong Zheng Science & Technology Co., Ltd.	-	Note 1	-	14,643	19.00 %	14,643	
TBM	Equity Vietnam Hung Li Science & Technology Co., Ltd.	-	Note 1	-	1,151	1.32 %	1,151	
TBM	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	600	33,678	10.00 %	33,678	
TBM	Equity-Xu Mao Investment Co., Ltd.	-	Note 1	750	36,450	5.00 %	36,450	
Sanyang Global	Equity Shang Guang (Shanghai) Investment Ltd.	-	Note 1	1,519	355,908	6.76 %	355,908	

Note 1: Financial assets at fair value through other comprehensive income

Note 2: Financial assets at fair value through profit or loss

Note 3: The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7250 ; RMB\$1=NT\$4.3280

Average exchange rate for the reporting period: US\$1=NT\$31.1627 ; RMB\$1=NT\$4.3961

Note 4: Full Speed Express Corp changed its name to Chang Da logistics Co., Ltd. in the fourth quarter, 2023.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD/In thousands of shares)

Name of company	Category and name of security	Account name	Counter-party	Relationship with the company	Beginning Balance		Purchases			Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Valuation	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note 1)
The Company	Equity-APh	Investments accounted for using equity method	Cash capital increase	Subsidiary	93,333	1,379,577	72,204	1,083,06	-	-	-	-	-	165,537	2,176,648

Note 1: The ending balance include share of profit of subsidiaries, associates and joint ventures accounted for using the equity method and adjustments related to equity.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other terms
							Owner	Relationship with the Company	Date of transfer	Amount			
Shan Young	18 plots of land, numbered 928, located at Shuangyuan Section, Baoshan Township	2023.08.07	340,385	340,385	Natural person	Non-related party	-	-	-	-	Appraisal report	Business purpose	

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Acquisition date	Carrying value	Transaction amount	Status of receive	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Reference for determining price	Other terms
The Company	Land, number 259, located at Ronghua Section, and 12 other plots, and building number 00128, Ronghua Section	2022.06.14	1979.02.27 ~ 1993.06.10	97,036	1,680,000 (Note)	1,200,000	1,534,195 (Note)	Chuan Shing Engineering Corporation	Non-related party	Earning profit	Appraisal report	

Note : The Company received a letter of commitment for this real estate transaction in 2023 and has met all related supplementary requirements in the same year. Transaction amount increased to \$1,680,000 thousand from \$1,200,000 thousand, while the gain on disposal increased to \$1,534,195 thousand from \$1,082,929 thousand. For details, please refer to Note 6(5).

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanyang	Note 2	Sales	(16,984,747)	(34) %	8 billion in credit and payment received right after shipment	-	-	5,273	-%	-
The Company	Chu-Yang	Note 2	Sales	(360,487)	(1) %	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	-	-	331	-%	-
The Company	SIT	Note 2	Sales	(1,091,430)	(2) %	Payment received 120 days after shipment	-	-	202,834	14%	-
The Company	SDE	Note 2	Sales	(235,209)	- %	Payment received 120 days after shipment	-	-	87,848	6%	-
The Company	Xia Shing Motor	Note 2	Sales	(216,565)	- %	Payment received 30 days after shipment, payment received 45 days after shipment of parts for warranty	-	-	43,518	3%	-
The Company	Jau Ryh	Note 2	Sales	(242,744)	- %	Payment received 3 days after shipment	-	-	6,779	-%	-
The Company	Xia Shing Motor	Note 2	Purchases	3,625,889	10 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(260,120)	(8)%	-
The Company	TBM	Note 2	Purchases	664,220	2 %	Payment paid 45 days after acceptance	Note 5	Note 5	(121,176)	(4)%	-
The Company	Youth Taisun	Note 2	Purchases	376,486	1 %	Payment paid 45 days after acceptance	-	-	(62,775)	(2)%	-
The Company	Hitach Astemo Taichung Co., Ltd.	Note 4	Purchases	933,111	3 %	Payment paid 45 days after acceptance	Note 5	Note 5	(169,472)	(5)%	-
The Company	Zoeng Chang Industry Co., Ltd.	Note 4	Purchases	323,323	1 %	Payment paid 45 days after acceptance	-	-	(51,860)	(2)%	-
Nanyang	Sunshine Auto-Lease	Note 2	Sales	(553,986)	(3) %	Payment received right after shipment	-	-	32,204	18%	-
Nanyang	Jau Ryh	Note 2	Sales	(307,440)	(1) %	Payment received 3~7 days after shipment	-	-	21,346	12%	-
Nanyang	The Company	Note 1	Purchases	16,984,747	93 %	8 billion in credit and payment paid right after shipment	Note 5	Note 5	(5,273)	(2)%	-
Nanyang	Shian Yang	Note 2	Purchases	191,324	1 %	Payment received 50 days after the end of the month	Note 5	Note 5	(37,727)	(18)%	-
Chu-Yang	The Company	Note 1	Purchases	360,487	100 %	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	Note 5	Note 5	(331)	(100)%	-
SIT	The Company	Note 1	Purchases	1,091,430	100 %	Payment paid 120 days after shipment	Note 5	Note 5	(202,834)	(83)%	-
SDE	The Company	Note 1	Purchases	235,209	100 %	Payment paid 120 days after shipment	Note 5	Note 5	(87,848)	(97)%	-
Xia Shing Trading	Sanyang Global	Note 3	Sales	(487,132)	(17) %	Payment received 120 days after the end of the month	Note 5	Note 5	44,611	100%	-
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	2,213,766	84 %	Payment received 120 days after the end of the month	Note 5	Note 5	(53,507)	(86)%	-

(Continued)

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Notes to the Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases /sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Xia Shing Motor	The Company	Note 1	Sales	(3,625,889)	(41) %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month. °	Note 5	Note 5	260,120	42%	-
Xia Shing Motor	Xia Shing Trading	Note 2	Sales	(2,213,766)	(25) %	Payment received 120 days after the end of the month	Note 5	Note 5	53,507	9%	-
Xia Shing Motor	The Company	Note 1	Purchases	216,565	3 %	Payment received 30 days after shipment, payment paid 45 days after shipment of parts for warranty	Note 5	Note 5	(43,518)	(5)%	-
Xia Shing Motor	XTBM	Note 3	Purchases	202,732	3 %	Payment paid 30 days after the end of the month	Note 5	Note 5	(9,357)	(1)%	-
Xia Shing Motor	SCK	Note 3	Purchases	344,991	6 %	Payment paid 15 days after the end of the month	-	-	(8,664)	(1)%	-
TBM	The Company	Note 1	Sales	(664,220)	(91) %	Payment received 45 days after acceptance	Note 5	Note 5	121,176	94%	-
Youth Taisun	The Company	Note 1	Sales	(376,486)	(83) %	Payment received 45 days after acceptance	-	-	62,775	89%	-
Sunshine Auto-Lease	Nanyang	Note 1	Purchases	553,986	56 %	Payment paid right after shipment	Note 5	Note 5	(32,204)	(56)%	-
Jau Ryh	The Company	Note 1	Purchases	242,744	42 %	Payment paid 3 days after shipment	Note 5	Note 5	(6,779)	(23)%	-
Jau Ryh	Nanyang	Note 1	Purchases	307,440	54 %	Payment paid 3-7 days after shipment	Note 5	Note 5	(21,346)	(72)%	-
VMEP	Sanyang Global	Note 3	Purchases	624,660	27 %	Payment paid 60 days after shipment for December and 120 days after shipment for all other months	Note 5	Note 5	(3,381)	(4)%	-
VMEP	VTBM	Note 2	Purchases	148,067	6 %	Payment paid 45 days after acceptance	Note 5	Note 5	(5,260)	(6)%	-
NOVA Design	The Company	Note 1	Sales	(140,814)	(88) %	Payment received 30 days after acceptance	-	-	23,737	94%	-
Sanyang Global	VMEP	Note 3	Sales	(624,660)	(94) %	Payment received 60 days after shipment for December and 120 days after shipment for all other months	Note 5	Note 5	3,381	42%	-
Sanyang Global	Xia Shing Trading	Note 3	Purchases	487,132	84 %	Payment paid 120 days after the end of the month	Note 5	Note 5	(44,611)	(92)%	-
XTBM	Xia Shing Motor	Note 3	Sales	(202,732)	(88) %	Payment received 30 days after the end of the month	Note 5	Note 5	9,357	84%	-
VTBM	VMEP	Note 1	Sales	(148,067)	(94) %	Payment received 45 days after the end of the month of delivery	Note 5	Note 5	5,260	66%	-
Shian Yang	Nanyang	Note 1	Sales	(191,324)	(49) %	Payment received 50 days after the end of the month	Note 5	Note 5	37,727	61%	-
SCK	Xia Shing Motor	Note 3	Sales	(344,991)	(44) %	Payment received 15 days after the end of the month	-	-	8,664	6%	-

Note 1: Investor company accounts for the Company using the equity method.

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Notes to the Financial Statements

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: Substantive related party.

Note 5: There are no comparable transactions available.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss company
					Amount	Action taken		
The Company	SIT	Subsidiaries	202,834 (EUR5,962)	3.87	-		89,203 (EUR2,622)	-
Xia Shing Motor	The Company	The parent company of the Group	260,120 (USD8,466)	16.65	-		207,394 (USD6,750)	-
TBM	The Company	The parent company of the Group	121,176	6.15	-		121,176	-
NOVA Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Associates of the Group	108,200 (CNY25,000)	Not applicable	-		-	-

(ix) Trading in derivative instruments: None

(2) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Shan Young	Taiwan	Real estate development and management	4,843,889	4,843,889	771,433	100.00%	8,162,407	(181,434)	(181,434)	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	238,493	17,354	17,354	"
"	Chu Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	53,350	20,575	20,575	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	837,572	179,283	89.78%	3,123,498	1,106,170	993,120	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	209,435	8,985	8,985	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	8,125	16.27%	98,523	36,196	5,889	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	119,257	99.66%	1,412,964	33,540	33,426	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,789,777	91,167	91,167	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	94,346	6,867	6,867	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	8,409,861	1,139,258	1,139,258	"

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Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	279,416	109,506	109,506	"
"	APh	Taiwan	Investment activities	2,200,512	1,117,451	165,537	66.57%	2,176,648	(170,750)	(102,820)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	(13,628)	(9,727)	(9,727)	"
"	Yi Young Co., Ltd.	Taiwan	Waste management industry	280,000	280,000	28,000	100.00%	263,663	619	619	"
Shan Young	Taiwan Tea Co., Ltd.	Taiwan	Sale of tea, real estate transactions, including planning and development	3,982,033	3,738,224	223,640	28.31%	4,151,897	(287,470)	Disclosure not required	Note 2
"	Jiuxing Biotechnology Co., Ltd.	Taiwan	Waste management industry	95,928	-	9,593	70.95%	95,928	-	"	Note 1
APh	APh ePower Co., Ltd.	Taiwan	Research, manufacturing, and sales of aluminum battery-related energy products, renewable energy sources	2,153,900	1,053,900	247,700	100.00%	1,902,603	(151,698)	"	"
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	30,702	61.46%	354,019	36,196	"	"
"	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	31,317	31,317	3,000	100.00%	37,782	5,672	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	44,303	13,660	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	98,086	173	"	"
"	Jau Ryh	Taiwan	Distribution, repair, and maintenance of automobiles and parts	34,328	34,328	2,993	100.00%	74,142	37,749	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	119,381	58,407	"	"
"	Chuanyang Industrial Co., Ltd.	Taiwan	Retails of automobiles and parts	25,000	-	2,500	100.00%	24,981	(19)	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	61,552	(62)	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	7,842	55.00%	134,548	56,315	"	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	10,550	21.12%	127,893	36,196	"	"
"	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	64,364	826	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	83,961	(62)	"	"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	331,493	19,496	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	48,719	(7,382)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design services of camping trailers and recreational vehicles	100,000	100,000	5,000	22.32%	66,750	(54,049)	"	"
"	Taiwan Tea Co., Ltd.	Taiwan	Sale of tea, real estate transactions, including planning and development	-	156,852	-	0.00%	-	(287,470)	"	"
"	HE XU International Co., Ltd.	Taiwan	Leisure and recreation venue industry	30,000	30,000	3,000	30.00%	26,423	(11,351)	"	"
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	795,102	795,102	-	100.00%	3,789,777	91,172	"	Note 1
SYI	Cosmos	British Virgin Islands	Investment shareholding company	(USD25,878)	(USD25,878)	-	100.00%	(USD123,345)	(USD2,926)	"	"
"	VMEPH	Cayman Islands	Investment shareholding company	(USD13,226)	(USD13,226)	608,818	67.07%	(USD15,774)	(USD1,097)	"	"
				3,041,283	3,041,283			1,051,380	44,248		
				(USD98,984)	(USD98,984)			(USD34,219)	(USD1,420)		

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Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value			
SYI	NEW PATH	Samoa	Investment shareholding company	282,878	282,878	-	100.00%	534,175	33,689	"	"
"	PIL	British Virgin Islands	Investment shareholding company	(USD9,207)	(USD9,207)	-	100.00%	(USD17,386)	(USD1,081)	"	"
"	Sun Goal	Samoa	Investment shareholding company	(USD13,836)	(USD13,836)	-	100.00%	(USD125,417)	(USD29,554)	"	"
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	268,254	268,254	-	100.00%	210,391	14,853	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	(USD8,731)	(USD8,731)	-	100.00%	(USD6,848)	(USD477)	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	147,035	147,035	-	69.00%	120,891	22,144	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	23,926	23,926	-	100.00%	42,491	1,980	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc.	85,000	85,000	8,500	100.00%	118,781	16,967	Disclosure not required	Note 1
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	5,098,291	5,098,291	-	100.00%	1,423,685	73,818	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	(USD165,933)	(USD165,933)	-	100.00%	(USD46,336)	(USD2,369)	"	"
"				138,263	138,263	-	100.00%	146,210	6,226	"	"
"				(USD4,500)	(USD4,500)	-	31.00%	(USD4,759)	(USD200)	"	"
"				14,287	14,287	-		18,737	1,980	"	"
"				(USD465)	(USD465)	-		(USD610)	(USD68)	"	"
"				221,619	221,619	-	99.94%	214,068	164	"	"
"				(USD7,213)	(USD7,213)	-		(USD6,967)	(USD5)	"	"

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

(3) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
Xia Shing Motor	Manufacturing and sale of scooters and its parts	706,675 (USD23,000)	(ii)Note 1 (2)1	425,111 (USD13,836)	-	-	425,111 (USD13,836)	1,201,308 (USD38,550)	76.67%	921,043 (USD29,556)	3,854,677 (USD125,457)	-
Xia Shing Trading	Wholesale and retails of scooter parts and components	12,984 (CNY3,000)	(ii)Note 1 (3)1	-	-	-	-	4,350 (CNY990)	76.67%	Note 2	47,303 (CNY10,930)	-
SCK	Manufacturing and sale of scooter parts	1,015,154 (USD33,040)	(ii)Note 1 (2)1	713,619 (USD23,226)	-	-	713,619 (USD23,226)	49,076 (USD1,575)	100.00%	49,076 (USD1,575)	695,048 (USD22,622)	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	(Note 1)	(ii)Note 1 (2)1	1,096,944 (USD35,702)	-	-	1,096,944 (USD35,702)	-	-	-	-	538,456 (USD17,525)
Sanyang Global	Research and wholesale of scooter parts and molds	276,525 (USD9,000)	(ii)Note 1 (2)1	276,525 (USD9,000)	-	-	276,525 (USD9,000)	33,429 (USD1,073)	100.00%	33,429 (USD1,073)	533,337 (USD17,358)	-
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	46,303 (USD1,507)	(ii)Note 1 (1)	13,888 (USD452)	-	-	13,888 (USD452)	-	30.00%	-	-	-

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Notes to the Financial Statements

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated Name of investee
					Outflow	Inflow						
NOVA Shanghai	Product design	399,497 (USD13,002)	(ii)Note 1 (2)2	353,675 (USD11,511)	-	-	353,675 (USD11,511)	(1,232) (USD(40))	100.00%	(1,232) (USD(40))	292,850 (USD9,531)	-
XTBM	Manufacturing, processing and sale of scooter parts	135,232 (USD4,401)	(ii)Note 1 (2)3	135,232 (USD4,401)	-	-	135,232 (USD4,401)	21,123 (USD678)	54.81%	11,578 (USD372)	47,815 (USD1,556)	-
GTBM	Manufacturing, processing and sale of scooter parts	(Note 1)	(ii)Note 1 (2)3	21,446 (USD698)	-	-	21,446 (USD698)	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	(Note 1)	(ii)Note 1 (2)4	190,526 (USD6,201)	-	-	190,526 (USD6,201)	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	124,436 (USD4,050)	(ii)Note 1 (2)4	124,436 (USD4,050)	-	-	124,436 (USD4,050)	173 (USD6)	89.78%	155 (USD5)	88,061 (USD2,866)	-
Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,625 (USD5,000)	(ii)Note 1 (2)5	153,625 (USD5,000)	-	-	153,625 (USD5,000)	(747) (USD(24))	29.19%	(218) (USD(7))	49,924 (USD1,625)	-
Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,625 (USD5,000)	(ii)Note 1 (2)5	-	-	-	-	(6,038) (USD(194))	29.19%	(1,763) (USD(57))	(10,212) (USD(332))	-
Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,164 (CNY500)	(ii)Note 1 (2)6	-	-	-	-	-	29.19%	-	2,157 (CNY498)	-

Note 1: The investees in Mainland China have been liquidated, sold, or deregistered, but have not yet applied to the Ministry of Economic Affairs' Investment Commission for deregistration of investment as follows:

- (1)The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.
- (2)The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.
- (3)The Company was approved by Investment Commission, MOEA (Permit No. 09900323700) for the investment of US\$7,400 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on August 17, 2010. The Company was approved by Investment Commission, MOEA (Permit No. 10100039390) for the investment of US\$2,200 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on February 10, 2012. The liquidation of Su Zhou Hui Ying Motor Sales and Service Co., Ltd. has been completed on May 10, 2021 and Investment Commission, MOEA (Permit No. 11000177800) approved the withdrawal of the investment of US\$3,399 thousand on August 3, 2021.

Note 2: (1)The Company set up company in Mainland China to invest in the investee in Mainland China, does not require application to the Investment Commission

- (2)Net income of Xia Shing Trading recognized in Xia Shing Motor.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,630,920 (USD85,628)	3,590,524 (USD116,860)	15,236,341

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Note 1: The method of investment is classified into the following three types:

- (1) Through company in the third region to transfer money to invest in the investee in Mainland China.
- (2) Through setting up company in the third region to invest in the investee in Mainland China.
 - 1.The Company set up company in the third region to invest in the investee in Mainland China.
 - 2.NOVA Design set up company in the third region to invest in the investee in Mainland China.
 - 3.TBM set up company in the third region to invest in the investee in Mainland China.
 - 4.Nanyang set up company in the third region to invest in the investee in Mainland China.
 - 5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.
 - 6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.
- (3) Through investing company in Mainland China to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company's financial reports audited by international accounting firm which collaborated with the Company's audit team or certified public accountants of R.O.C..

Note 3: In accordance with Principles for the review of investment or technical cooperation in the Mainland China issued by Investment Commission, MOEA, the limit on investment in Mainland China is the higher of 60% of the Company's or the Group's equity.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7250 ; CNY1=NTD4.3280

Average exchange rate for the reporting period: USD1=NTD31.1627 ; CNY1=NTD4.3961

(iii) Significant transactions:

For the direct or indirect significant transactions between the Company and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2023, please refer to "Information on significant transaction".

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Da Yang Investment Ltd.		54,905,000	6.88%
Chuan Yuan Investment Ltd.		47,375,000	5.94%
Bai Ke Investment Ltd.		45,730,000	5.73%

Note: The aforementioned information of major shareholders is extracted from the statistics maintained by Taiwan Depository and Clearing Corporation, which reveal the shareholders whose shareholding ratios are over 5%. The calculation is based on the non-physical securities (including ordinary shares, preferred shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every preferred.

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

Sanyang Motor Co., Ltd.

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	\$ 1,596,031	1,716,793	
Work in progress	70,826	70,826	
Raw materials	1,533,549	1,785,323	
Consumables	6,155	6,155	
Inventories in transit	1,904,881	1,904,881	
Total	5,111,442	5,483,978	
Less: Allowance for inventory market price decline and obsolescence	(86,098)		
Net	\$ 5,025,344		

Sanyang Motor Co., Ltd.

Statement of changes in investments accounted for using equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan dollars)

Name of Investee	Beginning Balance		Additions		Deduction		Unrealized profit from sales	Investment income (losses)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Share of actual gains (losses) of the investee companies' defined benefits obligations	Retained earnings	Beginning Balance			
	Shares	Amount	Shares	Amount	Shares	Amount							Shares	Percentage of Ownership	Amount	Collateral
Shan Young Assets Management Co., Ltd.	756,300	\$ 8,370,044	15,133	-	-	-	-	(181,434)	-	(26,203)	-	-	771,433	100.00%	8,162,407	None
Youth Taisun Co., Ltd.	18,093	219,671	-	-	-	15,076	-	17,354	-	14,261	2,283	-	18,093	100.00%	238,493	"
Chu Yang Motor Co., Ltd.	2,900	55,329	-	-	-	21,228	(3,357)	20,575	-	2,031	-	-	2,900	100.00%	53,350	"
Nanyang Industries Co., Ltd.	150,728	2,248,597	28,555	-	-	60,291	(29,381)	993,120	(1,688)	(26,858)	-	-	179,283	89.78%	3,123,499	"
NOVA Design Co., Ltd.	19,080	193,392	-	-	-	1,807	-	8,986	(911)	10,089	(314)	-	19,080	100.00%	209,435	"
SUNSHINE AUTO LEASE Co., Ltd.	7,624	92,634	501	-	-	-	-	5,889	-	-	-	-	8,125	16.27%	98,523	"
Ching Ta Investment Co., Ltd.	111,467	1,264,998	7,790	-	-	-	-	33,426	(2,879)	118,125	(706)	-	119,257	99.66%	1,412,964	"
APh Co., Ltd.	93,333	1,379,577	72,204	1,083,061	-	-	-	(102,821)	-	-	-	(183,169)	165,537	66.57%	2,176,648	"
Yi Young Co., Ltd.	28,000	263,044	-	-	-	-	-	619	-	-	-	-	28,000	100.00%	263,663	"
Profit Source Investment Ltd.(Samoa)	-	3,770,953	-	-	-	-	-	91,167	(72,343)	-	-	-	-	100.00%	3,789,777	"
Sanyang Deutschland GmbH	-	100,229	-	-	-	-	(16,736)	6,867	3,986	-	-	-	-	100.00%	94,346	"
SY International Ltd.	-	7,414,251	-	-	-	-	(19,146)	1,139,258	(124,502)	-	-	-	-	100.00%	8,409,861	"
SY Italia S.r.l	-	215,271	-	-	-	-	(54,842)	109,506	9,481	-	-	-	-	100.00%	279,416	"
Sanyang Motor Colombia S.A.S(SCB)	-	(2,374)	-	-	-	-	-	(9,727)	(1,527)	-	-	-	-	100.00%	(13,628)	"
Total		<u>\$ 25,585,616</u>		<u>1,083,061</u>		<u>98,402</u>	<u>(123,462)</u>	<u>2,132,785</u>	<u>(190,383)</u>	<u>91,445</u>	<u>1,263</u>	<u>(183,169)</u>			<u>28,298,754</u>	

Note 1: The additions were due to cash capital increase. The deductions were due to receipt of cash dividends.

Note 2: The retained earnings were adjusted for the cash capital increase that was not subscribed according to the proportion of shares held.

(Continued)

Sanyang Motor Co., Ltd.
Statement of changes in property, plant and equipment
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(9) for the regarding information.

Statement of changes in investment property

Please refer to Note 6(10) for the regarding information.

(Continued)

Sanyang Motor Co., Ltd.
Statement of short-term borrowings
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Loan Type	Lender	Ending Balance	Financing Period	Interest Rates	Credit Line	Collateral
Unsecured bank loans	Taiwan Cooperative Bank, Songshan Branch	\$ 300,000	2023.12.20~2024.12.20	1.6738%	300,000	None
Secured bank loans	ChangHwa Bank, Songshan Branch	1,100,000	2023.10.6~2024.3.22	1.6600%	2,000,000	The land and buildings located at Neihs District, Taipei City and Xinfeng Township, Hsinchu County
"	YuanTa Bank, Ximen Branch	1,000,000	2023.11.16~2024.3.14	1.6500%	1,000,000	The land and buildings located at southern District, Tainan City.
"	ShinKong Bank, East Taipei Branch	1,000,000	2023.12.19~2024.1.19	1.6500%	1,400,000	The land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
"	HuaNan Bank, Songshan Branch	1,000,000	2023.11.15~2024.3.22	1.6800%	2,000,000	The land and buildings located at Xinzhuang District, New Taipei City, and the land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
		\$ 4,400,000				

(Continued)

Sanyang Motor Co., Ltd.

Statement of account payables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Non-related parties			
A Company	Purchase	\$ 689,298	
B Company	"	138,546	
Others	"	1,991,396	Each of the items was less than 5% of the account balance
Total		\$ 2,819,240	

Statement of other payables

Item	Amount	Note
Expense payable-Salary and bonus	\$ 1,344,991	
Expense payable- Commodity Tax	321,789	
Others	604,401	Each of the items was less than 5% of the account balance
Total	\$ 2,271,181	

(Continued)

Sanyang Motor Co., Ltd.
Statement of long-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Lender	Loan Type	Financing Period	Interest rates	Ending Balance	Collateral
Export Import Bank of R.O.C., Hsinchu Branch	Credit line \$500,000 thousand	2023.9~2025.9 The loan may be appropriated but cannot be revolved (two-year loan)	1.8756%	\$ 250,000	None
YuanTa Bank, Ximen Branch	Credit line of secured loans \$1,000,000 thousand	2023.11~2025.5 The loan may be appropriated and revolved (two-year loan)	1.6700%	1,000,000	The land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
Bank of Taiwan, Beida Rd. Branch	Credit line of secured loans \$500,000 thousand	2023.6~2028.6 The loan may be appropriated but cannot be revolved (five-year loan)	1.8300%	500,000	The land and buildings located at Hukou Township, Hsinchu County, and Gangshan District, Kaohsiung City.
Agribank, Hsinchu Branch	Credit line of secured loans \$700,000 thousand	2022.6~2025.3 The loan may be appropriated and revolved (three-year loan)	1.5950%	700,000	The land and buildings located at Neihs District, Taipei City
Agribank, Hsinchu Branch	Credit line of secured loans \$2,000,000 thousand	2021.6~2028.6 The loan may be appropriated but cannot be revolved (seven-year loan)	1.7170%	1,880,000	The land and buildings located at HuKou Township, Hsinchu County
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans 900,000 thousand	2022.6~2025.6 The loan may be appropriated and revolved (three-year loan)	1.8300%	900,000	The land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans \$2,000,000 thousand	2023.5~2026.5 The loan may be appropriated and revolved (three-year loan)	1.8300%	800,000	"
ShinKong Bank, East Taipei Branch	Credit line of secured loans \$800,000 thousand	2023.12~2026.5 The loan may be appropriated and revolved (three-year loan)	1.7000%	220,000	The foreign deposits of the Company or subsidiary, Chong Hing and SYI
ChangHwa Bank, Songshan Branch	Credit line of secured loans \$1,000,000 thousand	2023.8~2026.10 The loan may be appropriated and revolved (three-year loan)	1.8300%	1,000,000	The land and buildings of the subsidiary, Shan Young, located at Neihs District, Taipei City
HuaNan Bank, Songshan Branch	Credit line of secured loans \$600,000 thousand	2023.11~2027.3 The loan may be appropriated and revolved (five-year loan)	1.7500%	600,000	"
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part A: \$1,000,000 thousand	2023.9~2028.9 The loan may be appropriated but cannot be revolved (five-year loan)	1.8300%	1,000,000	The land and buildings located at HuKou Township, Hsinchu County
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part B: \$1,000,000 thousand	2023.9~2028.9 The loan may be appropriated and revolved (five-year loan)	1.8300%	600,000	"
Subtotal				9,450,000	
Less: Current portion				135,000	
Total				<u>\$ 9,315,000</u>	

(Continued)

Sanyang Motor Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Automobiles	22,358 units	\$ 20,588,026	
Scooters	447,986 units	25,806,041	
Engines and spare parts		2,812,714	
Total sales		49,206,781	
Less: Sales discounts and returns		(316,422)	
Net sales		48,890,359	
Revenues from technical services		252,711	
Other revenues		147,173	
Net operating revenues		<u>\$ 49,290,243</u>	

Sanyang Motor Co., Ltd.

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning inventories	\$ 3,257,514
Add: Purchases	32,217,844
Gain on physical inventories	32
Less: Non-manufacturing requisitions	(1,792)
Disposals	(39,770)
Ending inventories	(3,444,585)
Usage	31,989,243
Direct labor	1,001,602
Manufacturing expenses	2,197,116
Manufacturing costs	35,187,961
Add: Beginning work in process	73,304
Less: Ending work in process	(70,826)
Costs of Goods manufactured	35,190,439
Add: Beginning finished goods	802,255
Purchases	3,085,653
Less: Ending finished goods	(1,596,031)
Disposals	(1,823)
Others	(64,672)
Manufacturing costs	37,415,821
Revenues from sale of scraps	(78,330)
Gain on physical inventories	(32)
Disposals	41,593
Loss on inventory market price decline and obsolescence	(31,641)
Cost of goods sold	37,347,411
Cost of technical services	134,350
Warranty expenses	175,897
Commodity tax	5,211,593
Operating costs	\$ 42,869,251

(Continued)

Sanyang Motor Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Recycling and clearing expenses	\$ 324,646
Salary expenses	259,449
Advertising expenses	146,306
Others (Each of the items was less than 5% of the account balance)	187,028
Total	<u><u>\$ 917,429</u></u>

Statement of administrative expenses

Item	Amount
Salary expenses	\$ 538,409
Depreciation	65,229
Others (Each of the items was less than 5% of the account balance)	340,925
Total	<u><u>\$ 944,563</u></u>

Statement of research and development expenses

Item	Amount
Salary expenses	523,546
Consumables	\$ 160,690
Others (Each of the items was less than 5% of the account balance)	308,132
Total	<u><u>\$ 992,368</u></u>

(Continued)

Sanyang Motor Co., Ltd.
Statement of other gains and losses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(21) for the regarding information.

Statement of finance costs

Please refer to Note 6(21) for the regarding information.

(Continued)

VII. Consolidated Financial Statements of the Parent Company and Subsidiaries of the Most Recent Fiscal Year Audited and Attested by CPAs

Representation Letter

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.

Chairman: Ching-Yuan, Wu

Date: March 14, 2024

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To the Board of Directors of Sanyang Motor Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Sanyang Motor Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“ IFRSs”), International Accounting Standards (“ IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) and the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Refer to Note 4(17) “Revenue recognition” for the accounting principles on the recognition of revenue and Note 6(26) “Revenue from contracts with customers” for details of revenues.

Description of key audit matter:

The Group's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Group are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Group were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of consolidated financial report.

Corresponding audit procedures:

- (a) Understand the Group's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales agreements.
- (c) Test internal controls of the Group over shipment and revenue recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2023 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

2. Valuation of accounts receivable

Refer to Note 4(7) "Financial instruments" for the accounting policies on the valuation of accounts receivable, Note 5(1) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(4) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Group is relatively significant, and recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of consolidated financial reports.

Corresponding audit procedures:

- (a) Obtain the Management's overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.
- (b) Analyze and test the accuracy of accounts receivable aging report.
- (c) Perform the subsequent period collection of accounts receivable test.

Other Matter

We did not audit the financial statements of Taiwan Tea Corporation, which accounted for using the equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Taiwan Tea Corporation, is based solely on the report of other auditors. The amount of Taiwan Tea Corporation which accounted for using the equity method were 6.61% and 7.23% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and the share of profit (loss) of associates and joint ventures accounted for using the equity method were (0.97)% and (15.15)% of the consolidated profit before income tax for the years then ended, respectively.

Sanyang Motor Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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.

The engagement partners on the audit resulting in this independent auditors' report are kuo-Yang Tseng and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR 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 (Note 6(1))	\$ 8,811,431	14	7,867,822	14
1170 Notes and accounts receivable, net (Notes 6(4), (26) and 8)	2,675,915	4	2,737,441	5
1180 Notes and accounts receivable from related parties, net (Notes 6(4),(26) and 7)	901	-	591	-
1200 Other current receivables (Notes 6(4) and 7)	747,178	1	859,783	2
1310 Inventories (for manufacturing business) (Note 6(5))	7,900,381	13	7,572,290	13
1320 Inventories (for construction business) (Notes 6(5) and 7)	2,849,530	5	2,291,274	4
1410 Prepayments	750,110	1	805,448	1
1460 Non-current assets held for sale (Note 6(6))	-	-	97,036	-
1476 Other current financial assets (Notes 6(1) and 8)	6,385,540	10	6,467,492	11
1479 Other current assets, others	18,016	-	42,055	-
	<u>30,139,002</u>	<u>48</u>	<u>28,741,232</u>	<u>50</u>
Non-current assets:				
1510 Non-current financial assets at fair value through profit or loss(Note 6(2))	15,459	-	15,459	-
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	1,676,556	3	857,766	1
1550 Investments accounted for using the equity method (Notes 6(7) and 7)	4,625,282	7	4,643,509	8
1600 Property, plant and equipment (Notes 6(11), 7 and 8)	14,629,094	23	13,800,765	24
1755 Right-of-use assets (Notes 6(12) and 8)	838,948	1	881,840	2
1760 Investment property, net (Notes 6(13) and 8)	3,635,219	6	3,731,020	7
1780 Intangible assets (Notes 6(8) and (14))	1,096,283	2	1,040,230	2
1840 Deferred income tax assets (Note 6(23))	667,736	1	577,767	1
1933 Other non-current receivables (Notes 6(4) and (6))	455,965	1	-	-
1935 Long-term lease receivables (Notes 6(4), (26) and 8)	649,508	1	536,517	1
1975 Net defined benefit asset, non-current (Note 6(22))	2,103	-	1,088	-
1980 Other non-current financial assets (Notes 6(1) and 8)	4,187,295	7	2,101,008	4
1995 Other non-current assets, others	159,464	-	149,073	-
	<u>32,638,912</u>	<u>52</u>	<u>28,336,042</u>	<u>50</u>
Total assets	\$ <u>62,777,914</u>	<u>100</u>	<u>57,077,274</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and equity					
Current liabilities:					
2100	Short-term borrowings (Note 6(16))	\$ 7,723,314	12	9,175,249	16
2111	Short-term notes and bills payable (Note 6(15))	697,897	1	846,448	2
2130	Current contract liabilities (Note 6(26))	416,500	1	540,482	1
2170	Accounts payable (Note 6(17))	4,449,458	7	4,413,722	8
2180	Accounts payable to related parties (Notes 6(17) and 7)	233,039	-	181,236	-
2200	Other payables (Note 7)	4,020,519	6	2,966,709	5
2230	Current tax liabilities (Note 6(23))	921,929	2	456,569	1
2251	Current provisions for employee benefits (Note 6(22))	116,835	-	117,049	-
2252	Short-term provisions for warranties (Note 6(20))	484,883	1	436,975	1
2280	Current lease liabilities (Note 6(19))	135,279	-	137,028	-
2322	Long-term borrowings, current portion (Note 6(18))	597,161	1	820,030	2
2365	Current refund liabilities	362,752	1	232,239	-
2399	Other current liabilities, others (Note 6(6))	78,112	-	164,341	-
		<u>20,237,678</u>	<u>32</u>	<u>20,488,077</u>	<u>36</u>
Non-current liabilities:					
2540	Long-term borrowings (Note 6(18))	13,135,699	21	12,224,867	21
2552	Non-current provisions (Note 6(20))	362,153	1	225,762	-
2570	Deferred income tax liabilities (Note 6(23))	1,524,830	2	1,530,736	3
2580	Non-current lease liabilities (Note 6(19))	613,604	1	644,744	1
2640	Net defined benefit liability, non-current (Note 6(22))	520,078	1	810,552	2
2645	Guarantee deposits received (Note 7)	898,553	1	831,101	2
2670	Other non-current liabilities, others (Note 9)	91,417	-	78,947	-
		<u>17,146,334</u>	<u>27</u>	<u>16,346,709</u>	<u>29</u>
	Total liabilities	<u>37,384,012</u>	<u>59</u>	<u>36,834,786</u>	<u>65</u>
Equity attributable to owners of parent (Note 6(9) and (24)):					
3100	Share capital	7,974,896	13	7,974,896	14
3200	Capital surplus	1,713,762	3	1,713,762	3
3300	Retained earnings	14,197,678	22	9,603,610	16
3400	Other equity	(1,358,309)	(2)	(1,325,571)	(2)
3500	Treasury shares	(132,816)	-	(132,816)	-
	Total equity attributable to owners of parent:	<u>22,395,211</u>	<u>36</u>	<u>17,833,881</u>	<u>31</u>
36XX	Non-controlling interests	2,998,691	5	2,408,607	4
	Total equity	<u>25,393,902</u>	<u>41</u>	<u>20,242,488</u>	<u>35</u>
	Total liabilities and equity	<u>62,777,914</u>	<u>100</u>	<u>57,077,274</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SANYANG MOTOR 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)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(26) and 7)	\$ 64,461,239	100	50,850,618	100
5000	Operating costs (Notes 6(5), (22) and 7))	51,051,120	79	41,132,408	81
	Gross profit from operations	13,410,119	21	9,718,210	19
	Operating expenses (Notes 6(4), (22), (27) and 7):				
6100	Selling expenses	4,152,856	7	3,475,639	7
6200	Administrative expenses	1,795,636	3	1,582,063	3
6300	Research and development expenses	1,346,378	2	1,217,714	2
6450	Expected credit loss	4,473	-	26,050	-
		7,299,343	12	6,301,466	12
	Net operating income	6,110,776	9	3,416,744	7
	Non-operating income and expenses:				
7100	Interest income (Notes 6(28) and 7)	608,728	1	289,733	1
7010	Other income (Notes 6(7), (28) and 7)	99,130	-	426,204	1
7020	Other gains and losses (Notes 6(8), (28) and 7)	250,965	-	819,720	1
7050	Finance costs (Note 6(28))	(438,193)	-	(278,585)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method (Note 6(7))	(90,153)	-	(623,830)	(1)
7229	Gain on disposal of non-current assets held for sale (Notes 6(6) and (28))	1,534,195	2	-	-
		1,964,672	3	633,242	1
7900	Profit before income tax	8,075,448	12	4,049,986	8
7950	Less: Income tax expenses (Note 6(23))	1,412,060	2	610,045	1
	Profit for the period	6,663,388	10	3,439,941	7
8300	Other comprehensive income (loss) (Notes 6(7) and (24)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	(119,151)	-	(24,126)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	203,284	-	158,801	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,410)	-	(14,912)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	23,966	-	5,494	-
	Components of other comprehensive income that will not be reclassified to profit or loss	106,689	-	125,257	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(226,597)	-	457,723	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(762)	-	126	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(227,359)	-	457,849	1
8300	Other comprehensive income	(120,670)	-	583,106	1
8500	Comprehensive income	\$ 6,542,718	10	4,023,047	8
	Profit attributable to:				
8610	Owners of parent	\$ 6,297,521	10	3,116,035	6
8620	Non-controlling interests	365,867	-	323,906	1
		\$ 6,663,388	10	3,439,941	7
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 6,179,980	10	3,645,565	7
8720	Non-controlling interests	362,738	-	377,482	1
		\$ 6,542,718	10	4,023,047	8
	Earnings per share (Note 6(25))				
9750	Basic earnings per share (NT dollars)	\$ 7.95		3.93	
9850	Diluted earnings per share (NT dollars)	\$ 7.93		3.93	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SANYANG MOTOR 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 parent												
	Retained earnings						Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 7,976,396	1,708,432	2,622,007	1,443,600	3,116,915	7,182,522	(1,740,360)	417,929	(1,322,431)	(132,816)	15,412,103	1,407,599	16,819,702
Profit for the year	-	-	-	-	3,116,035	3,116,035	-	-	-	-	3,116,035	323,906	3,439,941
Other comprehensive income for the year	-	-	-	-	(19,417)	(19,417)	409,237	139,710	548,947	-	529,530	53,576	583,106
Comprehensive income for the year	-	-	-	-	3,096,618	3,096,618	409,237	139,710	548,947	-	3,645,565	377,482	4,023,047
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	164,258	-	(164,258)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(109,352)	109,352	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,036,931)	(1,036,931)	-	-	-	-	(1,036,931)	-	(1,036,931)
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(4,351)	(4,351)	-	(4,351)
Retirement of treasury shares	(1,500)	(20)	-	-	(2,831)	(2,831)	-	-	-	4,351	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(239)	-	-	-	-	-	-	-	-	(239)	(3,847)	(4,086)
Changes in equity of associates and joint ventures accounted for using the equity method	-	5,589	-	-	(187,855)	(187,855)	-	-	-	-	(182,266)	27	(182,239)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	627,346	627,346
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	552,087	552,087	-	(552,087)	(552,087)	-	-	-	-
Balance at December 31, 2022	7,974,896	1,713,762	2,786,265	1,334,248	5,483,097	9,603,610	(1,331,123)	5,552	(1,325,571)	(132,816)	17,833,881	2,408,607	20,242,488
Profit for the year	-	-	-	-	6,297,521	6,297,521	-	-	-	-	6,297,521	365,867	6,663,388
Other comprehensive income for the year	-	-	-	-	(94,603)	(94,603)	(190,383)	167,445	(22,938)	-	(117,541)	(3,129)	(120,670)
Comprehensive income for the year	-	-	-	-	6,202,918	6,202,918	(190,383)	167,445	(22,938)	-	6,179,980	362,738	6,542,718
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	345,802	-	(345,802)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,419)	4,419	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(1,435,481)	(1,435,481)	-	-	-	-	(1,435,481)	-	(1,435,481)
Changes in ownership interests in subsidiaries	-	-	-	-	(183,169)	(183,169)	-	-	-	-	(183,169)	200,108	16,939
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	27,238	27,238
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	9,800	9,800	-	(9,800)	(9,800)	-	-	-	-
Balance at December 31, 2023	\$ 7,974,896	1,713,762	3,132,067	1,329,829	9,735,782	14,197,678	(1,521,506)	163,197	(1,358,309)	(132,816)	22,395,211	2,998,691	25,393,902

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SANYANG MOTOR 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)

	For the years ended December 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 8,075,448	4,049,986
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,365,161	1,356,666
Amortization expense	42,065	23,314
Expected credit loss	4,473	26,050
Net gain on financial assets or liabilities at fair value through profit or loss	-	(2,299)
Interest expense	438,193	278,585
Interest revenue	(608,728)	(289,733)
Dividend revenue	(57,842)	(47,254)
Share of loss of associates and joint ventures accounted for using the equity method	90,153	623,830
Loss on disposal of property, plant and equipment	56,312	51,167
Gain on disposal of investment properties	(57,014)	-
Gain on disposal of non-current assets classified as held for sale	(1,534,195)	-
Gain on disposal of investments accounted for using equity method	(17,708)	(498,877)
Impairment loss on non-financial assets	36,260	24,404
Gain recognised in bargain purchase transaction	-	(344,994)
Others	25,705	(6,680)
Total adjustments to reconcile profit (loss)	(217,165)	1,194,179
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	54,128	(252,422)
Accounts receivable from related parties	(310)	36
Other receivables	315,670	(258,509)
Inventories	(1,208,653)	(3,002,669)
Prepayments	57,845	(19,875)
Other current assets	(2,838)	(5,904)
Net defined benefit assets	(1,015)	(1,088)
Contract liabilities	(118,898)	94,364
Accounts payable	(10,473)	231,334
Accounts payable to related parties	51,803	2,142
Other payables	1,020,339	395,792
Provisions	187,520	81,802
Other current liabilities	165,278	69,520
Net defined benefit liabilities	(385,658)	(59,107)
Provisions for employee benefits	462	4,760
Other operating liabilities	8,315	11,310
Total adjustments	(83,650)	(1,514,335)
Cash inflow generated from operations	7,991,798	2,535,651
Interest received	394,946	272,749
Interest paid	(438,815)	(277,688)
Income taxes paid	(1,014,949)	(496,883)
Net cash flows from operating activities	6,932,980	2,033,829

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SANYANG MOTOR 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)

	For the years ended December 31	
	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(674,979)	(230,410)
Proceeds from disposal of financial assets at fair value through other comprehensive income	73,414	236,989
Acquisition of investments accounted for using the equity method	(243,809)	(1,774,583)
Proceeds from disposal of investments accounted for using the equity method	157,614	-
Proceeds from disposal of non-current assets classified as held for sale	1,200,000	-
Decrease in receipts in advance due to disposal of assets	(139,845)	-
Increase in receipts in advance due to disposal of assets	4,156	135,389
Acquisition of property, plant and equipment	(1,886,164)	(2,278,212)
Proceeds from disposal of property, plant and equipment	175,499	128,021
Net cash flow from acquisition of subsidiaries	-	470,900
Increase in other receivables	(259,680)	(264,660)
Decrease in other receivables	259,680	264,660
Acquisition of investment properties	(2,763)	(3,914)
Proceeds from disposal of investment properties	70,885	-
Acquisition of intangible assets	(78,458)	-
Increase in long-term lease receivables	(112,991)	(71,501)
Decrease (increase) in other current financial assets	(69,818)	433,919
Increase in other non-current financial assets	(2,156,108)	(669,162)
Increase in other non-current assets	(27,692)	(15,390)
Dividends received	67,544	56,725
Net cash flows used in investing activities	(3,643,515)	(3,581,229)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	56,101,769	65,460,778
Decrease in short-term borrowings	(57,508,616)	(63,242,893)
Decrease in short-term notes and bills payable	(135,222)	(13,387)
Proceeds from long-term borrowings	31,672,235	14,816,019
Repayments of long-term borrowings	(30,979,978)	(11,403,019)
Increase in guarantee deposits received	67,451	60,841
Payments of lease liabilities	(141,051)	(126,574)
Cash dividends paid	(1,435,481)	(1,036,931)
Cost of increase in treasury shares	-	(4,351)
Acquisition of subsidiaries	-	(4,086)
Changes in non-controlling interests	44,177	(5,741)
Net cash flows from (used in) financing activities	(2,314,716)	4,500,656
Effect of exchange rate changes on cash and cash equivalents	(31,140)	84,661
Net increase in cash and cash equivalents	943,609	3,037,917
Cash and cash equivalents at beginning of period	7,867,822	4,829,905
Cash and cash equivalents at end of period	\$ 8,811,431	7,867,822

See accompanying notes to consolidated financial statements.

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR 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, Unless Otherwise Specified)

1 Company history

SANYANG MOTOR CO., LTD. (the “Company”) was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together, The registered office is located at No. 3, Chung Hwa Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam’s scooter market in 2000.

The consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

The major business activities of the Group are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

2 Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3 New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

In addition, the Group has adopted Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. Please refer to Note 6(23) for further description. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing global minimum tax.

- (b) The impact of IFRS issued by the FSC but not yet effective

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
 - Amendments to IAS 1 “Non-current Liabilities with Covenants”
 - Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
 - Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”
- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have been issued by the Internal Accounting Standards Board (IASB), but yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4 Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC. (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant accounts:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial instruments at fair value through other comprehensive income are measured at fair value ; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2023	December 31, 2022	
The Company	Shan Young Assets Management Co., Ltd.(Shan Young)	Real estate development and management	100.00%	100.00%	
The Company	Youth Taisun Co., Ltd.(Youth Taisun)	Manufacturing of automobiles, scooters and their parts	100.00%	100.00%	
The Company	Chu-Yang Motor Co., Ltd.(Chu-Yang)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Nanyang Industries Co., Ltd.(Nanyang)	Distribution, repair, and maintenance of automobiles and its parts	89.78%	89.78%	Note 3
The Company	Nova Design Co., Ltd.(Nova Design)	Product design	100.00%	100.00%	
The Company	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	16.27%	16.27%	
The Company	Ching Ta Investment Co., Ltd.(Ching Ta)	Investment activities	99.66%	99.66%	
The Company	Profit Source Investments Ltd.(Profit Source)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Deutschland GmbH(SDE)	Sale of scooters and its parts	100.00%	100.00%	
The Company	SY International Ltd.(SYI)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Italia S.r.l(SIT)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Sanyang Motor Colombia S.A.S(SCB)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Yi Young Co., Ltd.(Yi Young)	Waste disposal	100.00%	100.00%	Note 1
The Company	APh corporation (APh)	Investment shareholding company	66.57%	53.23%	Note 4
APh	APh ePower Co., Ltd.(APh ePower)	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.	100.00%	100.00%	Note 5
Shan Young	Vista Hill Environmental Co., Ltd.(Vista Hill Environmental)	Waste disposal	70.95%	-%	Note6
NOVA Design	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	42.30%	42.30%	
Nanyang	Li Yang Industry Co., Ltd.(Li Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	61.46%	61.46%	
Nanyang	Jau Ryh Business Co., Ltd.(Jau Ryh)	Truck rental and leasing	100.00%	100.00%	
Nanyang	Nanyang Holding Co., Ltd.(NY Samoa)	Investment shareholding company	100.00%	100.00%	
Nanyang	Nanyang Insurance Agent Co., Ltd.(Nanyang Insurance Agent)	Property insurance agency business	92.86%	92.86%	
Nanyang	Shian Yang Industrial Co., Ltd.(Shian Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Chuanyang Industrial Co., Ltd. (Chuanyang)	Distribution, repair, and maintenance of automobiles and its parts	100.00%	-%	Note7
Ching Ta	Three Brothers Machinery Industrial Co., Ltd.(TBM)	Manufacturing, processing and sale of scooter parts	55.00%	55.00%	
Ching Ta	Fact Co., Ltd.	Manufacturing, processing and sale of hardware and iron	100.00%	100.00%	

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio		Description
			December 31, 2023	December 31, 2022	
Ching Ta	Sunshine Auto-Lease Co., Ltd.(Sunshine Auto-Lease)	Passenger car rental and leasing	21.12%	21.12%	
Ching Ta	Nova Design Ltd.(NOVA Samoa)	Investment shareholding company	57.70%	57.70%	
Profit Source	Chong Hing International Ltd.(Chong Hing)	Investment shareholding company	100.00%	100.00%	
Chong Hing	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	61.55%	61.55%	
Sun Goal	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	30.27%	30.27%	
SYI	Cosmos System Inc.(Cosmos)	Investment shareholding company	100.00%	100.00%	
SYI	New Path Trading Ltd.(New Path)	Investment shareholding company	100.00%	100.00%	
SYI	Plassen International Ltd.(PIL)	Investment shareholding company	100.00%	100.00%	
SYI	Vietnam Manufacturing and Export Processing (Holdings) Ltd.(VMEPH)	Investment shareholding company	67.07%	67.07%	
SYI	Sun Goal Ltd.(Sun Goal)	Investment shareholding company	100.00%	100.00%	
NY Samoa	Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.(Chang Zhou Nan Yang)	Retail of automobiles and its parts	100.00%	100.00%	
NOVA Samoa	Nova Design (Shanghai) Ltd.(Nova Shanghai)	Industrial product industrial design	38.45%	38.45%	
TBM	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing, and sale of scooter parts	69.00%	69.00%	
TBM	Three Brothers Machinery Industrial (BVI) Co.,Ltd.(TBM BVI)	Investment shareholding company	100.00%	100.00%	
Cosmos	Zhangjiagang Qingzhou Engineering Industry Co., Ltd.(SCK)	Manufacturing and sale of scooter parts	69.73%	69.73%	
New Path	Sanyang Global (Xiamen) Co., Ltd.(Sanyang Global)	Scooter parts and molds development and wholesale	100.00%	100.00%	
VMEPH	Chin Zong Trading Co., Ltd.(Chin Zong)	Wholesale and retail of scooters and its parts	100.00%	100.00%	
VMEPH	Vietnam Manufacturing and Export Processing Co., Ltd.(VMEP)	Manufacturing and sale of scooters and its part	100.00%	100.00%	
PIL	Xiamen Xiashing Motorcycle Co., Ltd.(Xia Shing Motor)	Manufacturing and sale of scooters and its parts	76.67%	76.67%	
Xia Shing Motor	Xiamen Xiashing Trading Co., Ltd.(Xia Shing Trading)	Retail of automobiles and its parts	100.00%	100.00%	Note 2
TBM BVI	Xiamen Three Brothers Machinery Industrial Co., Ltd.(XTBM)	Manufacturing, processing and sale of scooter parts	100.00%	100.00%	
VMEP	Vietnam Casting Forge Precision Ltd. (VCFP)	Manufacturing of scooter parts, etc	100.00%	100.00%	
VMEP	Vietnam Three Brothers Machinery Industrial Co., Ltd.(VTBM)	Manufacturing, processing and sale of scooter parts	31.00%	31.00%	
VMEP	Dinh Duong Joint Stock Company(Dinh Duong)	Sale of scooters and real estate development, etc.	99.94%	99.94%	

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Note 1: Yi Young was established by the Group in the first quarter of 2022.
- Note 2: Xia Shing Motor increased its invested capital in Xia Shing Trading by CNY 3,000 thousand in the first quarter of 2022.
- Note 3: The Company acquired 0.18% of Nanyang's equity (comprised of 263 held thousand shares) from non-related parties with \$4,086 thousand in the third quarter of 2022.
- Note 4: The Company will participate in the capital increase plan of APh from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board Meeting on June 2, 2022, and has been announced at the Market Observation Post System. The accumulated percentage of shareholdings reached 53.23% on November 11, 2022. From that date, the Company obtained control over it. As of December 31, 2023, the Company has subscribed to additional shares at \$1,883,061 thousand at a percentage different from its existing ownership percentage.
- Note 5: In May 2022, APh ePower conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh., APh ePower became a 100% owned subsidiary of APh.
- Note 6: In the fourth quarter of 2023, Shan Young increased its invested capital in Vista Hill Environmental by \$95,928 thousand, acquiring 70.95% of Vista Hill Environmental's equity (comprised of 9,593 held thousand shares) and Vista Hill Environmental becoming a subsidiary of Shan Young.
- Note 7: Chuanyang was established by the Group in the fourth quarter of 2023.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent the hedge is effective.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled within the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, leases receivable, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowances charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

(i) Manufacturing industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes costs incurred in bringing them to their existing location and condition. The cost of real estate development includes the construction costs incurred in developing, the land costs, the borrowing costs and the project costs. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction in progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

3) Properties and land held for sale

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

(i) Non-current assets held for sale

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

1) Buildings	2~60 years
2) Machinery equipment	2~15 years
3) Utilities and vehicles	2~15 years
4) Office equipment and others	2~14 years
5) Leased assets	3~5 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|-----------------------|---------------|
| 1) Computer software | 2~15 years |
| 2) Royalty and Others | 5~19.51 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For the assets expect for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods-automobiles, scooters and their parts

The Group manufactures and sells automobiles, scooters and their parts. The Group recognizes revenue 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 location according to the contract, 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Group's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision, please refer to Note 6(20).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Service revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators, which is calculated when sales actually occur.

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4) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred, while deferred payment terms may be agreed in rare circumstances. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

5) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses in the periods during which services are render by the employees.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to

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defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (t) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the

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acquisition date.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5 Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the regulations and IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. These assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the

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assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(4).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(5) for further description of the valuation of inventories.

Assessment

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value.

The group periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Group evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Group strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(29).

The assumptions used in measuring fair value please refer to the following notes:

- (i) Note 6(13) Investment property
- (ii) Note 6(29) Financial instruments

6 Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 2,345	2,552
Bank deposits	4,248,693	4,637,540
Time deposits	2,604,650	2,997,940
Cash equivalents	<u>1,955,743</u>	<u>229,790</u>
Cash and cash equivalents	<u>\$ 8,811,431</u>	<u>7,867,822</u>

- (i) Time deposits with a maturity of over three months and without restrictions are classified as other current financial assets. As of December 31, 2023 and 2022, the balances of such deposits classified as other current financial assets were \$4,994,015 thousand and \$3,235,553 thousand, respectively.

- (ii) The Group's deposits in segregated trust account which are restricted for withdrawal, are classified as other non-current financial assets. As of December 31, 2023 and 2022, the balances of such deposits classified as other non-current financial assets were \$16,108

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thousand and \$11,803 thousand, respectively.

- (iii) Please refer to Note 6(29) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Non-current financial assets measured at fair value through profit or loss:		
Preferred shares of overseas unlisted companies	\$ 15,459	15,459

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Common shares of domestic listed companies	\$ 730,500	156,455
Common shares of domestic unlisted companies	574,354	326,085
Common shares of overseas unlisted companies	<u>371,702</u>	<u>375,226</u>
Total	<u>\$ 1,676,556</u>	<u>857,766</u>

- (i) The Group designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Group intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2023 and 2022, dividend revenues of \$57,840 thousand and \$47,251 thousand respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follows:

	2023	2022
Fair value of disposal	<u>\$ 73,414</u>	<u>3,359,258</u>
Gain or loss on disposal transferred to retained earnings	<u>\$ 9,800</u>	<u>552,087</u>

The group acquired its equity in Taiwan Tea Corporation from the open market successively, and its shareholding percentage exceeded 20% on January 11, 2022. As a result, the equity in Taiwan Tea Corporation, previously recognized as financial assets at fair value through other comprehensive income, was reclassified as investments accounted for using the equity method starting from that date. The fair value on January 11, 2022 is \$3,122,269 thousand, please refer to Note 6(7).

- (iv) Please refer to Note 6(29) for credit risk and market risk.
- (iv) As of December 31, 2023 and 2022, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals.

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(4) Notes and accounts receivable (including related parties) and other receivables

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 347,501	316,917
Installment notes receivable from operating activities	931	931
Less: Unrealized interest revenue from installment sales	(57)	(57)
Subtotal	<u>348,375</u>	<u>317,791</u>
Accounts receivable—measured at amortized cost	2,011,982	2,207,043
Installment accounts receivable—measured at amortized cost	6,527	6,708
Less: Unrealized interest revenue from installment sales	(711)	(723)
Subtotal	<u>2,017,798</u>	<u>2,213,028</u>
Lease receivables—measured at amortized cost	1,092,034	926,657
Less: Unrealized interest revenue	(62,217)	(44,427)
Subtotal	<u>1,029,817</u>	<u>882,230</u>
Other receivables	1,227,178	859,783
Less: Unrealized interest revenue	(24,035)	-
Subtotal	<u>1,203,143</u>	<u>859,783</u>
Total	4,599,133	4,272,832
Less: loss allowance	<u>(69,666)</u>	<u>(138,500)</u>
	<u>\$ 4,529,467</u>	<u>4,134,332</u>
Current	\$ 3,423,994	3,597,815
Non-current	1,105,473	536,517
Total	<u>\$ 4,529,467</u>	<u>4,134,332</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

Expected credit losses for notes and accounts receivable were determined as follows:

	December 31, 2023			
Credit rating	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 3,112,767	0%~5%	30,502	Yes
Medium risk	283,223	11%~100%	39,164	Yes
Total	<u>\$ 3,395,990</u>		<u>69,666</u>	

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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Credit rating	December 31, 2022			
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 3,174,809	0%~5%	13,733	Yes
Medium risk	238,240	27%~100%	124,767	Yes
Total	<u>\$ 3,413,049</u>		<u>138,500</u>	

The aging analyses of notes and accounts receivable were determined as follows:

	December 31, 2023	December 31, 2022
Current	\$ 3,058,547	3,036,085
Overdue 0 to 90 days	256,456	218,835
Overdue 91 to 180 days	59,073	53,651
Over 180 days past due	21,914	104,478
	<u>\$ 3,395,990</u>	<u>3,413,049</u>

For the credit risk of other receivables as of December 31, 2023 and 2022, please refer to Note 6(29).

The movements in the allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 138,500	108,659
Impairment losses	4,473	26,050
Amounts written off	(71,191)	(132)
Foreign exchange (losses) gains	(2,116)	3,923
Balance at December 31	<u>\$ 69,666</u>	<u>138,500</u>

As of December 31, 2023 and 2022, notes and accounts receivable of the Group were pledged as collaterals; please refer to Note 8.

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(5) Inventories

	December 31, 2023	December 31, 2022
Manufacturing Industry:		
Raw materials and materials	\$ 2,405,866	3,355,822
Work in process	295,440	440,430
Finished goods	3,118,851	2,124,490
Inventories in transit	<u>2,080,224</u>	<u>1,651,548</u>
Subtotal	<u>7,900,381</u>	<u>7,572,290</u>
Construction industry:		
Land held for construction site	2,420,864	2,200,743
Prepaid for land purchase	<u>428,666</u>	<u>90,531</u>
Subtotal	<u>2,849,530</u>	<u>2,291,274</u>
Total	<u>\$ 10,749,911</u>	<u>9,863,564</u>
Expected to be recovered in more than 12 months	<u>\$ 2,761,489</u>	<u>2,200,743</u>

- (i) Shan Young, a subsidiary of the Group, acquired the land located on Fuxing Section., Hsinchu City in the year of 2019 in succession and was involved in the Phase II Land Readjustment Project in Guaung-Pu, East District, Hsinchu City. According to the Plan of Readjustment prepared by preparatory committee in April, 2014, the land owners should bear the allocation of public facilities area in proportion to 39.26% and allocation of expenditures in proportion to 13.57%. The actual aforementioned ratio would depend on the calculation approved by the Hsinchu City Government. In addition, according to the Readjustment Rules made by the preparatory committee in July, 2014, all matters related to the readjustment area would be contracted to Zhen Ding Development Co., Ltd..
- (ii) Shan Young, a subsidiary of the Group, acquired the land located on Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2021 in succession, to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township, Hsinchu County in the year of 2022 and delegate the related party, Wei Yi Development and Construction Co., Ltd., to carry out all business related to the consolidation project, and delegate the related party, Huang Yu Chang, to advance all expenses for engineering work and land consolidation. The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities.
- (iii) Shan Young, a subsidiary of the Group, temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and registration of other rights as guarantees. As of December 31, 2023 and 2022, the cost of land, in land registration progress, amounted to \$482,925 thousand and \$412,881 thousand, respectively.
- (iv) Dinh Duong, the subsidiary of VMEPH, a subsidiary of the Group, signed the Memorandum of Understanding with Mr. Nguyen Danh Hoang Viet, a non-related party, in the year of 2019. Both parties agreed to collaboratively invest the property located in Ciputra Hanoi International City, Hanoi, Vietnam. According to the terms of the Memorandum, the property cannot be sold at a profit unless both parties agree with it. Also, due to the counter-party is Mr. Nguyen Danh Hoang Viet, the Group has acquired related documents as guarantees. The balance of related

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prepayments for land purchase at December 31, 2023 and 2022 were \$88,041 thousand and \$90,531 thousand, respectively.

- (v) For the years ended December 31, 2023 and 2022, the details of the cost of sales were as follows:

	For the years ended December 31	
	2023	2022
Cost of goods sold and others	\$ 49,611,092	39,770,413
Revenue from sale of scraps	(91,042)	(77,430)
Loss on disposal of inventory	46,124	8,393
Loss on (gain on recovery of) inventory market price decline and obsolescence	(67,380)	76,918
Gain on recovery of physical inventory	(3,446)	(2,341)
Cost of technical service	341,402	293,958
Cost of lease	523,234	491,814
Cost of design service	28,814	31,431
Others	662,322	539,252
Total	\$ 51,051,120	41,132,408

- (vi) The Group recognized gain on reversal of inventory write downs for the year ended December 31, 2023 due to disposal or sale of inventories.
- (vii) As of December 31, 2023 and 2022, the Group did not provide any inventories as collaterals.

(6) Non-current assets as held for sale

The Group sold 12 pieces of land numbered 259, located at the Ronhua Section, Xinfeng Township, Hsinchu County and the building on it. It was resolved by the Board Meeting on June 14, 2022. The contract of real estate transaction was signed on June 15, 2022. Therefore, \$97,036 thousand of the investment properties were reclassified as non-current assets held for sale. According to the contract of real estate transaction, the sales price is \$1,200,000 thousand. As of December 31, 2022, the transfer of ownership was still in process and the amount of \$120,000 thousand has been received, recognized as "other current liabilities, others"; the Company received a letter of commitment for the said real estate transaction in 2023 and has since completed all related process of transaction and met all supplementary requirements in the same year. A gain of \$1,534,195 thousand was recognized in 2023 on this disposal. As of December 31, 2023, an outstanding amount of \$455,965 thousand was recognized as other non-current receivables.

(7) Investments accounted for using equity method

- (i) A summary of the group's financial information on investments accounted for using the equity method is as follows:

	December 31, 2023	December 31, 2022
Associates	\$ 4,625,282	4,643,509

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- (ii) The information of the major associate of the investments accounted for using the equity method was as follows:

Associates	Relationship	Registration Country	Percentage of ownership	
			2023.12.31	2022.12.31
Taiwan Tea Corporation	Production and marketing of teas and real estate management and development, etc.	Taiwan	28.31%	27.84%

The fair value of investments in publicly traded stocks of the major associate was as follows:

	December 31, 2023	December 31, 2022
Taiwan Tea Corporation	<u><u>\$ 4,616,546</u></u>	<u><u>4,431,496</u></u>

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' consolidated financial statements based on the IFRS as endorsed by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

The financial information of Taiwan Tea Corporation was as follows:

	December 31, 2023	December 31, 2022
Current assets	\$ 1,734,933	1,821,771
Non-current assets	24,141,943	24,340,111
Current liabilities	(472,457)	(1,001,144)
Non-current liabilities	<u>(10,939,028)</u>	<u>(10,402,232)</u>
Net assets	<u><u>14,465,391</u></u>	<u><u>14,758,506</u></u>
Net assets, attributable to non-controlling interests	<u><u>\$ -</u></u>	<u><u>-</u></u>
Net assets, attributable to investee's shareholders	<u><u>\$ 14,465,391</u></u>	<u><u>14,758,506</u></u>
	For the year ended 2023	2022.1.11 ~2022.12.31
Sales revenue	<u><u>\$ 379,507</u></u>	<u><u>376,996</u></u>
Net loss from continuing operations	(299,703)	(2,205,396)
Other comprehensive income	<u>6,589</u>	<u>(56,441)</u>
Comprehensive income	<u><u>\$ (293,114)</u></u>	<u><u>(2,261,837)</u></u>
Comprehensive income net loss, attributable to non-controlling interests	<u><u>\$ -</u></u>	<u><u>-</u></u>
Comprehensive income, attributable to investee's shareholders	<u><u>\$ (293,114)</u></u>	<u><u>(2,261,837)</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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	<u>For the year ended</u> 2023	<u>2022.1.11</u> <u>~2022.12.31</u>
Beginning balance of investments in major associate at January 1	\$ 4,104,534	-
Transfer from Financial assets at fair value through other comprehensive income	-	3,122,269
Additions	208,427	1,263,263
Disposals	(139,453)	-
Gain recognised in bargain purchase transaction	-	344,994
Comprehensive income attributable to Group	<u>(78,313)</u>	<u>(625,992)</u>
Ending balance of investments in major associate at December 31	4,095,195	4,104,534
Goodwill	<u>56,702</u>	<u>21,320</u>
Total carrying amount of equity of the major associate as of December 31	<u>\$ 4,151,897</u>	<u>4,125,854</u>

- (iii) The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 473,385</u>	<u>517,655</u>

	<u>For the years ended December 31</u> <u>2023</u>	<u>2022</u>
Attributable to the Group:		
Net loss from continuing operations	(11,244)	(10,175)
Other comprehensive income (loss)	<u>(2,768)</u>	<u>(2,450)</u>
Comprehensive income	<u>(14,012)</u>	<u>(12,625)</u>

- (iv) In July 2021, APh ePower conducted a cash capital increase, and the Company subscribed to additional share by \$150,000 thousand at a percentage different from its existing ownership percentage, resulting in the shareholding ratio increased from 23.21% to 29.51%. Later in March 2022, the Company acquired 4,000 thousand shares of APh ePower from non-related parties with \$60,000 thousand, resulting in the shareholding ratio increased from 29.51% to 32.79%.

In May 2022, APh ePower conducted a payment-in-kind of equity shares. By exchanging one ordinary share with one share of APh, APh ePower became a 100% owned subsidiary of APh. Because of the transaction, the Group obtained 40,000 thousand shares of APh instead, with a total amount \$317,451 thousand and a shareholding percentage of 32.79%.

The Company will participate in the capital increase plan of APh from 2022 to 2025, at a subscription price of \$15 per share, with a total amount of \$3,000,000 thousand. It has been resolved by the Board Meeting on June 2, 2022. On July 1, 2022, the Group subscribed to

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 12.05% of the total equity shares, and recognized the difference between from additional paid-in-capital of \$2,444 thousand and retained earnings of \$187,855 thousand. Later on November 1, 2022, the Group subscribed to additional shares of \$400,000 thousand at a percentage different from its existing ownership percentage, obtained 8.39% of the total equity shares. With the accumulated percentage of shareholdings reaching 53.23%, the Group obtained control over it. From that date, it became a subsidiary of the Group. Please refer to Note 6 (8) for details.

- (v) Although the Group is the largest shareholder of some associates, per comprehensive assessment, the key activities of the associates are resolved by the Board Meeting. The Group does not possess more than half of the seats in Board Meeting and hold the voting rights of more than half of its shareholders' attendance rate. Therefore, the Group is unable to dominate their principal business activities. In conclusion, there is only the existence of significant influence over rather than control over the associates stated above.
- (vi) The Group acquired 63,250 thousand shares of privately placed shares of Taiwan Tea Corporation at a price of \$15.25 per share, with a total amount of \$964,563 thousand in October 2018. The Group can transfer the private placed shares in compliance with Article 43-8 of Securities and Exchange Act. But the issuer should meet the terms and conditions of issuance before conducting the public issuance procedures.
- (vii) As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using the equity method as collaterals.

(8) Business combination

The Group successively participated in the capital increase plan of APH in 2022. As of November 1 2022, the accumulated shareholding percentage reached 53.23%. From that date the Group obtained control over it. APH is in investment industry. The main operations of its 100% owned subsidiary APH ePower are the production, development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing, which is beneficial for the company to develop the market share of electric vehicles and businesses in renewable energy.

From that date (November 1, 2022), the group obtained control to December 31, 2022, APH revenue and net loss is \$29 thousand and \$38,931 thousand.

- (i) Consideration transferred is \$400,000 thousand in cash.
- (ii) The recognized amounts of identifiable assets acquired and liabilities assumed.

The following table summarizes the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	\$ 870,900
Inventories	1,309
Prepayments	15,152
Other current assets, others	150
Property, plant and equipment (Note 6(11))	108,620
Right-of-use assets (Note 6(12))	153,008

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Intangible assets (Note 6(14))	4,013
Intangible assets—Patents and others (Note 6(14))	372,490
Other non-current assets, others	10,168
Other payables	(6,506)
Current lease liabilities	(12,361)
Other current liabilities, others	(124)
Non-current lease liabilities	<u>(140,648)</u>
Fair value of net identifiable assets	<u>\$ 1,376,171</u>

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows :

Consideration transferred	\$ 400,000
Add : Non-controlling interest (measured at proportionate share of identifiable net assets attributable to non-controlling interests)	643,609
Add : Fair value of pre-existing interest in acquiree	1,000,000
Less: Fair value of identifiable net assets	<u>(1,376,171)</u>
Goodwill	<u>\$ 667,438</u>

Goodwill is mainly from the future development in energy market and profitability of APh ePower the subsidiary is 100% owned by APh. It is expected to create synergy from the integration of the electronic vehicle business of the company and the Group. Please refer to Note 6 (14) for the impairment evaluation for goodwill.

- (iv) The Group recognized a gain of \$498,877 thousand arising from the remeasurement of fair value of 44.84% equity of APh owned before the acquisition date. For the year ended December, 2022, the gain was recognized as “other gain and loss”.

(9) Changes in a parent's ownership interest in a subsidiary and acquisitions of non-controlling interests

Acquisitions of non-controlling interests

- (i) In 1 July 2023, the Group subscribed to additional shares of APh of \$1,083,061 thousand at a percentage different from its existing ownership percentage, please refer to the Note 4(2) for the changes in shareholding ratio .

The impacts of the changes in the Group's ownership of APh upon the equity attributable to owners of parent were as follows:

	For the year end December 31 <u>2023</u>
Retained earnings	<u>\$ (183,169)</u>

- (ii) In July 2022, the Group further acquired shares of Nanyang in cash with \$4,086 thousand, and the shareholding ratio increased from 89.60% to 89.78%.

The impacts of the changes in the Group's ownership of Nanyang upon the equity attributable to

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owners of parent were as follows:

	For the year end December 31 2022
Carrying amount of the acquired non-controlling interests	\$ 3,847
The consideration paid to non-controlling interests	(4,086)
Capital surplus - Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u><u>\$ (239)</u></u>

(10) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2023	December 31, 2022
VMEPH and its subsidiaries	Vietnam/Hong Kong	32.93%	32.93%
Xia Shing Motor and its subsidiaries	China	23.33%	23.33%
Aph and its subsidiaries	Taiwan	33.43%	46.77%

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) VMEPH and its subsidiaries's collective financial information:

	December 31, 2023	December 31, 2022
Current assets	\$ 2,995,997	3,629,428
Non-current assets	261,038	275,561
Current liabilities	(1,621,090)	(2,264,414)
Non- current liabilities	(68,231)	(72,857)
Net assets	<u><u>\$ 1,567,714</u></u>	<u><u>1,567,718</u></u>
Non-controlling interests	<u><u>\$ 516,334</u></u>	<u><u>516,339</u></u>

	For the years ended December 31	
	2023	2022
Sales revenue	<u><u>\$ 3,277,534</u></u>	<u><u>3,961,507</u></u>
Net gain (loss)	\$ 44,248	(1,205)
Other comprehensive income	(44,251)	112,919
Comprehensive income	<u><u>\$ (3)</u></u>	<u><u>111,714</u></u>
Net gain (loss), attributable to non controlling interests	<u><u>\$ 14,571</u></u>	<u><u>(397)</u></u>

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Comprehensive income, attributable to non-controlling interests	\$ <u>(1)</u>	<u>36,785</u>
Net cash flows from operating activities	\$ (106,289)	9,658
Net cash flows from investing activities	304,286	(127,886)
Net cash flows from financing activities	<u>23,748</u>	<u>121,956</u>
Net increase in cash and cash equivalents	<u>\$ 221,745</u>	<u>3,728</u>

(ii) Xia Shing Motor and its subsidiaries's collective financial information:

	December 31, 2023	December 31, 2022
Current assets	\$ 2,898,014	3,923,648
Non-current assets	4,604,395	2,510,698
Current liabilities	(2,126,751)	(2,432,927)
Non- current liabilities	<u>(348,037)</u>	<u>(82,789)</u>
Net assets	<u>\$ 5,027,621</u>	<u>3,918,630</u>
Non-controlling interests	<u>\$ 1,172,944</u>	<u>914,216</u>

	For the years ended December 31 2023	2022
Sales revenue	<u>\$ 9,624,620</u>	<u>10,657,593</u>
Net gain	\$ 1,201,308	1,198,761
Other comprehensive income	<u>(92,317)</u>	<u>36,872</u>
Comprehensive income	<u>\$ 1,108,991</u>	<u>1,235,633</u>
Net gain, attributable to non controlling interests	<u>\$ 280,265</u>	<u>279,671</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 258,728</u>	<u>288,270</u>
Net cash flows from operating activities	\$ 1,997,780	644,534
Net cash flows from investing activities	(2,279,380)	(767,064)
Net cash flows from financing activities	<u>292,011</u>	<u>136,417</u>
Net increase in cash and cash equivalents	<u>\$ 10,411</u>	<u>13,887</u>

(iii) Aph and its subsidiaries's collective financial information:

	December 31, 2023	December 31, 2022
Current assets	\$ 1,090,751	684,448
Non-current assets	1,330,972	812,877
Current liabilities	(28,506)	(21,012)
Non- current liabilities	<u>(126,115)</u>	<u>(138,461)</u>
Net assets	<u>\$ 2,267,102</u>	<u>1,337,852</u>
Non-controlling interests	<u>\$ 757,892</u>	<u>625,713</u>

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	For the year ended December 31 2023	2022.11.1~ 2022.12.31
Sales revenue	\$ 1,416	29
Net loss	\$ (170,750)	(38,931)
Other comprehensive income	-	-
Comprehensive income	\$ (170,750)	(38,931)
Net loss, attributable to non controlling interests	\$ (67,930)	(18,508)
Comprehensive income, attributable to non-controlling interests	\$ -	-
Net cash flows from operating activities	\$ (142,585)	(25,941)
Net cash flows from investing activities	(587,561)	(183,703)
Net cash flows from financing activities	1,087,855	(2,226)
Net increase (decrease) in cash and cash equivalents	\$ 357,709	(211,870)

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(11) Property, plant and equipment

The movement in the cost, depreciation and impairment of the property, plant and equipment of the Group were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:									
Balance on January 1, 2023	\$ 7,051,556	7,357,969	14,491,054	1,645,027	1,569,389	1,559,830	499,251	-	34,174,076
Additions	1,276	33,520	233,153	34,453	46,936	443,581	1,093,245	-	1,886,164
Disposals	-	(40,939)	(2,211,884)	(367,971)	(276,207)	(285,530)	-	-	(3,182,531)
Transfer from (to) inventories	115,472	-	-	207,811	29,162	-	-	-	352,445
Transfer from (to) construction in progress	-	21,067	280,318	14,907	23,461	-	(339,753)	-	-
Transfer from prepayments for equipment	-	-	277	-	-	-	-	-	277
Reclassifications	-	-	-	-	-	-	(27,292)	-	(27,292)
Effect of changes in foreign exchange rates	-	(31,914)	(28,089)	(8,183)	(43,366)	-	(3,257)	-	(114,809)
Balance on December 31, 2023	<u>\$ 7,168,304</u>	<u>7,339,703</u>	<u>12,764,829</u>	<u>1,526,044</u>	<u>1,349,375</u>	<u>1,717,881</u>	<u>1,222,194</u>	<u>-</u>	<u>33,088,330</u>
Balance on January 1, 2022	\$ 6,239,954	7,022,392	14,503,006	1,625,452	1,579,246	1,416,454	318,884	-	32,705,388
Acquired from business combination	-	54,327	62,020	12,298	5,720	-	11,292	-	145,657
Additions	835,708	46,344	276,026	22,163	40,114	384,135	673,722	-	2,278,212
Disposals	-	(8,861)	(782,377)	(136,698)	(89,699)	(240,759)	-	-	(1,258,394)
Transfer from inventories	-	-	-	90,785	26,148	-	-	-	116,933
Transfer to investment property	(24,106)	(79,090)	-	-	-	-	-	-	(103,196)
Transfer from (to) construction in progress	-	261,033	208,036	7,618	32,297	-	(508,984)	-	-
Transfer from prepayments for equipment	-	-	1,295	-	-	-	-	-	1,295
Reclassifications	-	-	-	-	-	-	(2,916)	-	(2,916)
Effect of changes in foreign exchange rates	-	61,824	223,048	23,409	(24,437)	-	7,253	-	291,097
Balance on December 31, 2022	<u>\$ 7,051,556</u>	<u>7,357,969</u>	<u>14,491,054</u>	<u>1,645,027</u>	<u>1,569,389</u>	<u>1,559,830</u>	<u>499,251</u>	<u>-</u>	<u>34,174,076</u>
Accumulated depreciation and impairment loss :									
Balance on January 1, 2023	\$ -	3,948,500	12,821,887	1,286,954	1,159,372	607,215	-	549,383	20,373,311
Depreciation for the year	-	195,161	478,722	67,365	121,099	258,599	-	-	1,120,946
Impairment loss	-	-	-	-	-	-	-	15,794	15,794
Disposals	-	(40,491)	(2,128,414)	(287,506)	(258,644)	(204,304)	-	(31,361)	(2,950,720)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	277	277
Effect of changes in foreign exchange rates	-	(20,764)	(25,852)	(6,666)	(33,925)	-	-	(13,165)	(100,372)
Balance on December 31, 2023	<u>\$ -</u>	<u>4,082,406</u>	<u>11,146,343</u>	<u>1,060,147</u>	<u>987,902</u>	<u>661,510</u>	<u>-</u>	<u>520,928</u>	<u>18,459,236</u>
Balance on January 1, 2022	\$ -	3,796,449	12,759,395	1,280,605	1,130,427	540,005	-	559,038	20,065,919
Depreciation for the year	-	176,815	528,397	53,687	122,989	241,620	-	-	1,123,508
Impairment loss	-	-	-	-	-	-	-	20,291	20,291
Acquired from business combination	-	14,058	16,578	3,214	3,187	-	-	-	37,037
Disposals	-	(7,069)	(689,677)	(69,218)	(78,068)	(174,410)	-	(60,764)	(1,079,206)
Transfer to investment property	-	(68,130)	-	-	-	-	-	-	(68,130)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	1,295	1,295
Effect of changes in foreign exchange rates	-	36,377	207,194	18,666	(19,163)	-	-	29,523	272,597
Balance on December 31, 2022	<u>\$ -</u>	<u>3,948,500</u>	<u>12,821,887</u>	<u>1,286,954</u>	<u>1,159,372</u>	<u>607,215</u>	<u>-</u>	<u>549,383</u>	<u>20,373,311</u>
Carrying amount:									
Balance on December 31, 2023	<u>\$ 7,168,304</u>	<u>3,257,297</u>	<u>1,618,486</u>	<u>465,897</u>	<u>361,473</u>	<u>1,056,371</u>	<u>1,222,194</u>	<u>(520,928)</u>	<u>14,629,094</u>
Balance on January 1, 2022	<u>\$ 6,239,954</u>	<u>3,225,943</u>	<u>1,743,611</u>	<u>344,847</u>	<u>448,819</u>	<u>876,449</u>	<u>318,884</u>	<u>(559,038)</u>	<u>12,639,469</u>
Balance on December 31, 2022	<u>\$ 7,051,556</u>	<u>3,409,469</u>	<u>1,669,167</u>	<u>358,073</u>	<u>410,017</u>	<u>952,615</u>	<u>499,251</u>	<u>(549,383)</u>	<u>13,800,765</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The Group temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and the registration of other rights as guarantees. As of December 31, 2023 and 2022, the cost of land, in land registration progress, amounted to \$194,698 thousand and \$193,421 thousand, respectively.
- (ii) VMEP, a subsidiary of the Group, conducted impairment assessment for property, plant and equipment, right-of-use assets and prepayments for equipment on the reporting date. The assessment was based on the recoverable amount of the assets, which was the greater of the value in use and the fair value less the costs to sell. The value in use was calculated based on the estimated cash flows affected by comprehensive conditions such as industrial change, market competition, and variation of future revenues, gross profit and operating costs, etc., then being discounted to its present value. The Group used discount rate of 9.47% and 16.68% for the years ended 2023 and 2022, respectively, which reflected the risks specific to the assets or CGUs, and impairment losses were accordingly recognized in the amount of \$14,154 thousand (\$14,024 thousand for property, plant and equipment, \$130 thousand for other non-current assets, others) and \$23,210 thousand (\$19,098 thousand for property, plant and equipment, \$254 thousand for prepayments for equipment, \$2,550 thousand for right of use assets and \$1,308 thousand for other non-current assets); please refer to Note 6(12) and (28).
- (iii) As of December 31, 2023 and 2022, the property, plant and equipment of the Group were pledged as collaterals; please refer to Note 8.

(12) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	Land	Buildings	Total
Cost:			
Balance on January 1, 2023	\$ 698,946	1,027,482	1,726,428
Additions	-	163,147	163,147
Reductions	-	(56,058)	(56,058)
Effect of changes in foreign exchange rates	(12,952)	715	(12,237)
Balance on December 31, 2023	<u>\$ 685,994</u>	<u>1,135,286</u>	<u>1,821,280</u>
Balance on January 1, 2022	\$ 490,577	942,184	1,432,761
Acquired from business combination	124,976	45,111	170,087
Additions	53,703	58,748	112,451
Reductions	(286)	(19,818)	(20,104)
Effect of changes in foreign exchange rates	29,976	1,257	31,233
Balance on December 31, 2022	<u>\$ 698,946</u>	<u>1,027,482</u>	<u>1,726,428</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Total
Accumulated depreciation and impairment loss:			
Balance on January 1, 2023	\$ 347,141	497,447	844,588
Depreciation for the year	20,136	144,132	164,268
Reductions	-	(16,918)	(16,918)
Effect of changes in foreign exchange rates	(9,218)	(388)	(9,606)
Balance on December 31, 2023	<u>\$ 358,059</u>	<u>624,273</u>	<u>982,332</u>
Balance on January 1, 2022	\$ 302,556	361,987	664,543
Acquired from business combination	2,078	15,001	17,079
Depreciation for the year	16,000	138,892	154,892
Impairment loss	2,550	-	2,550
Reductions	(286)	(19,370)	(19,656)
Effect of changes in foreign exchange rates	24,243	937	25,180
Balance on December 31, 2022	<u>\$ 347,141</u>	<u>497,447</u>	<u>844,588</u>
Carrying amount:			
Balance on December 31, 2023	<u>\$ 327,935</u>	<u>511,013</u>	<u>838,948</u>
Balance on January 1, 2022	<u>\$ 188,021</u>	<u>580,197</u>	<u>768,218</u>
Balance on December 31, 2022	<u>\$ 351,805</u>	<u>530,035</u>	<u>881,840</u>

As of December 31, 2023 and 2022, right-of-use assets of the Group were pledged as collaterals; please refer to Note 8.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Investment property

The movements of investment property of the Group were as follow :

	Owned property		Right-of-use assets	
	Land and improvements	Buildings	Land and improvements	Total
Cost or deemed cost:				
Balance on January 1, 2023	\$ 1,375,025	2,835,231	161,757	4,372,013
Additions	134	2,629	-	2,763
Disposal/Write-off	(13,871)	-	-	(13,871)
Effect of changes in foreign exchange rates	-	(1,726)	(4,113)	(5,839)
Balance on December 31, 2023	<u><u>\$ 1,361,288</u></u>	<u><u>2,836,134</u></u>	<u><u>157,644</u></u>	<u><u>4,355,066</u></u>
Balance on January 1, 2022	\$ 1,417,757	2,825,100	151,415	4,394,272
Additions	-	3,914	-	3,914
Transfer from property, plant and equipment	24,106	79,090	-	103,196
Transfer to non-current assets held for sale	(66,838)	(74,555)	-	(141,393)
Effect of changes in foreign exchange rates	-	1,682	10,342	12,024
Balance on December 31, 2022	<u><u>\$ 1,375,025</u></u>	<u><u>2,835,231</u></u>	<u><u>161,757</u></u>	<u><u>4,372,013</u></u>
Accumulated depreciation and impairment loss:				
Balance on January 1, 2023	\$ -	633,493	7,500	640,993
Depreciation for the year	-	78,052	1,895	79,947
Effect of changes in foreign exchange rates	-	(846)	(247)	(1,093)
Balance on December 31, 2023	<u><u>\$ -</u></u>	<u><u>710,699</u></u>	<u><u>9,148</u></u>	<u><u>719,847</u></u>
Balance on January 1, 2022	\$ -	532,731	5,430	538,161
Depreciation for the year	-	76,420	1,846	78,266
Transfer from property, plant and equipment	-	68,130	-	68,130
Transfer to non-current assets held for sale	-	(44,357)	-	(44,357)
Effect of changes in foreign exchange rates	-	569	224	793
Balance on December 31, 2022	<u><u>\$ -</u></u>	<u><u>633,493</u></u>	<u><u>7,500</u></u>	<u><u>640,993</u></u>
Carrying amount:				
Balance on December 31, 2023	<u><u>\$ 1,361,288</u></u>	<u><u>2,125,435</u></u>	<u><u>148,496</u></u>	<u><u>3,635,219</u></u>
Balance on December 31, 2022	<u><u>\$ 1,375,025</u></u>	<u><u>2,201,738</u></u>	<u><u>154,257</u></u>	<u><u>3,731,020</u></u>
Balance on January 1, 2022	<u><u>\$ 1,417,757</u></u>	<u><u>2,292,369</u></u>	<u><u>145,985</u></u>	<u><u>3,856,111</u></u>
Fair value:				
Balance on December 31, 2023				<u><u>\$17,349,006</u></u>
Balance on December 31, 2022				<u><u>\$13,656,597</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency's website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.
- (ii) As of December 31, 2023 and 2022, the investment property of the Group were pledged as collateral; please refer to Note 8.

(14) Intangible assets

	<u>Goodwill</u>	<u>Patents and others</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 667,438	389,508	1,056,946
Additions	-	78,458	78,458
Effect of changes in foreign exchange rates	-	(85)	(85)
Balance on December 31, 2023	<u><u>\$ 667,438</u></u>	<u><u>467,881</u></u>	<u><u>1,135,319</u></u>
Balance on January 1, 2022	\$ -	-	-
Acquired from business combinations	667,438	389,508	1,056,946
Balance on December 31, 2022	<u><u>\$ 667,438</u></u>	<u><u>389,508</u></u>	<u><u>1,056,946</u></u>
Accumulated amortisation and impairment loss:			
Balance on January 1, 2023	\$ -	16,716	16,716
Amortisation for the year	-	22,331	22,331
Effect of changes in foreign exchange rates	-	(11)	(11)
Balance on December 31, 2023	<u><u>\$ -</u></u>	<u><u>39,036</u></u>	<u><u>39,036</u></u>
Balance on January 1, 2022	\$ -	-	-
Acquired from business combinations	-	13,005	13,005
Amortisation for the year	-	3,711	3,711
Balance on December 31, 2022	<u><u>\$ -</u></u>	<u><u>16,716</u></u>	<u><u>16,716</u></u>
Carring Amount :			
Balance on December 31, 2023	<u><u>\$ 667,438</u></u>	<u><u>428,845</u></u>	<u><u>1,096,283</u></u>
Balance on December 31, 2022	<u><u>\$ 667,438</u></u>	<u><u>372,792</u></u>	<u><u>1,040,230</u></u>
Balance on January 1, 2022	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) The details of amortisation :

The amortization of intangible assets is recognized in the following accounts of the consolidated statement of comprehensive income :

	2023	2022
Administrative expenses	\$ 90	9
Research and development expenses	22,241	16,707
Total	\$ 22,331	16,716

(ii) Patent

The Group measured the fair value of net assets obtained during acquisition and, respectively, evaluated the fair value and useful life of the significant intangible assets that meets the criteria. The Group obtained control over APh and its subsidiaries (the APh Group) on November 1, 2022. According to the results of the analysis for the APh Group's business, the patent was identified and recognized individually. Based on the development of related technology and application products, source of demand, current usage condition in the industry, law and regulations, the economic useful life was evaluated to be 19.5 years.

(iii) Impairment evaluation for Goodwill

On November 1, 2022, the Group obtained Goodwill arose from the control over the APh Group. The APh Group itself is a cash-generating unit that can generate cash inflows independently. Therefore, the recoverable amount is evaluated based on the value in use of the APh Group. The key assumptions used for calculation of the value in use are as follows:

- 1) The cash flow is covered by the financial budget from 2024 to 2033. It is the evaluation of the future trend in the related industry performed by the management, and the internal and external historical information are considered as well.
- 2) The projected operating revenue is an estimation of the changes based on the type and price of product considering the changes in the industry and market demand and supply.
- 3) The projected operating cost and expenses are estimated based on the variable factors of each cost and expense.
- 4) The discount rate used in the estimation of the recoverable amount of the cash-generating unit in 2023 and 2022 is a weighted average capital cost calculated based on different sources of funds such as ordinary share equity and loan.

The management believes that the any reasonable changes in the key assumptions used for the estimation of recoverable amount of cash-generating unit will not result in the fact that the carrying amount of cash-generating unit exceeds its recoverable amount. Based on the comparison between the recoverable amount calculated with the key assumptions above mentioned and the book value of the Group's asset for operations and goodwill on the evaluation date, there was no impairment of assets occurred in 2023 and 2022.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(15) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

December 31, 2023		
	Guarantee or acceptance institution	Range of interest rates (%)
		Amount
Acceptance payable	ABC 、CTBC	\$ <u><u>697,897</u></u>

December 31, 2022		
	Guarantee or acceptance institution	Range of interest rates (%)
		Amount
Commercial paper payable	CBF	\$ 149,993
Acceptance payable	CIB 、CTBC	696,455
Total		\$ <u><u>846,448</u></u>

For the collaterals for short-term notes and bills payable, please refer to Note 8.

(16) Short-term borrowings

	December 31, 2023	December 31, 2022
Letters of credit	\$ 6,720	190,376
Unsecured bank loans	550,000	1,130,000
Secured bank loans	7,166,594	7,854,873
Total	\$ <u><u>7,723,314</u></u>	<u><u>9,175,249</u></u>
Unused short-term credit lines	\$ <u><u>12,839,460</u></u>	<u><u>9,976,414</u></u>
Range of interest rates	<u><u>1.60%~8.00%</u></u>	<u><u>1.29%~8.00%</u></u>

For the collateral for short-term borrowings, please refer to Note 8.

(17) Accounts payable (including related parties)

Accounts payable (including related parties) were summarized as follows:

	December 31, 2023	December 31, 2022
Accounts payables to suppliers	\$ <u><u>4,682,497</u></u>	<u><u>4,594,958</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(18) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 722,945	700,000
Secured bank loans	13,009,915	12,344,897
Less: current portion	<u>(597,161)</u>	<u>(820,030)</u>
Total	<u>\$ 13,135,699</u>	<u>12,224,867</u>
Unused long-term credit lines	<u>\$ 3,208,747</u>	<u>320,533</u>
Range of interest rates	<u>1.45%~2.38%</u>	<u>1.34%~2.25%</u>

(i) For the collateral for long-term borrowings, please refer to Note 8.

(ii) Certain financial covenants

As stipulated in the financing contract between Shan Young and Shin Kong Bank, the annual financial report of Shan Young should maintain certain financial ratios such as current ratio and financial debt ratio. As of December 31, 2023 and 2022, the financial report complied with the aforementioned financial covenants.

(19) Lease liabilities

Lease liabilities of the Group were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 135,279</u>	<u>137,028</u>
Non-current	<u>\$ 613,604</u>	<u>644,744</u>

(i) For the maturity analysis, please refer to Note 6(29).

(ii) The amount recognized in profit or loss was as follows:

	For the years ended December 31 2023	2022
Interest on lease liabilities	<u>\$ 15,035</u>	<u>15,322</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 301</u>	<u>296</u>
Expenses relating to short-term leases	<u>\$ 44,735</u>	<u>38,497</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 10,977</u>	<u>7,576</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Group were as follows :

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	\$ 212,099	188,265

(iii) Real estate leases

The Group leases land and buildings for its office, stores and plant. The leases of office typically run for a period of 2 to 8 years, stores for 5 to 10 years and plant for 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional payments that are based on changes in sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of equipment contain extension and cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(iv) Other leases

The Group leases IT equipment and machinery and employee's dormitories with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(20) Provisions

	For the years ended December 31	
	2023	2022
Balance on January 1	\$ 662,737	580,288
Provisions made during the year	421,198	291,619
Provisions used during the year	(201,902)	(180,446)
Provisions reversed during the year	(31,776)	(29,372)
Effect of changes in foreign exchange rates	(3,221)	648
Balance on December 31	\$ 847,036	662,737
Current	\$ 484,883	436,975
Non-current	362,153	225,762
Total	\$ 847,036	662,737

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2023 and 2022. The provision is based on estimates made from products and historical warranty data.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(21) Operating lease

The Group leases out investment property, etc.. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(13) for information on the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 145,787	129,347
One to two years	111,422	116,397
Two to three years	68,088	87,475
Three to four years	27,165	58,997
Four to five years	5,813	19,625
More than five years	3,980	7,908
Total undiscounted lease payments	<u>\$ 362,255</u>	<u>419,749</u>

Rental income from investment properties for the years ended December 31, 2023 and 2022, were \$151,857 thousand and \$111,514 thousand, respectively.

(22) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Group were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 984,377	1,571,467
Fair value of plan assets	(466,402)	(762,003)
	<u>\$ 517,975</u>	<u>809,464</u>
Net defined benefit (assets)	\$ (2,103)	(1,088)
Net defined benefit liabilities	520,078	810,552
	<u>\$ 517,975</u>	<u>809,464</u>

The employee benefit liabilities for the Group were as follows:

	December 31, 2023	December 31, 2022
Compensated absence liabilities	<u>\$ 116,835</u>	<u>117,049</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

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The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$466,401 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31	
	2023	2022
Defined benefit obligations at January 1	\$ 1,571,467	2,951,631
Current service costs and interest cost	27,496	23,320
Remeasurements loss (gain):		
— Actuarial loss (gain) — experience adjustments	101,182	202,938
— Actuarial loss (gain) — financial assumptions	33,175	(5,176)
— Actuarial loss (gain) — demographic assumptions	(2,167)	-
Benefits paid	(749,175)	(1,601,246)
Others	2,399	-
Defined benefit obligations at December 31	<u>\$ 984,377</u>	<u>1,571,467</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2023	2022
Fair value of plan assets at January 1	\$ 762,003	2,100,604
Interest income	11,124	10,496
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	13,039	173,635
Contributions paid by the employer	424,177	75,804
Benefits paid	(746,340)	(1,598,536)
Others	2,399	-
Fair value of plan assets at December 31	\$ 466,402	762,003

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31	
	2023	2022
Current service costs	\$ 4,699	8,803
Net interest of net liabilities for defined benefit obligations	11,673	4,021
Past service cost and loss(gain) on settlements	-	608
	\$ 16,372	13,432
Operating costs	\$ 8,100	7,920
Selling expenses	2,221	1,564
Administration expenses	2,708	1,659
Research and development expenses	3,343	2,289
	\$ 16,372	13,432

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 5) Remeasurement of net defined benefit liability(assets) recognized in other comprehensive income

Remeasurement of net defined benefit liability(assets) recognized in other comprehensive income for the Group were as follows:

	For the years ended December 31	
	2023	2022
Cumulative amount, January 1	\$ 1,148,298	1,124,172
Recognized during the year	119,151	24,126
Cumulative amount, December 31	<u>\$ 1,267,449</u>	<u>1,148,298</u>

- 6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.5%~1.75%
Future salary increase rate	1.000%~3.500%	1.000%~3.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$29,651 thousand.

The weighted-average lifetime of the defined benefit plans is 3.16~9.25 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2023		
Discount rate	(14,888)	15,305
Future salary increase rate	14,583	(14,254)
December 31, 2022		
Discount rate	(25,441)	26,169
Future salary increase rate	25,061	(24,501)

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$134,283 thousand and \$110,417 thousand for the years ended December 31, 2023 and 2022, respectively.

(23) Income taxes

(i) The components of income taxes for the Group were as follows:

	For the years ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 1,214,504	655,182
Land value increment tax	195,108	-
Others	73,868	(25,762)
	<u>1,483,480</u>	<u>629,420</u>
Deferred tax expense		
Origination and reversal of temporary differences	(71,420)	(19,375)
Income tax expense	<u>\$ 1,412,060</u>	<u>610,045</u>

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	2023	2022
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (23,966)</u>	<u>(5,494)</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Reconciliation of income tax and profit before tax was as follows:

	For the years ended December 31	
	2023	2022
Profit before income tax	\$ 8,075,448	4,049,986
Income tax using the Company's domestic tax rate	1,615,090	809,997
Effect of tax rates in foreign jurisdiction	(97,725)	(76,321)
Non-deductible expenses	1,262	3,411
Share of loss accounted for using the equity method	18,031	124,766
Effect of tax on land value increment tax	195,108	-
Tax-exempt income from disposal of land	(318,627)	-
Gain recognised in bargain purchase transaction	-	(68,999)
Adjustments for prior years tax	(458)	(74,217)
Change in unrecognized temporary differences	(29,846)	26,572
Additional tax on undistributed earnings	74,361	36,591
Effect of tax on repatriated offshore funds	(2,860)	(327)
Others	(42,276)	(171,428)
Income tax expense	<u>\$ 1,412,060</u>	<u>610,045</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group was able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries as of December 31, 2023 and 2022. Also, the Group considered it improbable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences associated with investments in foreign subsidiaries	<u>\$ 3,939,840</u>	<u>3,005,642</u>
Unrecognized deferred tax liabilities	<u>\$ 787,968</u>	<u>601,128</u>

2) Unrecognized deferred tax assets

Deferred tax assets had not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 60,591	64,933
The carryforward of unused tax losses	511,197	597,073
	<u>\$ 571,788</u>	<u>662,006</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for domestic entities and five years for Vietnam and China ones for tax reporting purposes. Deferred tax assets had not been recognized in respect of these items because it was not probable that future taxable income would be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information on the Group's unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Unused tax losses		
Domestic entities	Vietnam and China entities	Expiry date
\$ -	360,303	2024
30,951	107,055	2025
197,323	85,127	2026
198,494	13,528	2027
157,254	1,232	2028
232,342	-	2029
241,403	-	2030
274,307	-	2031
308,174	-	2032
326,087	-	2033
\$ 1,966,335	567,245	

3) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Defined benefit plans	Others	Total
Deferred tax assets:			
Balance at January 1, 2023	\$ 238,491	339,276	577,767
Recognized in profit or loss	(528)	66,962	66,434
Recognized in other comprehensive income	23,966	-	23,966
Exchange differences on translation of foreign financial statements	-	(431)	(431)
Balance at December 31, 2023	\$ 261,929	405,807	667,736
Balance at January 1, 2022	\$ 233,089	295,702	528,791
Recognized in profit or loss	(92)	43,481	43,389
Recognized in other comprehensive income	5,494	-	5,494
Exchange differences on translation of foreign financial statements	-	93	93
Balance at December 31, 2022	\$ 238,491	339,276	577,767
	Income from	Land value	Others
			Total

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>foreign investments</u>	<u>increment tax</u>		
Deferred tax liabilities:				
Balance at January 1, 2023	\$ 319,553	1,152,120	59,063	1,530,736
Recognized in profit or loss	-	(2,278)	(2,708)	(4,986)
Exchange differences on translation of foreign financial statements	-	-	(920)	(920)
Balance at December 31, 2023	<u>\$ 319,553</u>	<u>1,149,842</u>	<u>55,435</u>	<u>1,524,830</u>
Balance at January 1, 2022	\$ 319,553	1,152,120	34,723	1,506,396
Recognized in profit or loss	-	-	24,014	24,014
Exchange differences on translation of foreign financial statements	-	-	326	326
Balance at December 31, 2022	<u>\$ 319,553</u>	<u>1,152,120</u>	<u>59,063</u>	<u>1,530,736</u>

(v) Assessment of income tax

- 1) The Company's income tax returns for the years through 2021 were assessed by the tax authorities.
- 2) The status of assessment of the domestic subsidiaries' income tax returns by the tax authorities was as follows:

<u>Approval year</u>	<u>Company</u>
2021	Shan Yang, Shian Young, Nanyang Insurance Agent, Li Yang, Nova Design, Jau Ryh, Ching Ta, APh ePower, Chin Zong, Chu Yang, Youth Taisun, Sunshine Auto-Lease and Fact Co.
2020	TBM and Nanyang

(vi) Global minimum top-up tax

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Since Pillar Two legislation was enacted in the Italy, Germany and Vietnam, the jurisdiction in which the entity controlled by the Group is incorporated, and will come into effect from January 1, 2024, the Group has no related current tax effects as of December 31, 2023.

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. Please refer to Note 4 for accounting policies.

The Group is currently engaged with tax specialists to assist it with applying the legislation.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(24) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were 950,000 thousand shares, with par value of \$10 per share. The total value of the authorized ordinary shares was amounted to \$9,500,000 thousand. As of that date, 797,490 thousand shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

(in thousands of shares)		
Ordinary Shares		
	2023	2022
Balance on January 1	797,490	797,640
Retirement of treasury shares	-	(150)
Balance on December 31	<u>797,490</u>	<u>797,490</u>

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 176,538	176,538
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	5,589	5,589
Stock option from convertible bonds	105,557	105,557
Others	<u>55,334</u>	<u>55,334</u>
	<u>\$ 1,713,762</u>	<u>1,713,762</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then calculated with the beginning balance of undistributed retained earnings as accumulated one. After the special reserve being set aside or reversed as required by the regulations, the remaining is the distributable earnings and should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and the Company is endeavoring to expand the domestic and foreign market, therefore, future finance demand, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution. The dividend is determined to be distributed in cash or stock to maintain stable dividend distribution, but the distribution ratio of stock dividends shall not be higher than 50% of the total dividends, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

The Company can distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one. While legal reserve is equal to the total capital amount, it is allowed to not be set aside. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with the rules issued by the FSC, the special reserve in the amount of \$1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards.

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder's equity and aforementioned special reserve. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative change to other shareholders' equity pertaining to prior

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

periods. Amounts of subsequent reversals pertaining to the netreduction of other shareholders' equity shall qualify for additional distributions. The special reserves were (reversed) by \$2,233 thousand and \$(117,813) thousand in June, 2023 and June, 2022, respectively.

The Company set aside special reserves, which could not be distributed, and were calculated by the differences of the Company's stock price below the carrying amount of the treasury stock held by the subsidiaries, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The Company set aside (reversed) by \$(6,652) thousand and \$8,461 thousand in June, 2023 and June, 2022, respectively.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on June 28, 2023 and June 23, 2022, respectively. The relevant dividend distributions to shareholders were as follows, and the detailed information could be obtained from the "Market Observation Post System":

	2022		2021	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	<u>\$ 1.80000000</u>	<u>1,435,481</u>	<u>1.30024452</u>	<u>1,036,931</u>

The Board of Directors resolved not to distribute the earnings for the first half of year 2023 and 2022 on November 13, 2023 and November 10, 2022, respectively.

(iv) Treasury shares (including shares held by the subsidiaries)

- 1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed treasury shares. As of December 31, 2023 and 2022, the market price per share of the Company was \$71.40 and \$33.85, respectively.

The details of the treasury shares held by subsidiaries were as follows:

Company	December 31, 2023	
	Shares held (in thousand shares)	Acquired Costs
Ching Ta Investment Co., Ltd.	981	\$ 37,498
Nanyang Industries Co., Ltd.	4,351	95,318
	<u>5,332</u>	<u>132,816</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Company</u>	<u>December 31, 2022</u>	
	<u>Shares held</u> <u>(in thousand shares)</u>	<u>Acquired Costs</u>
Ching Ta Investment Co., Ltd.	981	\$ 37,498
Nanyang Industries Co., Ltd.	4,351	95,318
	<u>5,332</u>	<u>132,816</u>

- 3) The Board of Directors of the Company in year 2022, resolved to repurchase 150 thousand shares for maintaining the Company's credit and shareholders' benefits. The Board of Directors resolved to retire the treasury shares and the procedure of change registration was completed in year 2022.

(v) Other equity, net of tax

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance on January 1, 2023	\$ (1,331,123)	5,552	(1,325,571)
Exchange differences on foreign operations	(189,623)	-	(189,623)
Exchange differences on associates accounted for using the equity method	(760)	-	(760)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	168,848	168,848
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(9,800)	(9,800)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(1,403)	(1,403)
Balance on December 31, 2023	<u>\$ (1,521,506)</u>	<u>163,197</u>	<u>(1,358,309)</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (1,740,360)	417,929	(1,322,431)
Exchange differences on foreign operations	409,111	-	409,111
Exchange differences on associates accounted for using the equity method	126	-	126
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	154,622	154,622
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(552,087)	(552,087)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(14,912)	(14,912)
Balance on December 31, 2022	<u><u>\$ (1,331,123)</u></u>	<u><u>5,552</u></u>	<u><u>(1,325,571)</u></u>

(vi) Non-controlling interests

	Attributed to Non-controlling Interests
Balance on January 1, 2023	\$ 2,408,607
Net income attributable to non-controlling interests	365,867
Exchange differences on translation of foreign financial statements, net of tax	(36,976)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	34,429
Actuarial gains (losses) from defined benefits plans	(582)
Changes in ownership interests in subsidiaries	200,108
Changes in non-controlling interests	<u>27,238</u>
Balance on December 31, 2023	<u><u>\$ 2,998,691</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Attributed to Non-controlling Interests
Balance on January 1, 2022	\$ 1,407,599
Net income attributable to non-controlling interests	323,906
Exchange differences on translation of foreign financial statements, net of tax	48,612
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	4,179
Actuarial gain (losses) from defined benefits plans	785
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(3,847)
Changes in equity of associates and joint ventures accounted for using the equity method	27
Changes in non-controlling interests	<u>627,346</u>
Balance on December 31, 2022	<u><u>\$ 2,408,607</u></u>

(25) Earnings per share

	For the years ended December 31	
	2023	2022
Basic earnings per share		
Net income attributable to common shareholders of the Company	<u><u>\$ 6,297,521</u></u>	<u><u>3,116,035</u></u>
Issued number of ordinary shares on January 1	797,490	797,640
Effects of treasury shares	<u>(4,885)</u>	<u>(4,980)</u>
Weighted average number of ordinary shares on December 31	<u>792,605</u>	<u>792,660</u>
	<u><u>\$ 7.95</u></u>	<u><u>3.93</u></u>
	For the years ended December 31	
	2023	2022
Diluted earnings per share		
Net income attributable to common shareholders of the Company (after the adjustment of potential dilutive ordinary shares)	<u><u>\$ 6,297,521</u></u>	<u><u>3,116,035</u></u>
Weighted average number of ordinary shares	792,605	792,660
Effect of potential dilutive ordinary shares		
Employee share bonus	<u>1,206</u>	<u>1,218</u>
Weighted average number of ordinary shares (after the adjustment of potential dilutive ordinary shares)	<u>793,811</u>	<u>793,878</u>
	<u><u>\$ 7.93</u></u>	<u><u>3.93</u></u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(26) Revenue from contracts with customers

(i) Details of revenue

For the year ended December 31, 2023				
	Domestic segment	Foreign segment	Other segments	Total
Primary geographical markets:				
Taiwan	\$ 48,749,937	-	149,582	48,899,519
China	-	3,064,507	3,286	3,067,793
Asia	1,421,705	4,671,139	-	6,092,844
Europe	2,443,312	2,611,832	-	5,055,144
Others	856,746	489,193	-	1,345,939
	<u>\$ 53,471,700</u>	<u>10,836,671</u>	<u>152,868</u>	<u>64,461,239</u>
Major products/services lines				
Merchandise sales	\$ 51,461,619	10,770,882	-	62,232,501
Technical services	592,322	2,556	-	594,878
Leasing services	433,576	841	120,215	554,632
Design services	-	-	21,860	21,860
Others	984,183	62,392	10,793	1,057,368
	<u>\$ 53,471,700</u>	<u>10,836,671</u>	<u>152,868</u>	<u>64,461,239</u>
For the year ended December 31, 2022				
	Domestic segment	Foreign segment	Other segments	Total
Primary geographical markets:				
Taiwan	\$ 33,850,082	-	123,353	33,973,435
China	-	4,269,513	9,835	4,279,348
Asia	1,514,351	4,654,424	-	6,168,775
Europe	2,364,862	2,299,463	-	4,664,325
Others	823,931	940,804	-	1,764,735
	<u>\$ 38,553,226</u>	<u>12,164,204</u>	<u>133,188</u>	<u>50,850,618</u>
Major products/services lines				
Merchandise sales	\$ 36,858,344	12,109,202	-	48,967,546
Technical services	499,585	4,922	-	504,507
Leasing services	332,961	-	97,323	430,284
Design services	-	-	35,134	35,134
Others	862,336	50,080	731	913,147
	<u>\$ 38,553,226</u>	<u>12,164,204</u>	<u>133,188</u>	<u>50,850,618</u>

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 348,375	317,791	289,836
Accounts receivable	2,011,982	2,207,043	1,968,022
Installment accounts receivables	5,816	5,985	6,661
Lease receivables	1,029,817	882,230	772,717
Less: Loss allowance	<u>(69,666)</u>	<u>(138,500)</u>	<u>(108,659)</u>
Total	<u>\$ 3,326,324</u>	<u>3,274,549</u>	<u>2,928,577</u>
Contract liabilities	<u>\$ 416,500</u>	<u>540,482</u>	<u>439,329</u>

Please refer to Note 6(4) for the details of notes and accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2023 and 2022.

(27) Employee remuneration and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$73,460 thousand and \$35,380 thousand, and directors' and supervisors' remuneration amounting to \$73,460 thousand and \$35,380 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expensed under operating expenses during 2023 and 2022. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, were identical to those of the actual distributions for 2023 and 2022.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(28) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income from bank deposits	\$ 495,107	277,311
Others	113,621	12,422
Total interest income	\$ 608,728	289,733

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Rental income	\$ 41,288	33,956
Dividend revenue	57,842	47,254
Gain recognised in bargain purchase transaction	-	344,994
Total other income	\$ 99,130	426,204

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2023	2022
Foreign exchange gains	\$ 167,418	244,677
Gains on disposals of investments accounted for using equity method	17,708	498,877
Others	65,839	76,166
Other gains and losses, net	\$ 250,965	819,720

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense	\$ 438,193	278,585

(v) Gains on disposal of non-current assets held for sale

	For the years ended December 31	
	2023	2022
Gains on disposal of land and buildings	\$ 1,534,195	-

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(29) Financial instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to Note 6(4).

Other financial assets at amortized cost includes other receivables and time deposits, etc, which are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 22,154,071	23,487,815	9,214,692	735,060	5,218,057	8,320,006	-
Lease liabilities	748,883	869,578	76,141	72,456	117,032	255,657	348,292
	<u>\$ 22,902,954</u>	<u>24,357,393</u>	<u>9,290,833</u>	<u>807,516</u>	<u>5,335,089</u>	<u>8,575,663</u>	<u>348,292</u>
December 31, 2022							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	\$ 23,066,594	23,667,414	10,157,547	1,073,992	3,389,539	7,619,213	1,427,123
Lease liabilities	781,772	916,321	81,533	69,572	128,860	219,527	416,829
	<u>\$ 23,848,366</u>	<u>24,583,735</u>	<u>10,239,080</u>	<u>1,143,564</u>	<u>3,518,399</u>	<u>7,838,740</u>	<u>1,843,952</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

	December 31, 2023				December 31, 2022		
	Foreign Currency	Exchange Rate	NTD		Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	\$	19,982	30.7250	613,936	38,849	30.7150	1,193,242
EUR:NTD		15,696	34.0200	533,988	16,572	32.7400	542,570
USD:CNY		51,936	7.0991	1,595,734	57,536	6.9633	1,767,218
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD		25,180	30.7250	773,664	23,659	30.7150	726,672
USD:CNY		1,979	7.0991	60,800	551	6.9633	16,924

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and CNY as of December 31, 2023 and 2022 would have decreased the net profit after tax for the years ended December 31, 2023 and 2022 by \$15,274 thousand and \$22,075 thousand, respectively. The analysis assumes that all other variables factors remain constant.

3) Foreign exchange gains (losses) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to \$167,418 thousand and \$244,677 thousand, respectively.

(v) Interest rate analysis

The financial assets and liabilities's exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate changes.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

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If the interest rate increased/decreased by 1%, the Group's net income would have increase/decrease by \$30,086 thousand and \$48,129 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's variable-rate borrowings and time deposits.

(vi) Other market price risk

If the price of the securities which the Group hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant.

	For the years ended December 31			
	2023		2022	
	Other comprehensive income (loss), net of tax	Net income (loss)	Other comprehensive income (loss), net of tax	Net income (loss)
Prices of securities at the reporting date				
Increase 5%	<u>\$ 67,062</u>	<u>618</u>	<u>34,311</u>	<u>618</u>
Decrease 5%	<u>\$ (67,062)</u>	<u>(618)</u>	<u>(34,311)</u>	<u>(618)</u>

(vii) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other financial assets, short-term borrowings, short-term bills and notes payable, accounts payable, other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, and for the investments of equity instrument that the quoted prices in active markets are unavailable and the fair value can not be measured reliably, disclosure of fair value information is not required.

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The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Preferred shares of overseas unlisted companies	\$ 15,459	-	-	15,459	15,459
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	\$ 730,500	730,500	-	-	730,500
Common shares of domestic unlisted companies	574,354	-	-	574,354	574,354
Common shares of overseas unlisted companies	371,702	-	-	371,702	371,702
Subtotal	1,676,556	730,500	-	946,056	1,676,556
Total	\$ 1,692,015	730,500	-	961,515	1,692,015

December 31, 2022					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Preferred shares of overseas unlisted companies	\$ 15,459	-	-	15,459	15,459
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	\$ 156,455	156,455	-	-	156,455
Common shares of domestic unlisted companies	326,085	-	-	326,085	326,085
Common shares of overseas unlisted companies	375,226	-	-	375,226	375,226
Subtotal	857,766	156,455	-	701,311	857,766
Total	\$ 873,225	156,455	-	716,770	873,225

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

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3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Evaluation of financial instruments traded in active markets is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

If the financial instruments held by the Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets traded in active markets by the standards and nature. The fair value is measured at the market quoted price.
- The listed private stocks are traded in active markets, whether they are public depends on the standards and nature. The fair value is measured at the market quoted price, and the control premium and restrictions on transfer by regulations and market illiquidity discount should be considered simultaneously.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.
- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Group needs to obtain the fair value of the Group's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

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b) Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques models generally accepted by market participants.

c) Fair value hierarchy

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers between levels

The Group's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	At fair value through profit or loss	Fair value through other comprehensive income	
	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2023	\$ 15,459	701,311	716,770
Total gains and losses recognized in other comprehensive income	-	249,219	249,219
Purchases	-	2,350	2,350
Effect of changes in foreign exchange rate	-	(6,824)	(6,824)
Ending Balance, December 31, 2023	<u>\$ 15,459</u>	<u>946,056</u>	<u>961,515</u>
Opening balance, January 1, 2022	\$ 15,459	594,780	610,239
Total gains and losses recognized in other comprehensive income	-	103,536	103,536
Purchases	-	380	380
Disposals	-	(350)	(350)
Effect of changes in foreign exchange rate	-	2,965	2,965
Ending Balance, December 31, 2022	<u>\$ 15,459</u>	<u>701,311</u>	<u>716,770</u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Group's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are

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individually independent, and there is no correlation between them.

Quantified information on significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2023 and 2022) 	<ul style="list-style-type: none"> • Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2023 and 2022) 	<ul style="list-style-type: none"> • Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	<ul style="list-style-type: none"> • The multiplier of price-to-book ratio (1.95~3.38 and 1.83~3.06 as of December 31, 2023 and 2022, respectively) • Market illiquidity discount rate (30%~40% as of December 31, 2023 and 2022) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Year-on-year ratio (4.83% and 5.00% as of December 31, 2023 and 2022, respectively) • Weighted average capital cost (9.18% and 11.09% as of December 31, 2023 and 2022, respectively) • Market illiquidity discount rate (15.70% and 15.80% as of December 31, 2023 and 2022, respectively) • Non-controlling interests discount (24.90% and 23.10% as of December 31, 2023 and 2022, respectively) 	<ul style="list-style-type: none"> • The estimated fair value would increase if the year-on-year percentage increased. • The estimated fair value would increase if the weighted average capital cost decreased. • The estimated fair value would increase if the Market illiquidity discount rate was lower. • The estimated fair value would increase if the Non-controlling interests discount was lower.

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- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

		Fluctuation	Profit or loss		Other comprehensive income	
	Inputs	in inputs	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	5,595	(5,595)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	50,941	(50,941)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,735	(1,735)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	24,778	(24,778)
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	5,100	(5,100)
Equity investments without an active market	Market illiquidity discount	5%	-	-	44,411	(44,411)
Equity investments without an active market	Weighted average capital cost	5%	-	-	2,017	(2,017)
Equity investments without an active market	Non-controlling interests discount	5%	-	-	23,585	(23,585)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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(30) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk means the potential loss for the Group if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

1) Accounts receivable and other receivables

The Group has a dispersed pattern of its list of sales customers, and the management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of follow-up monitoring. Also, the Group continues to evaluating the financial ability of its customers, obtain the necessary collateral and carrying out aggregate or individual evaluation for the accounts receivable based on different properties of credit risk and impairment indication.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Investments

The Group deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group manages the exposure to credit risk related to each financial institution and believes that cash do not have a significant credit risk concentration.

3) Guarantees

The Group's policy is to provide financial guarantees to subsidiaries which be held more than 50% of the voting rights. As of December 31, 2023 and 2022, there were no guarantees provided.

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow components in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. As of December 31, 2023 and 2022, the Group's short-term and long-term unused credit line amounted to \$17,798,207 thousand and \$11,546,947 thousand, respectively, which was enough for the fulfillment of all contractual obligations

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders' meeting and being monitored by internal auditing department.

1) Currency risk

The Group is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Group's entities. Therefore, the Group uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Group to reduce but not to remove the impact on the fluctuation in exchange rates.

The Group regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

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2) Interest rate risk

The Group's interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Group adopts a appropriate interest rate portfolio to manage its interest rate risk.

3) Other market price risk

The Group is exposed to the market price fluctuation risk since it enter into commodity contracts only when there are expected future demands.

(31) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2023, the Group's capital management strategy is consistent with the prior year as of December 31, 2022, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Group's debt-to-equity ratio on reporting date is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 37,384,012	36,834,786
Less: cash and cash equivalents	<u>(8,811,431)</u>	<u>(7,867,822)</u>
Net debt	28,572,581	28,966,964
Total equity	<u>25,393,902</u>	<u>20,242,488</u>
Total capital	<u>\$ 53,966,483</u>	<u>49,209,452</u>
Debt-to-equity ratio	<u>53%</u>	<u>59%</u>

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(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Zoeng Chang Industry Co., Ltd.	An associate
King Zone Corporation	The Group is the juristic director of the entity
Hitachi Astemo Taichung Co., Ltd.	The Group is the juristic director of the entity
Yangzhou Tairun Hotel, Ltd.	An associate
Zhen Ding Development Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Company
Taiwan Tea Corporation(Note1)	An associate
Sanyang Educational Foundation	Same chairman with the Company
He Xu International Co.,Ltd	An associate
Jiuxing Biotechnology Co., Ltd.	Same chairman with the Company
APh (Note2)	An associate
APh ePower (Note2)	An associate
Wei Yi Development and Construction Co., Ltd.	The entity's major shareholder is director of the Company
Huang Yu Chang	Director of the Company

Note1: Since January 11, 2022, Taiwan tea Corporation was transferred from other related parties to an associate.

Note2: Since November 1, 2022, APh and APh ePower were transferred from an associate to subsidiary.

(b) Significant transactions with related parties

(i) Merchandise sold, technical and consulting services provided to related parties:

Significant sales, technical and consulting services provided to related parties and unpaid balances were as follows:

	Sales		Receivables from related parties	
	For the years ended December 31		December 31,	December 31,
	2023	2022	2023	2022
Associates	\$ 9,952	7,425	769	379
Other related parties	2,786	2,714	132	212
	\$ 12,738	10,139	901	591

There was no significant difference between the selling prices and transaction terms for related parties and those for the ordinary courses. The credit terms ordinarily ranged from 15 to 45 days. While the pricing standards of technical service provided for related parties were not comparable, since there were no similar transactions with non-related parties. Receivables from related parties were uncollateralized, and no expected allowance were required after the

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assessment by the management.

(ii) Purchases

The amounts of purchases by the Group from related parties and accounts payable were as follows:

	Purchases		Payables to Related Parties	
	For the years ended December 31		December 31,	December 31,
	2023	2022	2023	2022
Associates	\$ 323,328	314,787	51,870	43,710
Other related parties	1,011,452	830,381	181,169	137,526
	\$ 1,334,780	1,145,168	233,039	181,236

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were not different from the payment terms given by other vendors.

(iii) Property transactions

- 1) Machinery equipment acquired and sundry purchases from related parties were as follows:

	Objects	For the years ended December 31	
		2023	2022
Associates	Machinery and molds	\$ 290	1,315
Other related parties	"	175	220
		\$ 465	1,535

- 2) The Group subscribed to additional share of APh at a percentage different from its existing ownership percentage in 2022, please refer to the Note 6(7) and (8) for the detail.

(iv) Other

- 1) Service received

	For the years ended December 31	
	2023	2022
<u>Consulting and other expenses</u>		
Associates	\$ 54,059	3,309
Other related parties	8,280	8,852
	\$ 62,339	12,161

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		For the years ended December 31	
		2023	2022
<u>Consulting, commission and other revenues</u>			
Associates	\$	820	1,278
Other related parties		275	329
	\$	1,095	1,607
2) Other receivables			
		December 31, 2023	December 31, 2022
Associates	\$	2,488	2,897
Other related parties		240	343
	\$	2,728	3,240
3) Loans to related parties			
		December 31, 2023	December 31, 2022
Associates-Yangzhou Tairun Hotel, Ltd.	\$	259,680	264,660
The interest charged by the Group to related parties was not lower than the average interest rate of the Group's deposits in bank. The interest income of the group for the years ended December 31, 2023 and 2022 was \$6,316 thousand and \$8,954 thousand, respectively. The group has obtained a pledge of the real estate of Yangzhou Tairun Hotel, Ltd. with a value of RMB160,000 thousand and RMB125,000 thousand as collateral in 2023 and 2022 and no allowance for loss was required after the assessment.			
4) Accrued expenses			
		December 31, 2023	December 31, 2022
Associates	\$	8,383	-
Other related parties-Sanyang Educational Foundation		148,683	148,683
Other related parties		1,401	177
	\$	158,467	148,860

Note: In accordance with the Board resolution as of November 10, 2022, the Group had decided to donate \$100,000 thousand to the Sanyang Educational Foundation for the purpose of education promotion and social welfare contribution, and the donation was recognized as "Administrative Expenses" in 2022.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Lease

	Rental income	
	For the years ended December 31	
	2023	2022
Associates	\$ 911	74
Other related parties	12	-
	\$ 923	74

	Guarantee deposits received	
	December 31, 2023	December 31, 2022
Associates	\$ 210	210

The Company signs leasing contracts with reference to the market conditions in nearby areas, and charges according to the method agreed upon in the contract between the two parties.

6) Others

- A. Shan Young was involved in the Phase II Land Readjustment Project, in Guang-Pu, East District, Hsinchu City. Please refer to Note 6(5) for transactions with related parties in accordance with the Readjusting Rules. The area of public facilities allocated and the burden ratio of relevant expenditures were determined according to the calculation approved by the Hsinchu City Government, which was same as other landowners.
- B. The related transaction about Shan Young to organize a group by themselves for the purpose of implementing urban land consolidation in Shuangyuan Section, Baoshan Township, please refer to the Note 6(5). The area of lands to be given in by owners for public uses and to meet the expenses for engineering work and land consolidation and the interest of loan shall be approved by the competent authorities, which was same as other landowners.

(c) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	\$ 143,332	89,513

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

8) Pledged assets

The book values of pledged assets provided by the Group were as follows:

Assets	Items being guaranteed	December 31, 2023	December 31, 2022
Notes and accounts receivable and Long term lease receivables	bank borrowings	\$ 306,910	310,359
Current other financial assets	bank borrowing, Warranty deposit, gas company deposit, and the deposits for acceptance payable, etc.	5,378,181	5,091,213
Non-current other financial assets	Customs duty guarantee , and deposits of work-study programs, etc.	14,768	12,401
Property, plant and equipment	bank borrowings	9,108,072	8,852,854
Investment property	"	2,916,120	2,780,537
Right-of-use assets	"	-	96,107
Total		<u><u>\$ 17,724,051</u></u>	<u><u>17,143,471</u></u>

(9) Significant commitments and contingencies

(a) Significant unrecognized contractual commitments

(i) The balance of issued but unused letters of credit:

	December 31, 2023	December 31, 2022
USD	<u><u>USD 57,477</u></u>	<u><u>92,323</u></u>
JPY	<u><u>JPY -</u></u>	<u><u>111,230</u></u>

(ii) The unpaid balance of signed contracts of construction in progress and equipments, etc.:

	December 31, 2023	December 31, 2022
Unpaid balance	<u><u>\$ 1,571,888</u></u>	<u><u>2,054,320</u></u>

(i) The projects contracted by Nova Design :

	December 31, 2023	December 31, 2022
Total contract price of projects	<u><u>\$ 15,997</u></u>	<u><u>18,427</u></u>
Amount of cost certificate	<u><u>\$ 2,477</u></u>	<u><u>965</u></u>

- (iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June 19, 2018. The joint construction will take place on the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. The ratio of joint construction is 58% for landowner (the Company) and 42% for constructor (Yao Da Construction Co., Ltd.) and currently, the construction is in progress. The Company has completed the pre-sale of real estate development trust in April 2021. The construction is in progress and for pre-sale. The sales prices of the contract signed by

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

the Company and client were as follows:

	December 31, 2023	December 31, 2022
Sales price of contract signed	<u>\$ 103,830</u>	<u>103,830</u>
The amount received according to the contract	<u>\$ 19,735</u>	<u>15,579</u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

- A. On January 8, 2024, Shan Young approved by the director to sign the join construction and separate sale contract of Taini Section, Zhudong Township, Hsinchu County, with total contract amount \$890,505 thousand, and the detailed information could obtained from the “Market Observation Post System”.
- B. On March 8, 2024, Xia Shing Motor approved by the Board Meeting to mandate construction of building, plant and warehouse on rented land, and the total investment amount is expected to be RMB 1,106 million.

(12) Other:

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31						
By item	By function	2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		2,617,557	3,815,709	6,433,266	2,303,094	2,510,904	4,813,998
Labor and health insurance		196,371	257,997	454,368	175,783	229,834	405,617
Pension		50,114	113,680	163,794	39,484	96,338	135,822
Others		154,744	171,222	325,966	139,348	138,107	277,455
Depreciation		807,469	557,692	1,365,161	823,607	533,059	1,356,666
Amortization		9,477	32,588	42,065	8,085	15,229	23,314

Note: The retirement fund of \$13,139 thousands and \$11,973 thousand were settled, respectively as of 2023 and 2022, which were not paid by the labor pension reserve account of the group in the Bank of Taiwan and was recognized as operating expense.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	129,840 (CNY 30,000)	86,560 (CNY 20,000)	86,560 (CNY 20,000)	2.50%	Short-term financing	-	Business operation	-	Property	173,120 (CNY 40,000)	278,018 (CNY 64,237)	278,018 (CNY 64,237)
2	Sanyang Global	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	129,480 (CNY 30,000)	64,920 (CNY 15,000)	64,920 (CNY 15,000)	2.50%	Short-term financing	-	Business operation	-	Property	129,840 (CNY 30,000)	213,334 (CNY 49,292)	213,334 (CNY 49,292)
3	Chin Zong	VMEP	Other receivables	Y	52,233 (USD 1,700)	-	-	Note 2	Short-term financing	-	Business operation	-	-	-	47,513	47,513
4	Nova Shanghai	Yangzhou Tairun Hotel, Ltd.	Other receivables	Y	108,200 (CNY 25,000)	108,200 (CNY 25,000)	108,200 (CNY 25,000)	2.50%	Short-term financing	-	Business operation	-	Property	389,520 (CNY 90,000)	117,140 (CNY 27,066)	117,140 (CNY 27,066)
5	Ching Ta	Yi Young	Other receivables	Y	80,000	-	-	1.065%	Short-term financing	-	Business operation	-	-	-	560,256	560,256
6	VMEPH	VMEP	Other receivables	Y	61,450 (USD 2,000)	30,725 (USD 1,000)	30,725 (USD 1,000)	Note 2	Short-term financing	-	Business operation	-	-	-	627,034 (USD 20,408)	627,034 (USD 20,408)

Note 1: The numbering method is as follows:

- (1) “0” represents the parent company.
- (2) Subsidiaries are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short term financing shall not exceed 40% of the equity of SCK and Sanyang Global.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short term financing shall not exceed 40% of the equity of Chin Zong, Nova Shanghai and VMEPH. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: The ceiling on total loans granted and limit on total loans granted to a single party for short term financing shall not exceed 40% of the equity of Ching Ta. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed the total amount of purchases and sales transactions with the lender for the last year.

Note 6: Intra company transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guarantee		Limit on total endorsements/guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China
		Name	Relationship (Note 8))										
0	The Company	VMEP	2	22,395,211	614,500 (USD 20,000)	614,500 (USD 20,000)	94,870 (VND 74,352,350)	-	2.74%	22,395,211	Y	N	N
1	Shan Young	The Company	3	13,836,989	8,400,000	8,400,000	6,797,164	9,500,000	102.91%	13,836,989	N	Y	N
2	SYI	Shan Young	4	8,429,008	500,000	500,000	500,000	518,331 (USD 16,870)	5.93%	8,429,008	N	N	N
2	SYI	Ching Ta	4	2,239,521	510,000	500,000	-	-	5.93%	2,239,521	N	N	N
2	SYI	The Company	3	8,429,008	850,000	850,000	220,000	227,365 (USD 7,400)	10.08%	8,429,008	N	Y	N
3	Chong Hing	Shan Young	4	3,789,765	3,300,000	3,300,000	2,920,198	3,119,887 (CNY 584,700) (USD 19,180)	87.08%	3,789,765	N	N	N
3	Chong Hing	The Company	3	3,789,765	1,000,000	-	-	-	-	3,789,765	N	Y	N
4	TBM BVI	TBM	3	122,316	30,000	30,000	22,000	32,261 (USD 1,050)	24.82%	122,316	N	Y	N

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: The numbering method is as follows:

- (1) “0” represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

Note 2: According to policy for endorsements/ guarantees of the Company, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the equity of the Company. When the reason for endorsements/guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on the total endorsements/ guarantees provided shall not exceed 10% of the Company’s equity; the total endorsements/guarantees of the Group provided to a single party and ceiling on the total endorsements/guarantees provided shall not exceed 150% of the Company’s equity for the recent year.

Note 3: According to policy for endorsements/ guarantees of Shang Young, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of business transactions or the total amount of contracts signed with the endorser/ guarantor for the recent year, whichever is higher.

Note 4: According to policy for endorsements/ guarantees of SYI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of the equity of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 5: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company’s equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 7: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company’s equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 8: According to policy for endorsements/ guarantees of TBM BVI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company’s equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

Note 9: The relationship is classified into the following seven types:

- (1) Transactions between the companies.
- (2) The Company directly or indirectly holds more than 50% voting right.
- (3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- (4) The Company directly or indirectly holds more than 90% voting right.
- (5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- (7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Maximum Percentage of ownership	Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Equity-Hitachi Astemo Taichung Co., Ltd.	Other related parties	Note1	5,339	108,317	19.94%	108,317	19.94%	
The Company	Equity-Lico Technology Corporation	-	Note2	8,861	-	7.13%	-	7.13%	
The Company	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	1,500	84,195	25.00%	84,195	25.00%	
The Company	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,091	122,990	0.72%	122,990	0.74%	
The Company	Equity-Apex Biotechnology Corporation	-	Note1	6,016	242,445	6.02%	242,445	6.02%	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note1	8,209	124,772	0.73%	124,772	0.76%	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	360	20,207	6.00%	20,207	6.00%	
Youth Taisun	Equity-Xu Mao Investment Co., Ltd.	-	Note1	75	3,645	0.50%	3,645	0.50%	
Nanyang	Equity-The Company	Parent company	Note1	4,351	310,658	0.55%	310,658	0.55%	
Nanyang	Equity-Chaur Chin Industries Co., Ltd.	-	Note1	1	141	0.28%	141	0.28%	
Nanyang	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,974	121,207	0.71%	121,207	0.73%	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	300	16,839	5.00%	16,839	5.00%	
Ching Ta	Equity-The Company	Parent company	Note1	981	70,079	0.12%	70,079	0.12%	
Ching Ta	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	60	3,368	1.00%	3,368	1.00%	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	-	Note1	2,600	126,360	17.33%	126,360	17.33%	
Ching Ta	Equity-King Zone Co., Ltd.	Other related parties	Note1	800	5,200	10.00%	5,200	10.00%	
Ching Ta	Equity-Tac / Taiwan Aerospace Corp.	-	Note2	17	-	0.01%	-	0.01%	
Ching Ta	Preferred equity-Setex Technologies Inc.	-	Note2	78	15,459	2.44%	15,459	2.44%	
Ching Ta	Equity-LSC Ecosystem Corporation	-	Note1	9,167	3,666	7.24%	3,666	7.24%	
Ching Ta	Equity-Gold Yu Co., Ltd.	-	Note1	3,000	60,630	5.56%	60,630	5.56%	
Ching Ta	Equity-Full Speed Express Co., Ltd.	-	Note1	3	-	0.04%	-	3.60%	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note1	7,835	119,086	0.70%	119,086	0.77%	
Ching Ta	Equity-Chyuan Mei	Other related parties	Note1	38	380	19.00%	380	19.00%	
Ching Ta	Equity-Jiuxing Biotechnology Co., Ltd.	Other related parties	Note1	95	950	19.00%	950	19.00%	
Chu-Yang	Equity-Ding Tai Motor Co., Ltd.	-	Note1	100	1,277	2.60%	1,277	2.60%	
Chu-Yang	Equity-Ding Sheng Motor Co., Ltd.	-	Note1	200	2,476	6.91%	2,476	6.91%	
Chu-Yang	Equity-Hong Yu Motor Co., Ltd.	-	Note1	415	5,139	13.34%	5,139	13.34%	
Chu-Yang	Equity-Sang Shun Wang Motor Co., Ltd.	-	Note1	100	1,375	3.41%	1,375	3.45%	
Fact Co., Ltd.	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	47	2,652	0.79%	2,652	0.79%	
Fact Co., Ltd.	Equity-Xu Mao Investment Co., Ltd.	-	Note1	1,181	57,409	7.88%	57,409	7.88%	
TBM	Equity-Vietnam Hong Zheng Science & Technology Co., Ltd.	-	Note1	-	14,643	19.00%	14,643	19.00%	
TBM	Equity-Vietnam Hung Li Science & Technology Co., Ltd.	-	Note1	-	1,151	1.32%	1,151	1.62%	
TBM	Equity-Sheng Mao Investment Co., Ltd.	-	Note1	600	33,678	10.00%	33,678	10.00%	
TBM	Equity-Xu Mao Investment Co., Ltd.	-	Note1	750	36,450	5.00%	36,450	5.00%	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	Note1	1,519	355,908	6.76%	355,908	6.76%	

Note1 : Financial assets at fair value through other comprehensive income.

Note2 : Financial assets at fair value through profit or loss.

Note3 : The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7250 ; CNY1=NTD4.3280

Average exchange rate for the reporting period: USD1=NTD31.1627 ; CNY1=NTD4.3961

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Category and name of security	Account name	Counter-party	Relationship with the company	Beginning Balance		Purchases			Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Valuation	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note1)
The Company	Equity-APh	Investments accounted for using the equity method	Cash capital increase	Subsidiary	93,333	1,379,577	72,204	1,083,061	-	-	-	-	-	165,537	2,176,648

Note1 : The ending balance include investment income or loss fot using the equity method and related adjustment items.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other termss
							Owner	Relationship with the Company	Date of transfer	Amount			
Shan Young	Land numbered 928, etc., located at Shuangyuan Section, Baoshan Township	2023.08.07	340,385	340,385	Natural person	Non-related party	-	-	-	-	Appraisal report	Business purpose	

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Date of acquisition	Book value	Disposal amout	Status of collection of proceeds	Gain (Loss)on disposal	Counterparty	Relationship with the seller	Reason for disposal	References for determining price	Other termss
The Company	Land,numbered 259, etc. and the buildings on it, located at Ronghua Section	2022.06.14	1979.02.27 ~ 1993.06.10	97,036	1,680,000 Note	1,200,000	1,534,195 Note	Chuan Shing Engineering Corporation	Non-related party	Earning profit	Appraisal report	

Note : The Company received a letter of commitment for this real estate transaction in 2023 and has met all related supplementary requirements in the same year. Transaction amount increased to \$1,680,000 thousand from \$1,200,000 thousand, while the gain on disposal increased to \$1,534,195 thousand from \$1,082,929 thousand. For details, please refer to Note 6(6).

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanyang	Note 2	Sales	(16,984,747)	(34)%	8 billion in credit and payment received right after shipment	-	-	5,273	- %	
The Company	Chu-Yang	Note 2	Sales	(360,487)	(1)%	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	-	-	331	- %	
The Company	SIT	Note 2	Sales	(1,091,430)	(2) %	Payment received 120 days after shipment	-	-	202,834	14 %	
The Company	SDE	Note 2	Sales	(235,209)	- %	Payment received 120 days after shipment	-	-	87,848	6 %	
The Company	Xia Shing Motor	Note 2	Sales	(216,565)	- %	Payment received 45 days after shipment of service parts, and payment received 30 days after shipment of other parts or goods	-	-	43,518	3 %	
The Company	Jau Ryh	Note 2	Sales	(242,744)	- %	Payment received 3 days after shipment	-	-	6,779	- %	
The Company	Xia Shing Motor	Note 2	Purchases	3,625,889	10 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(260,120)	(8) %	
The Company	TBM	Note 2	Purchases	664,220	2 %	Payment paid 45 days after acceptance	Note 5	Note 5	(121,176)	(4) %	
The Company	Youth Taisun	Note 2	Purchases	376,486	1 %	Payment paid 45 days after acceptance	-	-	(62,775)	(2) %	
The Company	Hitachi Astemo Taichung Co., Ltd.	Note 4	Purchases	933,111	3 %	Payment paid 45 days after acceptance	Note 5	Note 5	(169,472)	(5) %	
The Company	Zoeng Chang Industry Co., Ltd.	Note 4	Purchases	323,323	1 %	Payment paid 45 days after acceptance	-	-	(51,860)	(2) %	
Nanyang	Sunshine Auto-Lease	Note 2	Sales	(553,986)	(3) %	Payment received right after shipment	-	-	32,204	18 %	
Nanyang	Jau Ryh	Note 2	Sales	(307,440)	(1) %	Payment received 3-7days after shipment	-	-	21,346	12 %	
Nanyang	The Company	Note 1	Purchases	16,984,747	93 %	8 billion in credit and payment paid right after shipment	Note 5	Note 5	(5,273)	(2) %	
Nanyang	Shian Yang	Note 2	Purchases	191,324	1 %	Payment paid 50 days on a monthly settlement base	Note 5	Note 5	(37,727)	(18) %	
Chu-Yang	The Company	Note 1	Purchases	360,487	100 %	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	Note 5	Note 5	(331)	(100) %	
SIT	The Company	Note 1	Purchases	1,091,430	100 %	Payment paid 120 days after shipment	Note 5	Note 5	(202,834)	(83) %	
SDE	The Company	Note 1	Purchases	235,209	100 %	Payment paid 120 days after shipment	Note 5	Note 5	(87,848)	(97) %	
Xia Shing Trading	Sanyang Global	Note 3	Sales	(487,132)	(17) %	Payment received 120 days on a monthly settlement base	Note 5	Note 5	44,611	100 %	

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Name of purchaser/seller	Counter-party	Ending balance	Percentage of total notes/accounts receivable (payable)	
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	2,213,766	84 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(53,507)	(86) %	
Xia Shing Motor	The Company	Note 1	Sales	(3,625,889)	(41) %	The payment for goods before the 15th of the previous month is received in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month.	Note 5	Note 5	260,120	42 %	
Xia Shing Motor	Xia Shing Trading	Note 2	Sales	(2,213,766)	(25) %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	53,507	9 %	
Xia Shing Motor	The Company	Note 1	Purchases	216,565	3 %	Payment paid 45 days after shipment of service parts, and payment paid 30 days after shipment of other parts or goods	Note 5	Note 5	(43,518)	(5) %	
Xia Shing Motor	XTBM	Note 3	Purchases	202,732	3 %	Payment paid 30 days on a monthly settlement base	Note 5	Note 5	(9,357)	(1) %	
Xia Shing Motor	SCK	Note 3	Purchases	344,991	6 %	Payment paid 15 days on a monthly settlement base	-	-	(8,664)	(1) %	
TBM	The Company	Note 1	Sales	(664,220)	(91) %	Payment received 45 days after acceptance	Note 5	Note 5	121,176	94 %	
Youth Taisun	The Company	Note 1	Sales	(376,486)	(83) %	Payment received 45 days after acceptance	-	-	62,775	89 %	
Sunshine Auto-Lease	Nanyang	Note 1	Purchases	553,986	56 %	Payment paid right after shipment	Note 5	Note 5	(32,204)	(56) %	
Jau Ryh	The Company	Note 1	Purchases	242,744	42 %	Payment paid 3 days after shipment	Note 5	Note 5	(6,779)	(23) %	
Jau Ryh	Nanyang	Note 1	Purchases	307,440	54 %	Payment paid 3-7days after shipment	Note 5	Note 5	(21,346)	(72) %	
VMEP	Sanyang Global	Note 3	Purchases	624,660	27 %	Payment paid 60 days after shipment in December, 120 days in other months.	Note 5	Note 5	(3,381)	(4) %	
VMEP	VTBM	Note 2	Purchases	148,067	6 %	Payment paid 45 days after acceptance	Note 5	Note 5	(5,260)	(6) %	
Nova Design	The Company	Note 1	Sales	(140,814)	(88) %	With contract:Payment received 30 days after acceptance Without contract:Payment received after acceptance.	-	-	23,737	94 %	
Sanyang Global	VMEP	Note 3	Sales	(624,660)	(94) %	Payment received 60 days after shipment in December, 120 days in other months.	Note 5	Note 5	3,381	42 %	
Sanyang Global	Xia Shing Trading	Note 3	Purchases	487,132	84 %	Payment paid 120 days on a monthly settlement base	Note 5	Note 5	(44,611)	(92) %	
XTBM	Xia Shing Motor	Note 3	Sales	(202,732)	(88) %	Payment received 30 days on a monthly settlement base	Note 5	Note 5	9,357	84 %	
VTBM	VMEP	Note 1	Sales	(148,067)	(94) %	Payment received 45 days on a monthly settlement base	Note 5	Note 5	5,260	66 %	
Shian Yang	Nanyang	Note 1	Sales	(191,324)	(49) %	Payment received 50 days on a monthly settlement base	Note 5	Note 5	37,727	61 %	
SCK	Xia Shing Motor	Note 3	Sales	(344,991)	(44) %	Payment received 15 days on a monthly settlement base	-	-	8,664	6 %	

Note 1: Investor company accounts for the Company using the equity method.

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: Substantive related party.

Note 5: No ordinary transaction can be compare to.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss allowance
					Amount	Action taken		
The Company	SIT	Subsidiaries	202,834 (EUR 5,962)	3.87	-		89,203 (EUR 2,622)	-
Xia Shing Motor	The Company	The parent company of the Group	260,120 (USD 8,466)	16.65	-		207,394 (USD 6,750)	-
TBM	The Company	The parent company of the Group	121,176	6.15	-		121,176	-
Nova Shanghai	Yangzhou Tairun Hotel, Ltd	An associate	108,200 (CNY 25,000)	N/A	-		-	-

(ix) Trading in derivative instruments:None.

(viii) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Name of company	Counter-party	Relationship	Intercompany transaction			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Xia Shing Motor	1	Accounts payable to related parties	260,120	Note 3	0.41%
0	The Company	TBM	1	Accounts payable to related parties	121,176	"	0.19%
0	The Company	SIT	1	Accounts receivable from related parties	202,834	"	0.32%
0	The Company	Nanyang	1	Sales revenue	16,984,747	"	26.35%
0	The Company	Chu-Yang	1	Sales revenue	360,487	"	0.56%
0	The Company	SIT	1	Sales revenue	1,091,430	"	1.69%
0	The Company	SDE	1	Sales revenue	235,209	"	0.36%
0	The Company	Xia Shing Motor	1	Sales revenue	216,565	"	0.34%
0	The Company	Jau Ryh	1	Sales revenue	242,744	"	0.38%
0	The Company	Xia Shing Motor	1	Cost of goods sold	3,625,889	"	5.62%
0	The Company	TBM	1	Cost of goods sold	664,220	"	1.03%
0	The Company	Youth Taisun	1	Cost of goods sold	376,486	"	0.58%
1	Nanyang	Sunshine Auto-Lease	1	Sales revenue	553,986	"	0.86%
1	Nanyang	Jau Ryh	1	Sales revenue	307,440	"	0.48%
1	Nanyang	Shian Yang	1	Cost of goods sold	191,324	"	0.30%
2	Xia Shing Trading	Sanyang Global	3	Sales revenue	487,132	"	0.76%
3	Xia Shing Motor	Xia Shing Trading	1	Sales revenue	2,213,766	"	3.43%
3	Xia Shing Motor	XTBM	3	Cost of goods sold	202,732	"	0.31%
3	Xia Shing Motor	SCK	3	Cost of goods sold	344,991	"	0.54%
4	VMEP	Sanyang Global	3	Cost of goods sold	624,660	"	0.97%
4	VMEP	VTBM	3	Cost of goods sold	148,067	"	0.23%
5	Nova Design	The Company	2	Sales revenue	140,814	"	0.22%

Note 1: The numbering method is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequently numbered from 1 by company.

Note 2: The Relationship is classified into the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Except for terms for transactions uncomparable to ordinary transactions are in accordance with the agreement between both parties, the others are similar to ordinary terms.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 5: Contra-transactions are not disclosed.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying value				
The Company	Shan Young	Taiwan	Real estate development and management	4,843,889	4,843,889	771,433	100.00%	8,162,407	100.00%	(181,434)	(181,434)	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	238,493	100.00%	17,354	17,354	"
"	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	53,350	100.00%	20,575	20,575	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	837,572	179,283	89.78%	3,123,498	89.78%	1,106,170	993,120	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	209,435	100.00%	8,985	8,985	"
"	Sunshine Auto - Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	8,125	16.27%	98,523	16.27%	36,196	5,889	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	119,257	99.66%	1,412,964	99.66%	33,540	33,426	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,789,777	100.00%	91,167	91,167	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	94,346	100.00%	6,867	6,867	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	8,409,861	100.00%	1,139,258	1,139,258	"
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	279,416	100.00%	109,506	109,506	"
"	APh	Taiwan	Investment activities	2,200,512	1,117,451	165,537	66.57%	2,176,648	66.57%	(170,750)	(102,820)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	(13,628)	100.00%	(9,727)	(9,727)	"
"	Yi Young	Taiwan	Waste disposal	280,000	280,000	28,000	100.00%	263,663	100.00%	619	619	"
Shan Young	Taiwan Tea Corporation	Taiwan	Sale of teas and real estate development, etc.	3,982,033	3,738,224	223,640	28.31%	4,151,897	28.31%	(287,470)	Disclosure not requires	Note 2
"	Vista Hill Environmental	Taiwan	Waste disposal	95,928	-	9,593	70.95%	95,928	70.95%	-	"	Note 1
APh	APh ePower	Taiwan	Power source development industry	2,153,900	1,053,900	247,700	100.00%	1,902,603	100.00%	(151,698)	"	"
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	30,702	61.46%	354,019	61.46%	36,196	"	"
"	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	31,317	31,317	3,000	100.00%	37,782	100.00%	5,672	"	"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	44,303	92.86%	13,660	"	"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	98,086	100.00%	173	"	"
"	Jau Ryh	Taiwan	Truck rental and leasing	34,328	34,328	2,993	100.00%	74,142	100.00%	37,749	"	"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	119,381	100.00%	58,407	"	"
"	Chuanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	25,000	-	2,500	100.00%	24,981	100.00%	(19)	"	"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	61,552	42.30%	(62)	"	"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	7,842	55.00%	134,548	55.00%	56,315	"	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	10,550	21.12%	127,893	21.12%	36,196	"	"
"	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	64,364	100.00%	826	"	"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	83,961	57.70%	(62)	"	"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	331,493	40.00%	19,496	"	Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	48,719	29.29%	(7,382)	"	"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	22.32%	66,750	22.32%	(54,049)	"	"
"	Taiwan Tea Corporation	Taiwan	Sale of teas and real estate development, etc.	-	156,852	-	-%	-	0.95%	(287,470)	"	"
"	He Xu International Co., Ltd.	Taiwan	Recreational activities venue	30,000	30,000	3,000	30.00%	26,423	30.00%	(11,351)	"	"
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	795,102	795,102	-	100.00%	3,789,777	100.00%	91,172	"	Note 1
				(USD 25,878)	(USD 25,878)			(USD 123,345)		(USD 2,926)		
SYI	Cosmos	British Virgin Islands	Investment shareholding company	406,356	406,356	-	100.00%	484,660	100.00%	34,201	"	"
				(USD 13,226)	(USD 13,226)			(USD 15,774)		(USD 1,097)		
"	VMEPH	Cayman Islands	Investment shareholding company	3,041,283	3,041,283	608,818	67.07%	1,051,380	67.07%	44,248	"	"
				(USD 98,984)	(USD 98,984)			(USD 34,219)		(USD 1,420)		
"	New Path	Samoa	Investment shareholding company	282,878	282,878	-	100.00%	534,175	100.00%	33,689	"	"
				(USD 9,207)	(USD 9,207)			(USD 17,386)		(USD 1,081)		
"	PIL	British Virgin Islands	Investment shareholding company	425,111	425,111	-	100.00%	3,853,446	100.00%	920,996	"	"
				(USD 13,836)	(USD 13,836)			(USD 125,417)		(USD 29,554)		

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of ownership	Carrying value				
SYI	Sun Goal	Samoa	Investment shareholding company	268,254 (USD 8,731)	268,254 (USD 8,731)	-	100.00%	210,391 (USD 6,848)	100.00%	14,853 (USD 477)	Disclosure not requires	Note 1
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	120,891	100.00%	22,144	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	42,491	69.00%	1,980	"	"
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	85,000	85,000	8,500	100.00%	118,781	100.00%	16,967	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	5,098,291 (USD 165,933)	5,098,291 (USD 165,933)	-	100.00%	1,423,685 (USD 46,336)	100.00%	73,818 (USD 2,369)	"	"
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc	138,263 (USD 4,500)	138,263 (USD 4,500)	-	100.00%	146,210 (USD 4,759)	100.00%	6,226 (USD 200)	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	14,287 (USD 465)	14,287 (USD 465)	-	31.00%	18,737 (USD 610)	31.00%	1,980 (USD 68)	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	221,619 (USD 7,213)	221,619 (USD 7,213)	-	99.94%	214,068 (USD 6,967)	99.94%	164 (USD 5)	"	"

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Maximum percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Xia Shing Motor	Manufacturing and sale of scooters and its parts	706,675 (USD23,000)	(ii) Note 1 (2)1	425,111 (USD 13,836)	-	-	425,111 (USD 13,836)	1,201,308 (USD 38,550)	76.67%	76.67%	921,043 (USD29,556)	3,854,677 (USD125,457)	-
Xia Shing Trading	Retail of scooters and its parts	12,984 (CNY 3,000)	(ii) Note 1 (3)1	-	-	-	-	4,350 (CNY 990)	76.67%	76.67%	Note 2	47,303 (CNY10,930)	-
SCK	Manufacturing and sale of scooter parts	1,015,154 (USD33,040)	(ii) Note 1 (2)1	713,619 (USD 23,226)	-	-	713,619 (USD 23,226)	49,076 (USD 1,575)	100.00%	100.00%	49,076 (USD 1,575)	695,048 (USD22,622)	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	Note 1	(ii) Note 1 (2)1	1,096,944 (USD 35,702)	-	-	1,096,944 (USD 35,702)	-	-	-	-	-	538,456 (USD17,525)
Sanyang Global	Scooter parts and molds development and wholesale	276,525 (USD9,000)	(ii) Note 1 (2)1	276,525 (USD 9,000)	-	-	276,525 (USD 9,000)	33,429 (USD 1,073)	100.00%	100.00%	33,429 (USD1,073)	533,337 (USD 17,358)	-
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	46,303 (USD1,507)	(ii) Note 1(1)	13,888 (USD 452)	-	-	13,888 (USD 452)	-	30.00%	30.00%	-	-	-
NOVA Shanghai	Industrial products design	399,497 (USD13,002)	(ii) Note 1 (2)2	353,675 (USD 11,511)	-	-	353,675 (USD 11,511)	(1,232) (USD (40))	100.00%	100.00%	(1,232) (USD(40))	292,850 (USD9,531)	-
XTBM	Manufacturing, processing and sale of scooter parts	135,232 (USD4,401)	(ii) Note 1 (2)3	135,232 (USD 4,401)	-	-	135,232 (USD 4,401)	21,123 (USD 678)	54.81%	54.81%	11,578 (USD372)	47,815 (USD 1,556)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note 1	(ii) Note 1 (2)3	21,446 (USD 698)	-	-	21,446 (USD 698)	-	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	Note 1	(ii) Note 1 (2)4	190,526 (USD 6,201)	-	-	190,526 (USD 6,201)	-	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobile and its parts	124,436 (USD4,050)	(ii) Note 1 (2)4	124,436 (USD 4,050)	-	-	124,436 (USD 4,050)	173 (USD 6)	89.78%	89.78%	155 (USD5)	88,061 (USD 2,866)	-
Yangzhou Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,625 (USD5,000)	(ii) Note 1 (2)5	153,625 (USD 5,000)	-	-	153,625 (USD 5,000)	(747) (USD (24))	29.19%	29.19%	(218) (USD (7))	49,924 (USD 1,625)	-
Yangzhou Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	153,625 (USD5,000)	(ii) Note 1 (2)5	-	-	-	-	(6,038) (USD (194))	29.19%	29.19%	(1,763) (USD (57))	(10,212) (USD (332))	-
Yangzhou Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,164 (CNY500)	(ii) Note 1 (2)6	-	-	-	-	-	29.19%	29.19%	-	2,157 (CNY498)	-

Note 1: The following is a list of investments in Mainland China that have been liquidated, divested, or annulled, but the registered investment amounts have not yet been filed to the Investment Commission, MOEA:

- (1) The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.
- (2) The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.
- (3) The Company was approved by Investment Commission, MOEA (Permit No. 09900323700) for the investment of US\$7,400 thousand in Su Zhou Hui Ying on August 17, 2010. The Company was approved by Investment Commission, MOEA (Permit No. 10100039390) for the investment of US\$2,200 thousand in Su Zhou Hui Ying on February 10, 2012. The liquidation of Su Zhou Hui Ying has been completed on May 10, 2021 and Investment Commission, MOEA (Permit No. 11000177800) approved the withdrawal of the investment of US\$3,399 thousand on August 3, 2021.

Note 2: (1) The Company does not need to apply to the Investment Commission, MOEA to invests in the company in Mainland China via investee companies in Mainland China.

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

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(2) The profit of Xia Shing Trading for the current period have been recognized through Xia Shing Motor.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,630,920 (USD85,628)	3,590,524 (USD116,860)	15,236,341

Note 1: The method of investment is calssified into the following three types:

- (1) Through company in the third region to transfer money to invest in the investee in Mainland China.
- (2) Through setting up company in the third region to invest in the investee in Mainland China.
 - 1.The Company set up company in the third region to invest in the investee in Mainland China.
 - 2.NOVA Design set up company in the third region to invest in the investee in Mainland China.
 - 3.TBM set up company in the third region to invest in the investee in Mainland China.
 - 4.Nanyang set up company in the third region to invest in the investee in Mainland China.
 - 5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.
 - 6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.
- (3) Through existing investing company in the Mainland China to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company' s financial reports audited by international accounting firm which collaborated with the Company' s audit team or certified public accountants of R.O.C..

Note 3: In accordance with Principles for the review of investment or technical cooperation in the Mainland China issued by Investment Commission, MOEA, the limit on investment in Mainland China is the higher of 60% of the Company' s or the Group' s equity.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD30.7250 ; CNY1=NTD4.3280

Average exchange rate for the reporting period: USD1=NTD31.1627 ; CNY1=NTD4.3961

(iii) Significant transactions:

For the direct or indirect significant transactions between the Group and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2023, please refer to "Information on significant transaction" .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Da Yang Investment Ltd.		54,905,000	6.88%
Chuan Yuan Investment Ltd.		47,375,000	5.94%
Bai Ke Investment Ltd.		45,730,000	5.73%

Note: The aforementioned information of major shareholders is extracted from the statistics maintained by Taiwan Depository and Clearing Corporation, which reveal the shareholders whose shareholding ratios are over 5%. The calculation is based on the non-physical securities (including ordinary shares, private shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every quarter.

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group has two main reportable segments: domestic segment overseas segment, whose major businesses are manufacturing and selling automobile, scooter and their parts, and providing related technical service and consulting service.

All operating results are submitted for review to the operational decision maker of the Group, and therefore the resources could be distributed properly among segments based on respective performance.

The segment revenues are from external customers, excluding non-operating revenues and investment income or losses.

The segment profits or losses are the remaining amount after segment revenues minus costs and expenses, which are related to revenues generation. If the costs and expenses are not directly attributable, they should be allocated among segments proportionately to respective operating revenues.

(b) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2023	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 53,471,700	10,836,671	152,868	-	64,461,239
Intersegment revenues	<u>1,683,217</u>	<u>3,788,112</u>	<u>172,740</u>	<u>(5,644,069)</u>	<u>-</u>
Total revenues	<u>\$ 55,154,917</u>	<u>14,624,783</u>	<u>325,608</u>	<u>(5,644,069)</u>	<u>64,461,239</u>
Interest expenses	\$ 298,642	77,121	62,430	-	438,193
Depreciation and amortization	1,099,041	177,837	130,348	-	1,407,226
Reportable segment profit or loss	<u>\$ 7,630,572</u>	<u>1,779,656</u>	<u>(111,698)</u>	<u>(1,223,082)</u>	<u>8,075,448</u>
Assets:					
Investments accounted for using the equity method	\$ -	-	4,625,282	-	4,625,282
Capital expenditure	1,744,730	145,056	5,700	-	1,895,486
Reportable segment assets	<u>\$ 56,947,567</u>	<u>16,069,488</u>	<u>17,586,161</u>	<u>(27,825,302)</u>	<u>62,777,914</u>
Reportable segment liabilities	<u>\$ 28,940,980</u>	<u>4,422,155</u>	<u>3,975,524</u>	<u>45,353</u>	<u>37,384,012</u>

(Continued)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	\$ 38,553,226	12,164,204	133,188	-	50,850,618
Intersegment revenues	1,831,300	3,324,086	126,414	(5,281,800)	-
Total revenues	<u>\$ 40,384,526</u>	<u>15,488,290</u>	<u>259,602</u>	<u>(5,281,800)</u>	<u>50,850,618</u>
Interest expenses	\$ 204,998	45,940	27,647	-	278,585
Depreciation and amortization	1,073,454	176,178	130,348	-	1,379,980
Reportable segment profit or loss	<u>\$ 3,672,532</u>	<u>1,446,393</u>	<u>(233,109)</u>	<u>(835,830)</u>	<u>4,049,986</u>
Assets:					
Investments accounted for using the equity method	\$ -	-	4,643,509	-	4,643,509
Capital expenditure	2,089,197	190,287	2,642	-	2,282,126
Reportable segment assets	<u>\$ 49,360,587</u>	<u>15,144,795</u>	<u>16,976,011</u>	<u>(24,404,119)</u>	<u>57,077,274</u>
Reportable segment liabilities	<u>\$ 28,895,688</u>	<u>4,696,022</u>	<u>3,238,233</u>	<u>4,843</u>	<u>36,834,786</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenues are based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical information	For the years ended December 31	
	2023	2022
Revenues from external customers:		
Taiwan	\$ 48,899,519	33,973,435
Mainland China	3,067,793	4,279,348
Asia	6,092,844	6,168,775
Europe	5,055,144	4,664,325
Others	1,345,939	1,764,735
Total	<u>\$ 64,461,239</u>	<u>50,850,618</u>
Non-current assets:		
Taiwan	\$ 19,159,690	18,330,521
Mainland China	901,725	957,373
Vietnam	285,230	303,178
Others	12,363	11,856
Total	<u>\$ 20,359,008</u>	<u>19,602,928</u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and other non-current assets, excluding financial instruments and deferred tax assets.

(d) Major customers

The revenues contributed by major customers amounted to 10% of the Group's consolidated revenues in the year of 2023 and 2022: None.

VIII. Impact on the Company's Financial Situation Arising from Financial Difficulties Experienced by the Company and its Affiliates in the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance, and a Listing of Risks

I. Financial Position:

Comparative Analysis on Parent Company Only Financial Position

Unit: NT\$ thousand; %

Year Items	2023	2022	Difference	
			Amount	%
Current assets	8,694,968	7,933,432	761,536	9.60
Property, plant, and equipment	4,958,429	4,894,622	63,807	1.30
Other assets	32,395,428	28,773,728	3,621,700	12.59
Total assets	46,048,825	41,601,782	4,447,043	10.69
Current liabilities	11,999,903	10,950,796	1,049,107	9.58
Non-current liabilities	11,653,711	12,817,105	(1,163,394)	(9.08)
Total liabilities	23,653,614	23,767,901	(114,287)	(0.48)
Share capital	7,974,896	7,974,896	0	0.00
Capital reserves	1,713,762	1,713,762	0	0.00
Retained earnings	14,197,678	9,603,610	4,594,068	47.84
Other equity	(1,358,309)	(1,325,571)	(32,738)	(2.47)
Treasury stock	(132,816)	(132,816)	0	0.00
Total equity	22,395,211	17,833,881	4,561,330	25.58

Notes on material changes:

Retained earnings: mainly due to the increase in net profit in the current period compared with 2022.

II. Financial Performance:

Comparative Analysis of Operating Results

Unit: NT\$ thousand

Year Items	2023	2022	Difference	
			Amount	%
Operating revenue	49,290,243	35,882,517	13,407,726	37.37
Operating costs	42,869,251	31,649,964	11,219,287	35.45
Gross profit	6,374,325	4,204,934	2,169,391	51.59
Operating expenses	2,850,465	2,459,217	391,248	15.91
Net operating profit	3,523,860	1,745,717	1,778,143	101.86
Non-operating income and expenses	3,675,244	1,721,513	1,953,731	113.49
Profit before income tax	7,199,104	3,467,230	3,731,874	107.63
Income tax expense	901,583	351,195	550,388	156.72
Net income for the year	6,297,521	3,116,035	3,181,486	102.10
Other comprehensive income (net amount after tax)	(117,541)	529,530	(647,071)	(122.20)
Total comprehensive income for the year	6,179,980	3,645,565	2,534,415	69.52

Notes on material changes:

1. Operating revenue, operating cost, operating gross profit and operating profit: mainly due to the increase in the number of motorcycles and automobiles sold as compared to 2022.
2. Non-operating income and expense: mainly due to gains from the disposal of non-current assets held for sale and the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method compared as compared to 2022.
3. Net income before tax, net income for the current period, and total comprehensive income for the period: Mainly due to an increase in net operating income and non-operating revenue.
4. Income tax expenses: mainly due to the increase of pre-tax profits.
5. Other comprehensive income: mainly due to the decrease in exchange differences on translation of foreign financial statements compared to 2022.

III. Cash Flow:

(I) Liquidity analysis for the past two years

Unit: %

Year Items	2023	2022	Increase (Decrease) (%)
Cash flow ratio (%)	29.17	2.23	1,208.07
Cash flow adequacy ratio (%)	92.02	74.39	23.70
Cash reinvestment ratio (%)	4.52	Note1	-

Note1: The net cash flows from operating activities, after deducting cash dividends and resulting in cash outflows, are excluded from the calculation.

Note2: In 2023, the operating new cash flow increased compared to 2022, leading to a higher ratio of cash flow-related metrics.

(II) Cash Liquidity Analysis for the Upcoming Year

Unit: NT\$ thousand

Cash at Beginning of Year	Net Cash Inflows from Operating Activities	Net Cash Outflow from Investments and Financing Activities of the Whole Year	Cash Balance (Deficit)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,991,827	2,423,491	(2,983,556)	1,431,762	-	-

In the coming year, the estimated cash inflow from operating activities is NT\$2,423,491 thousand, the estimated cash outflow from investing activities is NT\$1,138,087 thousand, and the estimated cash outflow from financing activities is NT\$1,845,469 thousand.

IV. Impacts of Material Capital Expenditure in the Most Recent Fiscal Year upon Financial Business:

(I) Utilization and Source of Funds of Major Capital Expenditures

Unit: NT\$ thousand

Plan	Actual or expected source of funds	Actual or expected completion date	Funds required	Actual or estimated capital expenditure				
				2024	2023	2022	2021	2020
Projects for production rationalization	Private capital	2024	1,311,035	272,887	271,387	165,486	333,869	267,406
Development of new types of scooters	Private capital	2024	1,014,733	430,970	102,040	161,676	22,001	298,046
Others	Private capital	2024	1,278,038	407,270	66,183	296,241	194,744	313,600

(II) Expected Benefits

1. Invest in equipment to expand, integrate, and improve the efficiency and quality of present product lines. This will also enhance product competitiveness and ensure a prompt response to both domestic and foreign market needs.
2. Invest in developing new types of motorcycles and creating more complete product lines, so as to develop new market segments and new international markets while increasing market shares, corporate revenues, and sales.

V. Investment Policy for the Most Recent Fiscal Year, Main Causes of Profits or Losses Resulting Therefrom, Improvement Plans and Investment Plan for the Upcoming Fiscal Year:

The Company's reinvestment strategies focus on its core businesses. The investment income from reinvestment accounted for using equity method in 2023 amounted to

NT\$2,132,785 thousand. In the future, the Company will continue to implement the reinvestment plans with an attitude of seeking progress while maintaining stability.

VI. Risk Management and Assessment:

(I) Impact on the Company's Profit (Loss) Due to Interest and Exchange Rate Fluctuations and Inflation, and Future Responses:

1. Changes in interest rates

The Company's interest rate risks primarily stem from the liabilities related to managing its operating activities. Its main financing instruments are short and mid-term liabilities measured at banks' benchmark interest rate and fixed interest rate. To reduce interest rate risks, the Company strives to lower its loan interest rate with financial institutions every year according to market interest rates.

The interest rate range for short-term borrowings of the Company in 2023 was 1.65%~1.68%, and the interest rate for long-term borrowings was 1.595%~1.8756%. With all other conditions unchanged, for every 1% increase or decrease in the loan interest rate, the net profit of the Company in 2023 would decrease or increase by NT\$101,262 thousand.

2. Exchange rate fluctuations

In 2023, the foreign sales revenue of the Company decreased by NT\$157,141 thousand compared with those in 2022. The ratio of foreign sales revenue to the total revenue of the Company decreased from 17.85% in 2022 to 12.68% in 2023. In addition, most parts used by the Company for automobile production were imported from foreign countries. In order to mitigate the impact of exchange rate fluctuations on its net profit, the Company has engaged in necessary hedging transactions to manage associated risks. These transactions include spot sales of net inflow of US dollars and the conclusion of foreign exchange forward contracts, with the aim of reducing impacts of exchange rate fluctuations on the Company's gains (losses).

To strengthen its risk control over exchange rate fluctuations, the Company has also taken the following countermeasures:

- (1) Regularly collects market information on exchange rates to understand fluctuation trends in exchange rate;
- (2) Conducts regular reviews and performs timely foreign exchange operations to adjust foreign currency positions;
- (3) Appoints financial institutions that have cooperated with the Company to provide professional advisory services and requires finance personnel to collect information about exchange rates and provide related sectors with this information promptly;
- (4) Takes into account exchange rate fluctuations to ensure that the Company will make reasonable profits when providing quotations in foreign currencies.

3. Inflation

According to the data released by the Directorate General of Budget, Accounting and Statistics of Executive Yuan, the average consumer price index in 2023 is 105.52, increased by 2.50% compared with that of 102.95 in 2022. The Company's costs have increased due to an increase in the global price of raw materials, growing needs for necessary for key components, tightened supply, and continuous price increases.

Consolidate the Group's strength in global procurement to ensure adequacy and timeliness of supply. For certain components facing rising raw material costs, the Company adopts multi-manufacturer development or collaborates with multiple manufacturers on joint design and research. With a commitment to maintaining or enhancing quality, it mitigates impacts of the price increase by reducing the consumption of raw materials that are experiencing price growth through various development or production methods. In the future, the Company will continue to explore manufacturers with new technologies or cooperate with manufacturers to develop new technologies, thereby alleviate the impacts of adverse factors due to lowering costs with technologies.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements /Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Future Response Measures:

To effectively control financial risks, the Company hasn't engaged in high-risk or highly leveraged investments or transactions. Capital loans, endorsements or guarantees and derivatives transactions also comply with related laws regulated by the Securities and Futures Bureau. Furthermore, the Company has developed operational procedures for capital loans, endorsements/guarantees and derivatives transactions, along with measures for internal control and management to improve financial and business management. Furthermore, the Company engages in derivative financial products transactions to mitigate market risks rather than for the purpose of trading or speculative product trading. In the future, it will continue to regularly evaluate and flexibly adjust related hedging strategies based on its business conditions and changes in market trends.

(III) Future R&D Plans and Expected R&D Spending:

1. Motorcycles:

- (1) Continuously develops its private brand motorcycles that lead the trends and increases its market shares.
- (2) Masters core technologies of its excellent products, accumulates creative product technologies, and expands leading technologies.
- (3) Improves its abilities for platform integration, R&D, and design to rapidly launch products worth more than what they are paid for.
- (4) Continuously develops heavy-duty motorcycles, big-sized Heavy Motorcycle and innovative products with high added value.
- (5) Integrates R&D technologies and production resources of overseas bases to launch special segmentation of high-end models and economical and practical models.

2. Automobiles:

Plans to introduce hybrid automobiles, electric automobiles, and those equipped with high fuel efficiency engines in response to environmental regulations and standards.

3. In 2024, the Company plans to invest NT\$430,970 thousand in R&D of new models.

(IV) Impacts of Changes in Domestic and Foreign Material Policies and Legal Changes upon Financial Operations of the Company and Countermeasures:

The Company operates in compliance with relevant domestic and foreign laws and regulations, and the management has been paying close attention to laws and policies affecting the Company's business and operations. Currently, there is no significant

impact on financial operations.

(V) Impacts of Developments in Science and Technology and Industrial Changes on the Financial Operations of the Company and Countermeasures:

1. With the development of digital environments and technological tools, there is a growing focus on data protection and ensuring the continuous operation of information systems. Through the proper deployment of information security and protective measures, efforts are made to prevent cybersecurity incidents caused by factors such as cyberattacks, natural disasters, and equipment failures.
2. The Company has obtained ISO 27001 information security management system certification. Through comprehensive measures in system security, network security, and policy management, the Company ensures the protection of information confidentiality and effectively controls cybersecurity risks.
3. Actively develop NEVs, and give priority to safety to win market opportunities.
4. The Company is closely monitoring the future technological advancements and market development trends in electric scooters, while also conducting research on key technologies and charging service models related to electric scooters.

(VI) Effects of Changes in Company Image upon Crisis Management and Countermeasures:

1. To strengthen governance, the Company has appointed independent directors and instituted both an Audit Committee and a Remuneration Committee, which convene regular meetings. These committees adhere to regulatory requirements, ensuring prompt disclosure of pertinent information. Additionally, the Company has established a spokesperson mechanism, with a dedicated unit tasked with effectively maintaining the Company's corporate image.
2. In the face of global challenges posed by extreme climate conditions, businesses are being tested on their resilience to risks. As a major manufacturing hub for finished vehicles, the Company has established a Sector of ESG & sustainability affairs, aligning with the goal of sustainable environmental management. This initiative echoes government initiatives toward achieving net zero emissions. Annually, the Company publishes ESG reports, actively researches new energy technologies, and products, committing to long-term, sustainable operations. We recognize our corporate responsibility in shaping the future and strive to create it collectively.
3. In addition to formulating annual and monthly operational plans, the Company regularly conducts weekly meetings, monthly meetings, and sales and production meetings. These meetings aim to enhance management precision and facilitate swift responses to the supply status of raw materials and critical components. They ensure the monitoring of the Company's operational activities and enable effective allocation and acquisition of internal resources, thereby enhancing crisis response capabilities.

(VII) Expected Benefits and Possible Risks Associated with Any M&A and Countermeasures: None.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion and Countermeasures:

The Company's plant expansions have all gone through complete and prudent evaluation by responsible units. The return on investment and possible risks have all been taken into account.

(IX) Risks Associated with Any Concentration of Sales or Purchase and Countermeasures:

1. Motorcycles

(1) Purchase:

A. Risks:

1. Among the motorcycle parts purchased by the Company, several technologically advanced components are procured from professional manufacturers that possess exclusive technologies. All other parts are supplied by more than 2 manufacturers, all of whom are competent for production. Therefore, there is no risk of purchasing concentration.
2. In response to the post-pandemic effects on imported motorcycle components, the Company has integrated electronics-related components and established safety stock based on assembly requirements to meet fluctuations in market demand.

B. Countermeasures:

1. For the parts purchased from exclusive manufacturers, the Company maintains good relations with them. Meanwhile, it actively develops relationships with new manufacturers and looks for alternative resources satisfying their needs, in order to reduce risks.
2. Provides manufacturers with a half-year predictive quantity for their reference in preparing goods. Increases the safety stock level and extends the lead time for purchasing to reduce risks of late delivery of parts.

(2) Sales:

A. Domestic sales:

The Company's general agents for selling motorcycles include general distributors in Taiwan and outing islands (Kinmen and Penghu) and individual distributors. The Company has maintained cooperation and good interactions with these distributors for many years. For motorcycles delivery, the Company first collects a shipping security deposit from the general distributors and individual shipping distributors. Motorcycles will then be shipped within the range secured by the deposit according to the corresponding order, and the payment for the entire order will be collected one week thereafter. After the Finance Sector confirms that the payment has been received and recognized, the guaranteed number of motorcycles will be restored, and the motorcycles will then be delivered. The general distributors and individual distributors shall manage their sales and inventories by themselves in cooperation with the Company's marketing process. It is concluded that there are no centralized or immediate risks.

B. Foreign sales:

1. The Company sells its motorcycles all over the world. It has set up an Overseas Business Sector to coordinate the marketing and production capacity of the factories in three regions for global shipping. Foreign sales arrangement focuses on promoting its sales in four major markets (Europe, Central/South America, Africa/Middle East, and ASEAN). At present, SYM

has approximately 90 agents worldwide, and formulates a sales distribution strategy delegated by region and country, effectively reducing regional "market risk."

2. In addition, the Company plans to purchase product liability insurance for export models every year to reduce the risk of liability claims in overseas markets (risk diversification) resulting from product defects.
3. The Company's foreign sales of its motorcycles comply with the principle of "delivery after obtaining a bank's letter of credit as a guarantee or receiving payment." If a customer has any special payment conditions or requirements for a credit line change, the requirements shall be reviewed and approved by supervisors before delivery to lower "financial risks."

2. Automobiles

(1) Purchase:

The Company's automobiles are primarily supplied by Hyundai. Since Hyundai has experienced strikes every July to August for a long time, the purchasing risk is relatively high. However, the Company maintains long-term and close cooperation with its suppliers to ensure that there will not be a shortage of components. From the first quarter of 2022 to the present, the global automotive sector has grappled with a semiconductor chip shortage precipitated by the pandemic, resulting in a dearth of crucial components for numerous manufacturers. Despite Hyundai Motor in South Korea encountering shortages of specific chip components, Sanyang has adeptly ensured an uninterrupted supply of critical semiconductor parts, meeting the actual production demands despite the challenging environment. In addition, Nanyang Industries Co., Ltd. is the main customer and an affiliate of the Company. Both companies regularly hold production and sales meetings to review their sales ratio and jointly diversify purchasing risks, ensuring that the Company does not incur unnecessary costs.

(2) Sales:

The Company's products are sold in the vast end customer market, so there is no sales concentration for either passenger or commercial vehicles. Nanyang Industries Co., Ltd. and other distributors order the Company's vehicle products according to consumers' orders, and they cannot prevent other distributors from selling these products. Therefore, the sales risks are diversified, and the Company has the authority to direct the sales market.

For passenger vehicles, Nanyang Industries Co., Ltd. strives to develop diverse sales channels, apart from selling through its sales bases. For commercial vehicles, Nanyang Industries Co., Ltd. employs a distribution method involving designated regions and volumes, catering to commercial groups.

- (X) Impacts of Substantial Share Transfer by Directors, Supervisors or Shareholders Holding over 10% Shares on the Company, Risks and Countermeasures: None.
- (XI) Impacts of Changes in Management Rights on the Company, Risks and Countermeasures: None.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company

supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or any company or companies controlled by the company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other Important Risks and Countermeasures: None.

VII. Other Important Matters: None.

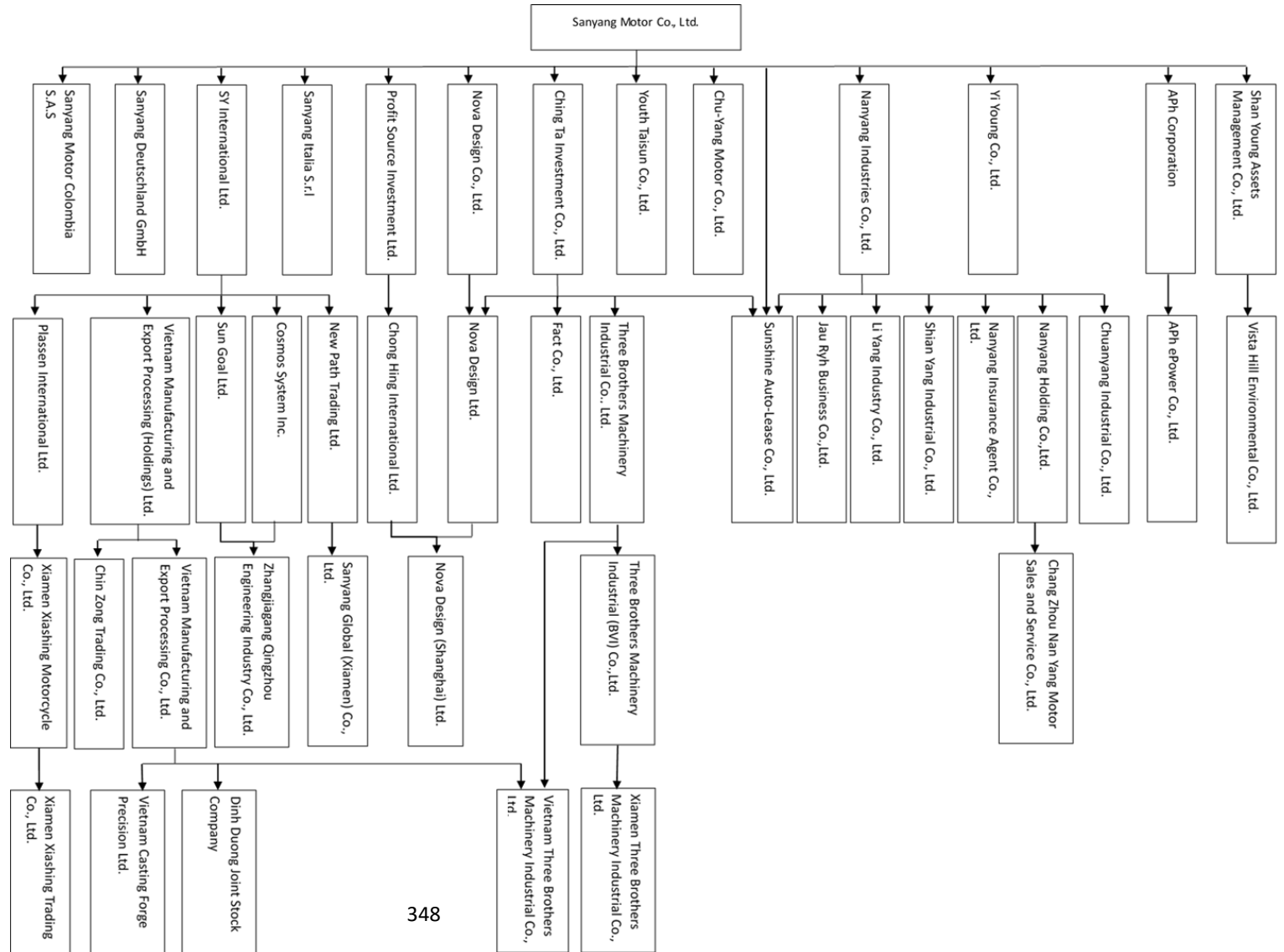
Chapter 8. Special Notes

I. Information on Affiliates

(I) Consolidated Business Report of the Affiliates

1. Summary of the affiliates

(1) Organizational chart of the affiliates:



(2) The affiliates' name, date of incorporation, address, paid-in capital and principal businesses:

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital	Principal Businesses or Products
Shan Young Assets Management Co., Ltd.	2004.07.08	3F.-1, No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114030 , Taiwan (R.O.C.)	NTD 7,714,327,670	Real estate development and management
Youth Taisun Co., Ltd.	1996.02.09	No. 18, Wenhua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD 180,934,880	Manufacturing of automobiles, scooters and their parts
Chu-Yang Motor Co., Ltd.	2002.01.07	No. 3, Zhonghua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD 29,000,000	Sale of scooters and its parts
Nanyang Industries Co., Ltd.	1965.05.11	3F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114030 , Taiwan (R.O.C.)	NTD 1,996,991,810	Distribution, repair, and maintenance of automobiles and its parts
Nova Design Co., Ltd.	1988.08.16	No. 285, Tanmei St., Neihu Dist., Taipei City 114031 , Taiwan (R.O.C.)	NTD 190,800,000	Product design
Sunshine Auto-Lease Co., Ltd.	1993.12.29	3F.-3, No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114030 , Taiwan (R.O.C.)	NTD 499,511,880	Passenger car rental and leasing
Ching Ta Investment Co., Ltd.	1987.01.23	No. 3, Zhonghua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD 1,196,584,010	Investment activities
Profit Source Investments Ltd.	2004.05.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 22,792,500	Investment shareholding company
Sanyang Deutschland GmbH	2006.08.02	Opelstraße 13, 64546 Mörfelden-Walldorf, Germany(DE)	EUR 3,000,000	Sale of scooters and its parts
SY International Ltd.	2005.11.01	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 53,341,956	Investment shareholding company
Sanyang Italia S.r.l	2005.01.11	Corso Giacomo Matteotti, 1 20121 Milano(MI), Italy	EUR 4,000,000	Sale of scooters and its parts
Sanyang Motor Colombia S.A.S	2018.11.21	CL 84 SUR, NO 37- 10 ,BG 101, SABANETA 055450, ANTIOQUIA, COLOMBIA	COP 100,002,000	Sale of scooters and its parts
Yi Young Co., Ltd.	2022.02.08	No. 3, Zhonghua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD 280,000,000	Waste disposal
APh corporation	2022.06.01	9F.-10, No. 65, Gaotie 7th Rd., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	NTD 547,066,665	Investment shareholding company
APh ePower Co., Ltd.	2018.04.23	4F.-A, No. 98, Luke 5th Rd., Luzhu Dist., Kaohsiung City 821011 , Taiwan (R.O.C.)	NTD 2,363,499,985	Development and sale of aluminum battery-related energy products and renewable-energy-based electricity retailing.
Vista Hill Environmental Co., Ltd.	1993.03.15	7F.-5, No. 260, Shengli 11th Rd., Zhubei City, Hsinchu County 302059 , Taiwan (R.O.C.)	NTD 135,208,000	Waste disposal
Nova Design Ltd.	2003.04.09	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	USD 5,910,428	Investment shareholding company
Li Yang Industry Co., Ltd.	2005.09.21	3F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114030 , Taiwan (R.O.C.)	NTD 30,000,000	Repair of automobiles and sale of automobile parts
Sunshine Auto-Lease Co., Ltd.	2004.08.17	3F., No. 386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114030 , Taiwan (R.O.C.)	NTD 29,931,230	Passenger car rental and leasing
Nanyang Holding Co., Ltd.	2009.09.11	Equity Trust Chambers,P.O.Box 3269,Apia,Samoa	USD 4,050,000	Investment shareholding company
Nanyang Insurance Agent Co., Ltd.	1984.11.28	2F., No. 62, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City 241515 , Taiwan (R.O.C.)	NTD 14,175,000	Property insurance agency business
Shian Yang Industrial Co., Ltd.	2014.11.24	No. 593, Sec. 4, Zhonghua Rd., Xiangshan Dist., Hsinchu City 300061 , Taiwan (R.O.C.)	NTD 47,400,000	Repair of automobiles and sale of automobile parts
Chuangyang Industrial Co., Ltd.	2023.12.08	No. 120, Siyuan Rd., Xinzhuang Dist., New Taipei City 242033 , Taiwan (R.O.C.)	NTD 25,000,000	Distribution, repair, and maintenance of automobiles and its parts

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital		Principal Businesses or Products
Three Brothers Machinery Industrial Co., Ltd.	1969.05.17	No. 450, Wangjian Rd., Xinwu Dist., Taoyuan City 327006 , Taiwan (R.O.C.)	NTD	142,584,650	Manufacturing, processing and sale of scooter parts
Fact Co., Ltd.	1995.01.27	No. 18, Wenhua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD	10,000,000	Manufacturing, processing and sale of hardware and iron
Chong Hing International Ltd.	1998.09.04	Craigmuir Chambers, Road Town, Tortola, VG 1110, B.V.I	RMB	89,252,064	Investment shareholding company
Nova Design (Shanghai) Ltd.	2003.06.09	NO.46, Yuanda Road, Shanghai International Automobile City	USD	13,002,332	Industrial product industrial design
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	1995.12.25	NO.3, Haifeng Road ,Zhangjiagang City Jiangsu Prov., P.R.CHINA	RMB	258,085,993	Manufacturing and sale of scooter parts
Cosmos System Inc.	1995.12.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD	23,040,000	Investment shareholding company
New Path Trading Ltd.	2004.09.21	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	9,200,000	Investment shareholding company
Plassen International Ltd.	1992.09.29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD	23,000,000	Investment shareholding company
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	2005.06.20	Cricknet Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands	USD	1,162,872	Investment shareholding company
Sun Goal Ltd.	2004.04.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	10,000,000	Investment shareholding company
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.	2011.01.30	No. 23, Zonglv Road, Zhonglou District, Changzhou City, China	USD	4,050,000	Retail of automobiles and its parts
Vietnam Three Brothers Machinery Industrial Co., Ltd.	2002.09.05	LOT NO.C-7-2 Road No, 8 Long Binh Techno Park(LoTeco)Route 15A, Bien Hoa City Dong Nai Province., VIETNAM	USD	1,500,000	Manufacturing, processing, and sale of scooter parts
Three Brothers Machinery Industrial (BVI) Co., Ltd.	1995.06.30	Vistra Corporate Services Centre ,Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD	5,118,949	Investment shareholding company
Sanyang Global (Xiamen) Co., Ltd.	2007.12.11	Floor 1st, office building, NO.99 Xibin Road, Xinglin, Jimei Area, Xiamen, China	RMB	63,429,900	Scooter parts and molds development and wholesale
Chin Zong Trading Co., Ltd.	2007.07.06	No. 3, Zhonghua Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)	NTD	85,000,000	Wholesale and retail of scooters and its parts
Vietnam Manufacturing and Export Processing Co., Ltd.	1992.03.25	Lot 5, Tam Hiep Ward, Bien Hoa City, Dong Nai Province, Vietnam	USD	147,060,000	Manufacturing and sale of scooters and its part
Xiamen Xiasheng Motorcycle Co., Ltd.	1992.11.14	NO.99 Xibin Road, Xinglin, Jimei Area, Xiamen, China	RMB	196,778,501	Manufacturing and sale of scooters and its parts
Xiamen Xiasheng Trading Co., Ltd.	2022.03.28	NO.99-1 Xibin Road, Xinglin, Jimei Area, Xiamen, China	RMB	3,000,000	Retail of automobiles and its parts
Xiamen Three Brothers Machinery Industrial Co., Ltd.	1995.07.06	NO.62-70 Jimei Northern Industrial District, Xiamen, China	USD	4,401,376	Manufacturing, processing and sale of scooter parts
Vietnam Casting Forge Precision Ltd.	2002.04.12	Ho Nai Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam	VND	113,659,000,000	Manufacturing of scooter parts, etc
Dinh Duong Joint Stock Company	2018.09.28	19 Cach Mang Thang Tam Street, Thoi Binh Ward, Ninh Kieu District, Can Tho City, Vietnam	VND	168,350,000,000	Sale of scooters and real estate development, etc.

(3) Reason for presumed relationship of control or subordination and personnel-related information: None.

(4) Businesses of the affiliates: refer to Item (2).

(5) Information on directors, supervisors and managers of the affiliates:

Unit: Original currency in thousands ; share ; %

December 31, 2023

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Plassen International Ltd.	Director Director	Ching-Yuan Wu Kuei-Chin Huang	-	-
Cosmos System Inc.	Director Director	Ching-Yuan Wu Kuei-Chin Huang	-	-
Vietnam Manufacturing and Export Processing Co., Ltd.	Chairman Director Director	Vietnam Manufacturing and Export Processing (Holdings) Ltd. Representative : Jui-Chiao Wu Lu-Wei Huang Chun-Yu Lin	Amount of capital contribution USD165,933	100%
Xiamen Xiashing Motorcycle Co., Ltd.	Chairman Director Director	Plassen International Ltd. Representative : Ching-Yuan Wu Li-Chu Wu Shih-Liang Hsu	Amount of capital contribution USD13,836	76.67%
	Vice Chairman Director	CCRE Representative : Ho-Ting Huang Shang-Chung Liao	Amount of capital contribution USD7,000	23.33%
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	Chairman Director Director Supervisor	Cosmos System Inc. Representative : Yuan-Ping Huang Chao-Sheng Lin Chien-Sheng Chen Hsiu-Hua Yang	Amount of capital contribution USD23,226	100%
Profit Source Investment Ltd.	Director Director	Ching-Yuan Wu Hui-Ting Wu	-	-
Chong Hing International Ltd.	Director Director	Ching-Yuan Wu Hui-Ting Wu	-	-
SY International Ltd.	Director Director	Ching-Yuan Wu Kuei-Chin Huang	-	-
Sun Goal Ltd.	Director Director	Ching-Yuan Wu Hui-Ting Wu	-	-

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
New Path Trading Ltd.	Director Director	Ching-Yuan Wu Kuei-Chin Huang	-	-
San Yang Italia S.r.l	Chairman Director Director	Sanyang Motor Co., Ltd. Representative : Ju-Cheng Liu Hsu-Pin Chen Yuan-Tse Li	Amount of capital contribution NTD179,915	100%
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	Chairman of the Board of Directors Executive Director Executive Director Non-executive Director Non-executive Director Non-executive Director Independent Non-executive Director Independent Non-executive Director Independent Non-executive Director	Wu-Hsiung Liu Jui-Chiao Wu Chun-Yu Lin Li-Chu Wu Hsu-Pin Chen Ju-Cheng Liu Ching-Ching Lin Hui-Lan Wu On-Kit Cheung	-	-
Sanyang Deutschland GmbH	Chairman Director Director	Sanyang Motor Co., Ltd. Representative : Ju-Cheng Liu Hsu-Pin Chen Chien-Ling Chen	Amount of capital contribution NTD122,713	100%
Sanyang Global (Xiamen) Co., Ltd.	Chairman Director Director Supervisor	New Path Trading Ltd. Representative : Ching-Yuan Wu Chao-Shun Lin Chien-Sheng Chen Hui-Ting Wu	Amount of capital contribution USD9,000	100%
Nova Design Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative : Ying-Feng Chiu	19,080,000	100%
Nanyang Industries Co., Ltd.	Chairman Vice Chairman Managing Director Director Director Director Director Director Director Supervisor Supervisor	Sanyang Motor Co., Ltd. Representative : Ching-Yuan Wu Li-Chu Wu Po-Ta Hsu Ren-Hao Tien Hung-Hua Li Hsing-Sheng Chan Hui-Hsin Wu Ming-Piao Lai Yi-Cheng Wu Hui-Ting Wu Hui-Fen Yeh	179,283,498	89.78%

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Ching Ta Investment Co., Ltd.	Chairman Supervisor	Sanyang Motor Co., Ltd. Representative : Ching-Yuan Wu Kuei-Chin Huang	119,256,602	99.66%
Chu-Yang Motor Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative : Hsu-Pin Chen	2,900,000	100%
Shan Young Assets Management Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative : Li-Chu Wu	771,432,767	100%
Youth Taisun Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative : Hsi-Cheng Chang	18,093,488	100%
Sunshine Auto-Lease Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative : Nai-Shih Lin	30,701,695	61.46%
	Supervisor	Sanyang Motor Co., Ltd. Representative : Kuei-Chin Huang	8,125,365	16.27%
Chin Zong Trading Co., Ltd.	Chairman Director Director Supervisor	Vietnam Manufacturing and Export Processing (Holdings) Ltd. Representative : Lu-Wei Huang Chia-Wei Wang Jui-Chiao Wu Chun-Yu Lin	8,500,000	100%
Shian Yang Industrial Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative : Po-Ta Hsu	4,740,000	100%
Vietnam Three Brothers Industrial Ltd.	Chairman Director Director Director Director	Three Brothers Machinery Industrial Co., Ltd. Representative : Ren-Hao Tien Lu-Wei Huang Hung-Chun Lin Hui-Yen Cheng Shih-En Cheng	Amount of capital contribution NTD23,926	69%
	Director Director	Vietnam Manufacturing and Export Processing Co., Ltd. Representative : Jui-Chiao Wu Chun-Yu Lin	Amount of capital contribution USD465	31%
Three Brothers Machinery Ind(BVI) Co., Ltd.	Director	Three Brothers Machinery Industrial Co., Ltd.	Amount of capital contribution NTD147,035	100%
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.	Chairman Director Director Supervisor	Nanyang Industries Co., Ltd. Representative : Ren-Hao Tien Po-Ta Hsu Hui-Ting Wu Hung-Hua Li	Amount of capital contribution USD4,050	100%

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Vietnam Casting Forge Precision Ltd.	Chairman Director Director	Vietnam Manufacturing and Export Processing Co., Ltd. Representative : Jui-Chiao Wu Chun-Yu Lin Lu-Wei Huang	Amount of capital contribution USD4,500	100%
Xiamen Three Brothers Machinery Industrial Co., Ltd.	Chairman Director Director Director Director Supervisor	Three Brothers Machinery Ind(BVI) Co., Ltd Representative : Shih-Liang Hsu Yao-Chung Cheng Hui-Yen Cheng Yi-Fang Chang Hsu-Pin Chen Hsiu-Hua Yang	Amount of capital contribution USD4,401	100%
Nanyang Insurance Agent Co., Ltd.	Chairman Director Director Supervisor	Nanyang Industries Co., Ltd. Representative : Li-Chu Wu Po-Ta Hsu Hung-Hua Li Hui-Fen Yeh	1,316,250	92.86%
Three Brothers Machinery Industrial Co., Ltd.	Chairman Director Director Director	Ching Ta Investment Co., Ltd. Representative : Ren-Hao Tien Hsu-Pin Chen Yuan-Ping Huang Hung-Chih Ho	7,842,156	55.00%
		Shangjie Investment Co., Ltd. Representative : Chien-Cheng Cheng	2,366,905	16.60%
		Hui-Yen Cheng	12,546	0.09%
	Director Director Vice Chairman Supervisor Supervisor	Yao-Chung Cheng		
		Hui-Ting Wu Canadian Shanggao Royal Investment Co., Ltd. Representative : Shih-En Cheng	1,385	0.01%
Sunshine Auto-Lease Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative : Po-Ta Hsu	2,993,123	100%
Li Yang Industry Co., Ltd.	Chairman	Nanyang Industries Co., Ltd. Representative : Li-Chu Wu	3,000,000	100%
NOVA DESIGN Ltd.	Director	Ying-Feng Chiu	-	-
NanYang Holding CO., Ltd.	Director	Li-Chu Wu	-	-

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
Nova Design (Shanghai) Ltd.	Chairman Director	Chong Hing International Limited Representative : Ying-Feng Chiu Ching-Yuan Wu	Amount of capital contribution USD8,002	61.55%
	Director Supervisor	NOVA DESIGN Ltd. Representative : Yi-Cheng Wu Li-Hsi Chiang	Amount of capital contribution USD3,509	38.45%
Sanyang Motor Colombia S.A.S	Legal Representative	Hsi-Hsiang Hung	-	-
Dinh Duong Joint Stock Company	Legal Representative	Jui-Chiao Wu	-	-
Yi Young Co., Ltd.	Chairman	Sanyang Motor Co., Ltd. Representative : Ren-Hao Tien	28,000,000	100%
APh corporation	Chairman	Hou Pu Establishment, Ltd. Representative : Chao-Hui Chen	35,000,000	14.08%
	Director	Jui Chih Establishment, Ltd. Representative : Jui-Hsuan Wu	25,250,000	10.15%
	Director Supervisor	Sanyang Motor Co., Ltd. Representative : Ching-Yuan Wu Chien-Liang Chen	165,537,388	66.57%
APh ePower Co., Ltd.	Chairman Director Director Supervisor	APh corporation Representative : Chao-Hui Chen Jui-Hsuan Wu Ching-Yuan Wu Chien-Liang Chen	247,699,999	100%
Xiamen Xiashing Trading Co., Ltd.	Chairman Director Director Supervisor	Xiamen Xiashing Motorcycle Co., Ltd. Representative : Chien-Sheng Chen Hsiu-Hua Yang Chao-Shun Lin Hui-Ting Wu	Amount of capital contribution RMB3,000	100%
Vista Hill Environmental Co., Ltd.	Chairman Supervisor	Ren-Hao Tien Chun-Ping Fan	-	-
Chuanyang Industrial Co., Ltd.	Director	Nanyang Industries Co., Ltd. Representative : Po-Ta Hsu	2,500,000	100%

2. Summary of business operations

December 31, 2023 Unit: NT\$

Name of Affiliates	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating Profit	Profit or Loss for the Year	Earnings Per Share
Shan Young Assets Management Co., Ltd.	NTD 7,714,327,670	NTD 12,072,702,941	NTD 3,910,295,580	NTD 8,162,407,361	NTD 141,999,307	NTD (52,008,483)	NTD (181,433,859)	NTD (0.24)
Youth Taisun Co., Ltd.	NTD 180,934,880	NTD 333,293,172	NTD 94,799,887	NTD 238,493,285	NTD 451,177,350	NTD 20,252,152	NTD 17,353,652	NTD 0.96
Chu-Yang Motor Co., Ltd.	NTD 29,000,000	NTD 164,323,207	NTD 107,616,927	NTD 56,706,280	NTD 478,337,602	NTD 23,563,060	NTD 20,574,943	NTD 7.09
Nanyang Industries Co., Ltd.	NTD 1,996,991,810	NTD 7,495,720,965	NTD 3,685,143,036	NTD 3,810,577,929	NTD 21,670,131,365	NTD 917,551,155	NTD 1,106,170,407	NTD 6.26
Nova Design Co., Ltd.	NTD 190,800,000	NTD 396,099,004	NTD 186,663,887	NTD 209,435,117	NTD 159,688,437	NTD 10,149,249	NTD 8,985,448	NTD 0.47
Sunshine Auto-Lease Co., Ltd.	NTD 499,511,880	NTD 2,243,812,633	NTD 1,638,260,213	NTD 605,552,420	NTD 1,102,601,192	NTD 63,116,368	NTD 36,196,485	NTD 0.76
Ching Ta Investment Co., Ltd.	NTD 1,196,584,010	NTD 1,400,874,711	NTD 235,570	NTD 1,400,639,141	NTD 0	NTD (728,785)	NTD 33,540,221	NTD 0.29
Profit Source Investments Ltd.	USD 22,792,500	USD 123,345,068	USD 0	USD 123,345,068	USD 0	USD (170)	USD 2,925,517	
Sanyang Deutschland GmbH	EUR 3,000,000	EUR 6,431,101	EUR 3,165,928	EUR 3,265,173	EUR 8,330,979	EUR 184,678	EUR 203,817	
SY International Ltd.	USD 53,341,956	USD 274,394,928	USD 57,822	USD 274,337,106	USD 0	USD (131,070)	USD 36,558,386	
Sanyang Italia S.r.l	EUR 4,000,000	EUR 19,530,747	EUR 9,705,402	EUR 9,825,345	EUR 46,143,021	EUR 3,928,160	EUR 3,250,167	
Sanyang Motor Colombia S.A.S	COP 100,002,000	COP 8,611,420,856	COP 10,314,888,420	COP (1,703,467,564)	COP 7,016,245,608	COP (2,053,853,161)	COP (1,332,464,066)	
Yi Young Co., Ltd.	NTD 280,000,000	NTD 263,793,129	NTD 130,000	NTD 263,663,129	NTD 0	NTD (166,140)	NTD 618,892	NTD 0.02
Aph corporation	NTD 547,066,665	NTD 1,916,978,791	NTD 80,500	NTD 1,916,898,291	NTD 0	NTD (464,999)	NTD (170,750,011)	NTD (0.99)
Aph ePower Co., Ltd.	NTD 2,363,499,985	NTD 2,057,144,375	NTD 154,541,083	NTD 1,902,603,292	NTD 1,416,163	NTD (154,379,157)	NTD (151,697,769)	NTD (0.77)
Vista Hill Environmental Co., Ltd.	NTD 135,208,000	NTD 61,930,200	NTD 139,000	NTD 61,791,200	NTD 0	NTD (56,210,778)	NTD (66,255,580)	NTD (12.84)
Nova Design Ltd.	USD 5,910,428	USD 4,736,213	USD 250	USD 4,735,963	USD 0	USD (950)	USD (1,990)	
Li Yang Industry Co., Ltd.	NTD 30,000,000	NTD 47,633,751	NTD 9,851,317	NTD 37,782,434	NTD 251,070,950	NTD (1,739,250)	NTD 5,671,620	NTD 1.89
Sunshine Auto-Lease Co., Ltd.	NTD 29,931,230	NTD 147,742,258	NTD 72,141,837	NTD 75,600,421	NTD 684,588,652	NTD 40,456,901	NTD 37,748,663	NTD 12.61
Nanyang Holding Co., Ltd.	USD 4,050,000	USD 3,192,372	USD 0	USD 3,192,372	USD 0	USD 0	USD 5,549	
Nanyang Insurance Agent Co., Ltd.	NTD 14,175,000	NTD 70,114,503	NTD 22,405,396	NTD 47,709,107	NTD 208,439,294	NTD 16,665,600	NTD 13,660,438	NTD 9.64
Shian Yang Industrial Co., Ltd.	NTD 47,400,000	NTD 198,424,324	NTD 79,042,836	NTD 119,381,488	NTD 392,867,161	NTD 73,509,987	NTD 58,407,309	NTD 12.32
Chuanyang Industrial Co., Ltd.	NTD 25,000,000	NTD 25,013,905	NTD 32,543	NTD 24,981,362	NTD 0	NTD (32,543)	NTD (18,638)	NTD (0.01)
Three Brothers Machinery Industrial Co., Ltd.	NTD 142,584,650	NTD 514,919,580	NTD 270,286,619	NTD 244,632,961	NTD 726,855,752	NTD 33,071,986	NTD 56,314,606	NTD 4.39

Name of Affiliates	Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating Profit	Profit or Loss for the Year	Earnings Per Share
Fact Co., Ltd.	NTD 10,000,000	NTD 64,363,772	NTD 0	NTD 64,363,772	NTD 0	NTD (130,419)	NTD 826,109	NTD 0.83
Chong Hing International Ltd.	RMB 89,252,064	RMB 880,728,371	RMB 5,089,403	RMB 875,638,968	RMB 0	RMB (21,278)	RMB 20,739,311	
Nova Design (Shanghai) Ltd.	RMB 91,411,169 (USD 13,002,332)	RMB 68,052,440	RMB 388,547	RMB 67,663,893	RMB 5,441,213	RMB (1,618,861)	RMB (280,191)	
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	RMB 258,085,993 (USD 33,040,000)	RMB 185,767,300	RMB 25,174,536	RMB 160,592,764	RMB 179,165,854	RMB 11,360,419	RMB 11,163,578	
Cosmos System Inc.	USD 23,040,000	USD 15,774,110	USD 0	USD 15,774,110	USD 0	USD (644)	USD 1,097,495	
New Path Trading Ltd.	USD 9,200,000	USD 17,588,595	USD 0	USD 17,588,595	USD 0	USD (654)	USD 1,081,057	
Plassen International Ltd.	USD 23,000,000	USD 125,516,016	USD 0	USD 125,516,016	USD 0	USD (2,154)	USD 29,554,428	
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	USD 1,162,872	USD 51,701,532	USD 681,649	USD 51,019,883	USD 0	USD (1,398,387)	USD 1,519,914	
Sun Goal Ltd.	USD 10,000,000	USD 6,847,548	USD 0	USD 6,847,548	USD 0	USD (83)	USD 476,622	
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd.	RMB 26,278,037 (USD 4,050,000)	RMB 22,989,724	RMB 326,758	RMB 22,662,966	RMB 0	RMB (1,617,511)	RMB 39,338	
Vietnam Three Brothers Machinery Industrial Co., Ltd.	VND 23,279,526,592 (USD 1,500,000)	VND 82,435,336,809	VND 35,064,962,186	VND 47,370,374,623	VND 121,544,607,776	VND 2,965,812,904	VND 1,523,149,528	
Three Brothers Machinery Industrial (BVI) Co., Ltd.	USD 5,118,949	USD 3,935,720	USD 1,100	USD 3,934,620	USD 0	USD (4,954)	USD 710,599	
Sanyang Global (Xiamen) Co., Ltd.	RMB 63,429,900 (USD 9,000,000)	RMB 137,410,704	RMB 14,181,683	RMB 123,229,021	RMB 150,876,882	RMB 6,208,960	RMB 7,604,335	
Chin Zong Trading Co., Ltd.	NTD 85,000,000	NTD 137,160,498	NTD 18,379,161	NTD 118,781,337	NTD 155,779,474	NTD 17,759,304	NTD 16,967,303	NTD 2.00
Vietnam Manufacturing and Export Processing Co., Ltd.	VND 2,836,239,160,000	VND 2,873,015,760,349	VND 1,280,777,693,654	VND 1,592,238,066,695	VND 2,168,808,541,248	VND 2,303,105,805	VND 29,400,292,403	
Xiamen Xiashing Motorcycle Co., Ltd.	RMB 196,778,501 (USD 23,000,000)	RMB 1,702,705,720	RMB 541,059,330	RMB 1,161,646,390	RMB 2,036,508,377	RMB 260,817,563	RMB 273,266,269	
Xiamen Xiashing Trading Co., Ltd.	RMB 3,000,000	RMB 59,503,103	RMB 45,247,728	RMB 14,255,375	RMB 656,608,377	RMB 211,617	RMB 989,548	
Xiamen Three Brothers Machinery Industrial Co., Ltd.	RMB 36,603,600 (USD 4,401,376)	RMB 29,871,424	RMB 9,716,086	RMB 20,155,338	RMB 52,448,890	RMB 4,684,754	RMB 4,804,919	
Vietnam Casting Forge Precision Ltd.	VND 113,659,000,000	VND 126,002,582,260	VND 11,414,214,176	VND 114,588,368,084	VND 133,043,035,599	VND 380,266,536	VND 4,444,115,690	
Dinh Duong Joint Stock Company	VND 168,350,000,000	VND 167,936,843,387	VND 65,320,000	VND 167,871,523,387	VND 600,000,000	VND (129,633,756)	VND 117,135,496	

(II) Consolidated Financial Statements of Affiliates

Representation Letter

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.

Chairman: Ching-Yuan, Wu

Date: March 14, 2024

II. Issuance of Private Placement Securities of the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

III. Holding or Disposal of Company's Share by Subsidiaries in the Most Recent Fiscal Year and as of the Date of the Annual Report:

1. Ching Ta Investment Co., Ltd., a subsidiary of the Company, holds 981 thousand shares of the Company.
2. Nanyang Industries Co., Ltd., a subsidiary of the Company, holds 4,351 thousand shares of the Company.

IV. Other Necessary Supplementary Information: None.

V. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

Sanyang Motor Co., Ltd.

Chairman Ching-Yuan Wu