

**Y.C.C. PARTS MFG. CO. LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Y.C.C. Parts Mfg. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Y.C.C. Parts Mfg. Co., Ltd. and subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the changes in equity and of cash flows for the nine months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the *Basis for Qualified Conclusion*, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$323,578 thousand and NT\$846,611 thousand, constituting 6.05% and 15.01% of the consolidated total assets as at September 30, 2023 and 2022, respectively, total liabilities amounted to NT\$59,591 thousand and NT\$322,249 thousand, constituting 4.19% and 18.02%

of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and the total comprehensive income (loss) amounted to (NT\$3,395) thousand, NT\$2,960 thousand, (NT\$6) thousand and (NT\$18,668) thousand, constituting (2.04)%, 1.73%, (0.01)% and (4.20%) of the consolidated total comprehensive income (loss) for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2023

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

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
1100	Cash and cash equivalents	\$ 501,247	10	\$ 1,036,374	19	\$ 893,290	16
1110	Financial assets at fair value						
	through profit or loss - current	113,987	2	129,623	2	148,425	3
1136	Current financial assets at						
	amortised cost	180,856	3	-	-	233,199	4
1150	Notes receivable, net	41,047	1	27,081	1	40,653	1
1170	Accounts receivable, net	547,082	10	534,281	10	564,263	10
1200	Other receivables	6,097	-	10,366	-	4,596	-
130X	Inventories	361,251	7	300,192	5	308,582	5
1470	Other current assets	57,260	1	43,097	1	51,306	1
11XX	Total current Assets	<u>1,808,827</u>	<u>34</u>	<u>2,081,014</u>	<u>38</u>	<u>2,244,314</u>	<u>40</u>
Non-current assets							
1517	Non-current financial assets at fair						
	value through other comprehensive						
	income	102,464	2	75,247	1	79,807	1
1535	Non-current financial assets at						
	amortised cost	300	-	300	-	300	-
1600	Property, plant and equipment	2,895,165	54	2,974,815	54	2,909,396	52
1755	Right-of-use assets	136,155	2	140,906	3	143,389	3
1760	Investment property, net	94,782	2	14,713	-	15,153	-
1780	Intangible assets	2,824	-	5,016	-	6,426	-
1840	Deferred income tax assets	106,007	2	107,967	2	102,717	2
1900	Other non-current assets	199,830	4	137,492	2	138,750	2
15XX	Total non-current assets	<u>3,537,527</u>	<u>66</u>	<u>3,456,456</u>	<u>62</u>	<u>3,395,938</u>	<u>60</u>
1XXX	Total assets	<u>\$ 5,346,354</u>	<u>100</u>	<u>\$ 5,537,470</u>	<u>100</u>	<u>\$ 5,640,252</u>	<u>100</u>

(Continued)

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 98,105	2	\$ 261,721	5	\$ 266,886	5
2130	Current contract liabilities	6(19)	12,902	-	14,852	-	9,506	-
2150	Notes payable	6(27)	147,521	3	179,968	3	161,080	3
2170	Accounts payable		128,062	2	141,453	2	171,948	3
2200	Other payables	6(12)	177,768	3	197,101	4	222,414	4
2230	Current income tax liabilities	6(25)	151,696	3	143,864	3	141,252	2
2320	Long-term liabilities, current portion	6(13)	133,167	3	169,662	3	158,829	3
2399	Other current liabilities, others	6(8)	2,214	-	2,655	-	2,027	-
21XX	Total current Liabilities		<u>851,435</u>	<u>16</u>	<u>1,111,276</u>	<u>20</u>	<u>1,133,942</u>	<u>20</u>
Non-current liabilities								
2540	Long-term borrowings	6(13)	479,695	9	566,370	10	602,094	11
2560	Current tax liabilities-non-current	6(25)	70,757	2	28,511	1	36,304	1
2570	Deferred income tax liabilities		6,386	-	513	-	5,307	-
2600	Other non-current liabilities	6(8)(14)	13,948	-	15,251	-	16,082	-
25XX	Total non-current liabilities		<u>570,786</u>	<u>11</u>	<u>610,645</u>	<u>11</u>	<u>659,787</u>	<u>12</u>
2XXX	Total Liabilities		<u>1,422,221</u>	<u>27</u>	<u>1,721,921</u>	<u>31</u>	<u>1,793,729</u>	<u>32</u>
Equity attributable to owners of parent								
Share capital 6(16)								
3110	Share capital - common stock		741,239	14	741,239	13	741,239	13
Capital surplus 6(17)								
3200	Capital surplus		1,193,349	23	1,193,349	22	1,193,349	21
Retained earnings 6(18)								
3310	Legal reserve		383,999	7	343,211	6	343,211	6
3320	Special reserve		109,141	2	120,040	2	120,040	2
3350	Unappropriated retained earnings		1,510,223	28	1,425,612	26	1,440,968	25
Other equity interest								
3400	Other equity interest		(112,144)	(3)	(109,142)	(2)	(94,647)	(1)
31XX	Equity attributable to owners of the parent		<u>3,825,807</u>	<u>71</u>	<u>3,714,309</u>	<u>67</u>	<u>3,744,160</u>	<u>66</u>
36XX	Non-controlling interests		<u>98,326</u>	<u>2</u>	<u>101,240</u>	<u>2</u>	<u>102,363</u>	<u>2</u>
3XXX	Total equity		<u>3,924,133</u>	<u>73</u>	<u>3,815,549</u>	<u>69</u>	<u>3,846,523</u>	<u>68</u>
Significant events after the balance sheet date 9								
3X2X	Total liabilities and equity		<u>\$ 5,346,354</u>	<u>100</u>	<u>\$ 5,537,470</u>	<u>100</u>	<u>\$ 5,640,252</u>	<u>100</u>

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(19)	\$ 546,909	100	\$ 513,461	100	\$ 1,505,205	100	\$ 1,518,686	100
5000	Operating costs	6(5)(23)(24)	(358,271)	(66)	(377,518)	(74)	(1,036,340)	(69)	(1,132,670)	(75)
5900	Net operating margin		<u>188,638</u>	<u>34</u>	<u>135,943</u>	<u>26</u>	<u>468,865</u>	<u>31</u>	<u>386,016</u>	<u>25</u>
	Operating expenses	6(23)(24)								
6100	Selling expenses		(43,195)	(8)	(40,480)	(8)	(112,801)	(7)	(102,535)	(7)
6200	General and administrative expenses		(31,402)	(5)	(33,086)	(7)	(83,583)	(6)	(119,479)	(8)
6300	Research and development expenses		(15,292)	(3)	(17,474)	(3)	(46,160)	(3)	(51,804)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>630</u>	<u>-</u>	<u>(6,225)</u>	<u>(1)</u>	<u>29,126</u>	<u>2</u>	<u>(7,852)</u>	<u>-</u>
6000	Total operating expenses		<u>(89,259)</u>	<u>(16)</u>	<u>(97,265)</u>	<u>(19)</u>	<u>(213,418)</u>	<u>(14)</u>	<u>(281,670)</u>	<u>(18)</u>
6900	Operating profit		<u>99,379</u>	<u>18</u>	<u>38,678</u>	<u>7</u>	<u>255,447</u>	<u>17</u>	<u>104,346</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income		9,519	2	3,873	1	27,739	2	5,519	-
7010	Other income	6(20)	13,121	2	9,087	2	43,896	3	26,482	2
7020	Other gains and losses	6(21)	74,606	14	165,882	32	110,102	7	415,399	27
7050	Finance costs	6(22)	(4,767)	(1)	(5,111)	(1)	(13,443)	(1)	(14,899)	(1)
7000	Total non-operating income and expenses		<u>92,479</u>	<u>17</u>	<u>173,731</u>	<u>34</u>	<u>168,294</u>	<u>11</u>	<u>432,501</u>	<u>28</u>
7900	Profit before income tax		<u>191,858</u>	<u>35</u>	<u>212,409</u>	<u>41</u>	<u>423,741</u>	<u>28</u>	<u>536,847</u>	<u>35</u>
7950	Income tax expense	6(25)	(42,649)	(8)	(45,419)	(9)	(89,993)	(6)	(120,920)	(8)
8200	Profit for the period		<u>\$ 149,209</u>	<u>27</u>	<u>\$ 166,990</u>	<u>32</u>	<u>\$ 333,748</u>	<u>22</u>	<u>\$ 415,927</u>	<u>27</u>

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Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(6)	\$ 1,241	-	\$ 4,625	1	\$ 469	-	\$ 16,799	1
8310	Components of other comprehensive income that will not be reclassified to profit or loss		1,241	-	4,625	1	469	-	16,799	1
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		15,869	3	(881)	-	(3,261)	-	11,787	1
8360	Components of other comprehensive income that will be reclassified to profit or loss		15,869	3	(881)	-	(3,261)	-	11,787	1
8300	Total other comprehensive income (loss) for the period		\$ 17,110	3	\$ 3,744	1	(\$ 2,792)	-	\$ 28,586	2
8500	Total comprehensive income for the period		\$ 166,319	30	\$ 170,734	33	\$ 330,956	22	\$ 444,513	29
Profit (loss), attributable to:										
8610	Owners of parent		\$ 150,709	27	\$ 168,696	32	\$ 336,872	22	\$ 423,611	28
8620	Non-controlling interests		(1,500)	-	(1,706)	-	(3,124)	-	(7,684)	(1)
	Total		\$ 149,209	27	\$ 166,990	32	\$ 333,748	22	\$ 415,927	27
Comprehensive income (loss) attributable to:										
8710	Owners of parent		\$ 165,021	30	\$ 171,715	33	\$ 333,870	22	\$ 449,004	29
8720	Non-controlling interests		1,298	-	(981)	-	(2,914)	-	(4,491)	-
	Total		\$ 166,319	30	\$ 170,734	33	\$ 330,956	22	\$ 444,513	29
Basic earnings per share 6(26)										
9750	Basic earnings per share		\$ 2.03		\$ 2.28		\$ 4.54		\$ 5.71	
9850	Diluted earnings per share		\$ 2.03		\$ 2.27		\$ 4.54		\$ 5.69	

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest			Treasury shares	Total	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income					
<u>Nine months ended September 30, 2022</u>												
		\$ 741,389	\$ 1,193,349	\$ 329,574	\$ 105,211	\$ 1,194,447	(\$ 86,492)	(\$ 33,548)	(\$ 526)	\$ 3,443,404	\$ 106,854	\$ 3,550,258
		-	-	-	-	423,611	-	-	-	423,611	(7,684)	415,927
	6(6)	-	-	-	-	-	8,594	16,799	-	25,393	3,193	28,586
		-	-	-	-	423,611	8,594	16,799	-	449,004	(4,491)	444,513
	6(18)											
		-	-	13,637	-	(13,637)	-	-	-	-	-	-
		-	-	-	14,829	(14,829)	-	-	-	-	-	-
		-	-	-	-	(148,248)	-	-	-	(148,248)	-	(148,248)
		(150)	-	-	-	(376)	-	-	526	-	-	-
		\$ 741,239	\$ 1,193,349	\$ 343,211	\$ 120,040	\$ 1,440,968	(\$ 77,898)	(\$ 16,749)	\$ -	\$ 3,744,160	\$ 102,363	\$ 3,846,523
<u>Nine months ended September 30, 2023</u>												
		\$ 741,239	\$ 1,193,349	\$ 343,211	\$ 120,040	\$ 1,425,612	(\$ 82,602)	(\$ 26,540)	\$ -	\$ 3,714,309	\$ 101,240	\$ 3,815,549
		-	-	-	-	336,872	-	-	-	336,872	(3,124)	333,748
	6(6)	-	-	-	-	-	(3,471)	469	-	(3,002)	210	(2,792)
		-	-	-	-	336,872	(3,471)	469	-	333,870	(2,914)	330,956
	6(18)											
		-	-	40,788	-	(40,788)	-	-	-	-	-	-
		-	-	-	(10,899)	10,899	-	-	-	-	-	-
		-	-	-	-	(222,372)	-	-	-	(222,372)	-	(222,372)
		\$ 741,239	\$ 1,193,349	\$ 383,999	\$ 109,141	\$ 1,510,223	(\$ 86,073)	(\$ 26,071)	\$ -	\$ 3,825,807	\$ 98,326	\$ 3,924,133

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 423,741	\$ 536,847
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(9)(23)	272,088	269,593
Depreciation expense - right-of-use assets	6(8)(23)	4,895	5,602
Amortisation expense	6(23)	5,265	8,157
Expected credit impairment loss	12(2)	(29,126)	7,852
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	11,984	(54,693)
Interest expense	6(22)	13,443	14,899
Interest income		(27,739)	(5,519)
Government grant revenues	6(14)	(1,053)	(902)
Dividend income	6(20)	(7,107)	(5,532)
Proceeds from disposal of property, plant and equipment	6(21)	(3,981)	(3,550)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(13,966)	14,480
Accounts receivable, net		16,325	(130,122)
Other receivables		(3,331)	7,773
Inventories		(61,059)	5,108
Other current assets		(14,163)	(682)
Changes in operating liabilities			
Contract liabilities - current		(1,950)	(8,406)
Notes payable		(27,104)	68,578
Accounts payable		(13,391)	14,346
Other payables		(9,068)	(34,095)
Other current liabilities		1,312	(3,662)
Cash inflow generated from operations		536,015	706,072
Interest received		27,201	3,942
Interest paid		(13,342)	(14,605)
Income taxes paid		(37,120)	(27,932)
Net cash flows from operating activities		<u>512,754</u>	<u>667,477</u>

(Continued)

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(27)	(\$ 12,263)	(\$ 90,836)
Proceeds from disposal of financial assets at fair value through profit or loss		14,532	98,671
Increase in financial assets at amortised cost		(180,856)	(33,783)
Acquisition of property, plant and equipment	6(27)	(162,810)	(228,079)
Proceeds from disposal of property, plant and equipment		18,058	4,073
Payment for capitalized interest	6(7)	-	(1,193)
Acquisition of intangible assets		-	(962)
Decrease in other financial assets		-	1,475
Decrease (increase) in refundable deposits		931	(1,800)
Dividend received		7,107	5,532
Acquisition of non-current financial assets at fair value through other comprehensive income		(26,748)	(14,700)
Acquisition of investment property	6(9)	(80,887)	-
Decrease (increase) in other non-current assets		1,380	(35,937)
Increase in prepayment of equipment and construction		(133,605)	(65,885)
Net cash flows used in investing activities		(555,161)	(363,424)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	36,503	226,117
Decrease in short-term borrowings	6(28)	(197,908)	(233,484)
Decrease in short-term notes and bills payable		-	(50,000)
Proceeds from long-term borrowings		-	192,540
Repayments of long-term borrowings	6(28)	(121,132)	(79,376)
Increase in refundable deposits	6(28)	390	-
Repayments of principal portion of lease liabilities	6(28)	(1,808)	(1,102)
Cash dividends paid	6(27)	(222,372)	(148,248)
Net cash flows used in financing activities		(506,327)	(93,553)
Effect of exchange rate changes on cash and cash equivalents		13,607	47,398
Net (decrease) increase in cash and cash equivalents		(535,127)	257,898
Cash and cash equivalents at beginning of period		1,036,374	635,392
Cash and cash equivalents at end of period		<u>\$ 501,247</u>	<u>\$ 893,290</u>

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

(Reviewed, not audited)

1. History and Organisation

Y.C.C. PARTS MFG. CO., LTD. (the “Company”) was incorporated in March 1986 and has been listed on the Taiwan Stock Exchange since April 2012. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading automobile parts, import and export as well as operating and reinvesting related businesses.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 8, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. The consolidated financial statements should be read together with the consolidated financial

statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements are the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	Holding company and selling interior and exterior accessories of automobiles	100.00%	100.00%	100.00%	
The Company	UNITED SKILLS CO., LTD. (UNITED SKILLS)	Manufacturing automobiles and their parts	100.00%	100.00%	100.00%	Note 1
RISE BRIGHT	CHINA FIRST HOLDINGS LTD. (CHINA FIRST)	Holding company and selling interior and exterior accessories of automobiles	89.44%	89.44%	89.44%	
RISE BRIGHT	CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	Producing and selling interior and exterior accessories of automobiles	99.83%	99.83%	99.83%	Note 1
CHINA FIRST	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU FUTE)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	100.00%	
CHINA FIRST	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD. (LIAONING HETAI)	Producing and selling interior and exterior accessories of automobiles	82.61%	82.61%	82.61%	Note 2
CHINA FIRST	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	100.00%	Note 1

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2023 and 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiaries.

Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiaries.

C. Subsidiaries not included in the consolidated financial statements

None.

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

None.

F. Subsidiaries that have non-controlling interests that are material to the Group

None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

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

B. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

C. When the tax rate changes during the interim period, the Group recognizes the impact of the change once in the current period when the change occurs. For income tax related to items recognized out of profit or loss, the impact of the change is recognized in other comprehensive profit or loss or equity items. For income tax related to items recognized in profit or loss, the effect of the change is recognized in profit or loss.

(6) Dividends

Cash dividends distributed to shareholders are recognized as liabilities in the financial report when the Board of Directors of the Company decides to distribute, and stock dividends distributed are recognized as stock dividends to be distributed in the financial report when the Company's shareholders' meeting decides to distribute, and transferred to the Company on the base date of new share issuance.

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

There have been no significant changes as of September 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 245	\$ 331	\$ 363
Checking accounts and demand deposits	247,640	126,158	311,901
Time deposits	253,362	755,859	581,026
Short-term notes and bills - Re-Purchase	-	154,026	-
	<u>\$ 501,247</u>	<u>\$ 1,036,374</u>	<u>\$ 893,290</u>

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

B. The time deposits maturing over three months and time deposits that are restricted and are not held for the purpose of meeting short-term cash commitments were presented as 'financial assets at amortised cost'. Refer to Note 6(3) for details.

C. Information about the financial assets at amortised cost that were pledged to others as collaterals is provided in Notes 6(3) and 8.

(2) Financial assets and liabilities at fair value through profit or loss - current

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 104,824	\$ 108,476	\$ 108,146
Valuation adjustment	9,039	18,582	34,528
Total	<u>\$ 113,863</u>	<u>\$ 127,058</u>	<u>\$ 142,674</u>
Financial assets (liabilities) held for trading			
Foreign exchange swap contracts	\$ 124	\$ 2,565	\$ 5,751
Total financial assets at fair value through profit or loss	<u>\$ 113,987</u>	<u>\$ 129,623</u>	<u>\$ 148,425</u>

A. The Group recognized financial assets and liabilities at fair value through profit or loss of (\$11,187), \$19,911, (\$9,398) and \$55,140 for the three months and nine months ended September 30, 2023 and 2022, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

<u>September 30, 2023</u>		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 5,540 thousand	2023.09.28 ~ 2023.10.06
<u>December 31, 2022</u>		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 26,100 thousand	2022.12.05 ~ 2023.01.30
<u>September 30, 2022</u>		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 22,450 thousand	2022.09.20 ~ 2022.10.11

C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits maturing over three months	\$ 180,856	\$ -	\$ 233,199
USD bonds sold under repurchase agreement	-	-	-
Total	<u>\$ 180,856</u>	<u>\$ -</u>	<u>\$ 233,199</u>
Non-current items			
Restricted time deposits	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 300</u>

A. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$181,156, \$300 and \$233,499, respectively.

B. Information about the financial assets at amortised cost that were pledged to others as collateral is provided in Note 8.

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

(4) Notes and accounts receivable, net

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 41,247	\$ 27,225	\$ 40,737
Less: Allowance for uncollectible accounts	(200)	(144)	(84)
	<u>\$ 41,047</u>	<u>\$ 27,081</u>	<u>\$ 40,653</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 582,190	\$ 598,967	\$ 621,482
Less: Allowance for uncollectible accounts	(35,108)	(64,686)	(57,219)
	<u>\$ 547,082</u>	<u>\$ 534,281</u>	<u>\$ 564,263</u>

A. The aging analysis of notes receivable and accounts receivable are as follows:

	<u>September 30, 2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 41,247	\$ 361,200
1~60 days	-	138,658
61~120 days	-	45,104
121~180 days	-	10,599
181-240 days	-	4,853
Over 241 days	-	21,776
	<u>\$ 41,247</u>	<u>\$ 582,190</u>
	<u>December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 27,225	\$ 481,130
1~60 days	-	52,368
61~120 days	-	10,909
121~180 days	-	4,968
181-240 days	-	3,226
Over 241 days	-	46,366
	<u>\$ 27,225</u>	<u>\$ 598,967</u>
	<u>September 30, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 40,737	\$ 506,477
1~60 days	-	86,283
61~120 days	-	10,523
121~180 days	-	5,494
181-240 days	-	5,729
Over 241 days	-	6,976
	<u>\$ 40,737</u>	<u>\$ 621,482</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the ageing analysis was based on past due date.

- B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balances of accounts receivable and notes receivable from contracts with customers amounted to \$489,954 and \$55,217, respectively.
- C. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable and accounts receivable were \$41,047, \$27,081 and \$40,653 as well as \$547,082, \$534,281 and \$564,263, respectively.
- D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 171,628	(\$ 35,105)	\$ 136,523
Work in progress	65,472	(3,841)	61,631
Semi-finished goods	8,324	(2,457)	5,867
Finished goods	190,881	(43,499)	147,382
Merchandise	9,848	-	9,848
Total	\$ 446,153	(\$ 84,902)	\$ 361,251
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 107,144	(\$ 33,281)	\$ 73,863
Work in progress	50,090	(4,319)	45,771
Semi-finished goods	11,167	(2,400)	8,767
Finished goods	204,095	(42,981)	161,114
Merchandise	12,612	(1,935)	10,677
Total	\$ 385,108	(\$ 84,916)	\$ 300,192
	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 122,083	(\$ 31,820)	\$ 90,263
Work in progress	39,238	(1,621)	37,617
Semi-finished goods	28,399	(7,294)	21,105
Finished goods	191,187	(36,570)	154,617
Merchandise	7,147	(2,167)	4,980
Total	\$ 388,054	(\$ 79,472)	\$ 308,582

The cost of inventories recognised as expense for the period :

	Three months ended September 30,	
	2023	2022
Cost of goods sold	\$ 359,860	\$ 370,422
Unallocated fixed overheads	-	-
Loss on scrapping inventory	221	3,000
Loss on (gain on reversal of) market value decline and slow-moving inventories	(2,892)	3,872
Loss on physical inventory	1,082	224
	<u>\$ 358,271</u>	<u>\$ 377,518</u>

	Nine months ended September 30,	
	2023	2022
Cost of goods sold	\$ 1,034,084	\$ 1,119,794
Unallocated fixed overheads	1,129	656
Loss on scrapping inventory	473	3,357
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories	(73)	7,806
Loss on physical inventory	727	1,057
	<u>\$ 1,036,340</u>	<u>\$ 1,132,670</u>

The Group reversed a previous inventory write-down because inventories with decline in market value were partially sold by the Group for the three months and nine months ended September 30, 2023.

(6) Non-current financial assets at fair value through other comprehensive income

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 128,535	\$ 101,787	\$ 96,556
Valuation adjustment	(26,071)	(26,540)	(16,749)
Total	<u>\$ 102,464</u>	<u>\$ 75,247</u>	<u>\$ 79,807</u>

A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$102,464, \$75,247 and \$79,807, as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 1,241</u>	<u>\$ 4,625</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 1,710</u>	<u>\$ 2,137</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 469</u>	<u>\$ 16,799</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 3,262</u>	<u>\$ 2,534</u>

C. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$102,464, \$75,247 and \$79,807, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

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(7) Property, plant and equipment

	Nine months ended September 30, 2023					
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>Ending balance</u>
Cost						
Land	\$ 956,365	\$ -	\$ -	\$ -	\$ -	\$ 956,365
Buildings and structures	1,617,747	2,828	-	1,135	434	1,622,144
Machinery and equipment	1,345,856	34,309	(57,355)	27,049	433	1,350,292
Molding equipment	2,136,767	44,844	(22,993)	109,770	26	2,268,414
Transportation equipment	35,281	-	-	-	2	35,283
Furniture equipment	3,485	101	(239)	-	-	3,347
Other equipment	189,283	31,062	(5,057)	7,305	61	222,654
Unfinished construction and equipment under acceptance	<u>328,357</u>	<u>23,006</u>	<u>(2,720)</u>	<u>(76,303)</u>	<u>100</u>	<u>272,440</u>
	<u>\$ 6,613,141</u>	<u>\$ 136,150</u>	<u>(\$ 88,364)</u>	<u>\$ 68,956</u>	<u>\$ 1,056</u>	<u>\$ 6,730,939</u>
Accumulated Depreciation						
Buildings and structures	(\$ 896,986)	(\$ 55,001)	\$ -	\$ -	(\$ 177)	(\$ 952,164)
Machinery and equipment	(860,554)	(75,736)	50,741	-	(247)	(885,796)
Molding equipment	(1,706,235)	(121,827)	18,251	-	(29)	(1,809,840)
Transportation equipment	(26,864)	(1,941)	-	-	(2)	(28,807)
Furniture equipment	(2,825)	(264)	239	-	-	(2,850)
Other equipment	(144,862)	(16,487)	5,057	-	(25)	(156,317)
	<u>(3,638,326)</u>	<u>(\$ 271,256)</u>	<u>\$ 74,288</u>	<u>\$ -</u>	<u>(\$ 480)</u>	<u>(3,835,774)</u>
Total	<u>\$ 2,974,815</u>					<u>\$ 2,895,165</u>

A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

B. Transfers for the period were from prepayments for business facilities.

Nine months ended September 30, 2022

	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 956,365	\$ -	\$ -	\$ -	\$ -	\$ 956,365
Buildings and structures	1,551,839	7,879	(3,732)	57,912	11,730	1,625,628
Machinery and equipment	1,247,878	52,016	(35,523)	33,164	12,260	1,309,795
Molding equipment	1,950,026	101,075	(11,524)	43,761	1,067	2,084,405
Transportation equipment	32,421	704	(3,220)	-	51	29,956
Furniture equipment	3,153	181	(39)	-	28	3,323
Other equipment	181,171	2,175	(3,910)	8,338	1,511	189,285
Unfinished construction and equipment under acceptance	255,075	93,358	-	(73,711)	3,354	278,076
	<u>\$ 6,177,928</u>	<u>\$ 257,388</u>	<u>(\$ 57,948)</u>	<u>\$ 69,464</u>	<u>\$ 30,001</u>	<u>\$ 6,476,833</u>
Accumulated Depreciation						
Buildings and structures	(\$ 831,855)	(\$ 51,426)	\$ 3,732	\$ -	(\$ 2,819)	(\$ 882,368)
Machinery and equipment	(803,344)	(73,664)	35,000	-	(4,745)	(846,753)
Molding equipment	(1,547,657)	(128,952)	11,524	-	(436)	(1,665,521)
Transportation equipment	(27,784)	(1,544)	3,220	-	(34)	(26,142)
Furniture equipment	(2,564)	(214)	39	-	(17)	(2,756)
Other equipment	(133,958)	(13,080)	3,910	-	(769)	(143,897)
	<u>(3,347,162)</u>	<u>(\$ 268,880)</u>	<u>\$ 57,425</u>	<u>\$ -</u>	<u>(\$ 8,820)</u>	<u>(3,567,437)</u>
Total	<u>\$ 2,830,766</u>					<u>\$ 2,909,396</u>

A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

B. Transfers for the period were from prepayments for business facilities.

- C. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

Nine months ended September 30, 2023 : None.

	<u>Nine months ended September 30, 2022</u>
Amount capitalised	<u>\$ 1,193</u>
Range of the interest rates for capitalisation	<u>0.95%</u>

(8) Lease transactions – lessee

- A. The Group leases various assets including land, structures and transportation equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes. Upon expiry of the lease, the terms of lease agreements do not give priority rights to renew the lease or purchase the property.
- B. Short-term leases with a lease term of 12 months or less comprise certain buildings. Low-value assets comprise transportation equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 131,331	\$ 134,276	\$ 136,908
Transportation equipment (Business vehicles)	<u>4,824</u>	<u>6,630</u>	<u>6,481</u>
	<u>\$ 136,155</u>	<u>\$ 140,906</u>	<u>\$ 143,389</u>

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,087	\$ 1,042
Transportation equipment (Business vehicles)	<u>421</u>	<u>1,240</u>
	<u>\$ 1,508</u>	<u>\$ 2,282</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,089	\$ 3,108
Transportation equipment (Business vehicles)	<u>1,806</u>	<u>2,494</u>
	<u>\$ 4,895</u>	<u>\$ 5,602</u>

D. For the three months and nine months ended September 30, 2022, the additions to right-of-use assets were both \$5,034. For the three months and nine months ended September 30, 2023, there were no additions to right-of-use assets.

E. Information on profit or loss in relation to lease contracts are as follows:

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 16	\$ 20
Expense on short-term lease contracts	\$ 97	\$ 111
Expense on leases of low-value assets	\$ 206	\$ 626

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 55	\$ 54
Expense on short-term lease contracts	\$ 338	\$ 488
Expense on leases of low-value assets	\$ 756	\$ 947

F. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balances of lease liabilities -current and lease liabilities - non-current are as follows (shown as other current liabilities - others and other non-current liabilities):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Lease liabilities - current	\$ 1,687	\$ 2,228	\$ 1,430
Lease liabilities - non-current	\$ 3,198	\$ 4,465	\$ 4,839

G. For the three months and nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$738, \$1,149, \$2,957 and \$2,591, respectively.

H. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(9) Investment property

	Nine months ended September 30, 2023				
	Beginning balance	Additions	Decreases	Net exchange differences	Ending balance
Cost					
Land	\$ -	\$ 80,887	\$ -	\$ -	\$ 80,887
Land use right	4,240	-	-	4	4,244
Buildings and structures	17,411	-	-	21	17,432
	<u>\$ 21,651</u>	<u>\$ 80,887</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 102,563</u>
Accumulated Depreciation					
Land use right	(\$ 449)	(\$ 95)	\$ -	(\$ 1)	(\$ 545)
Buildings and structures	(6,489)	(737)	-	(10)	(7,236)
	<u>(6,938)</u>	<u>(\$ 832)</u>	<u>\$ -</u>	<u>(\$ 11)</u>	<u>(7,781)</u>
Total	<u>\$ 14,713</u>				<u>\$ 94,782</u>
	Nine months ended September 30, 2022				
	Beginning balance	Additions	Decreases	Net exchange differences	Ending balance
Cost					
Land use right	\$ 4,553	\$ -	\$ -	\$ 127	\$ 4,680
Buildings and structures	16,122	-	-	449	16,571
	<u>\$ 20,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576</u>	<u>\$ 21,251</u>
Accumulated Depreciation					
Land use right	(\$ 697)	(\$ 96)	\$ -	(\$ 20)	(\$ 813)
Buildings and structures	(4,501)	(617)	-	(167)	(5,285)
	<u>(5,198)</u>	<u>(\$ 713)</u>	<u>\$ -</u>	<u>(\$ 187)</u>	<u>(6,098)</u>
Total	<u>\$ 15,477</u>				<u>\$ 15,153</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three months ended September 30,	
	2023	2022
Rental income from investment property	\$ 916	\$ 587
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 272	\$ 238
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -
	Nine months ended September 30,	
	2023	2022
Rental income from investment property	\$ 2,749	\$ 2,346
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 832	\$ 713
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -

- B. The fair value of the investment property held by the Group, which is the land, as at September 30, 2023 was \$92,468. The land price is obtained from the actual value of real estate transactions of the Ministry of Interior, the fair value is classified as a level 2 fair value. The fair values of the investment properties held by the Group, which is the land use right and buildings and structures, as at September 30, 2023, December 31, 2022 and September 30, 2022 were \$20,394, \$21,002 and \$21,457, respectively. The valuations were made using the carrying amount of land use rights upon the expiry of the lease and the discounted inflow of future rental income for 3 years, using the borrowing interest rate of 4.35%, after taking into consideration of future economic growth and results of inflation. The fair value is classified as a level 3 fair value.
- C. CHANGSHU FUTE subleases its 36.5-year land use right in Changshu city, Jiangsu Province, China to DAQIAOJIXIE JIANGSU YOUXIANGONGSI (DAQIAOJIXIE) under non-cancellable operating lease agreements. The lease term is 3 years, and rental is adjusted to reflect market rental rates when the lessee exercises extension options. The lessee is not granted the right of priority to buy the investment property when the lease expires.
- D. The Group acquired land located in the Yutengping section of Sanyi Township, Miaoli County in September 2023, and it is expected to be used for sustainable development.

E. The future aggregate minimum lease payments receivable are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not later than one year	\$ 3,811	\$ 3,689	\$ 3,607
Later than one year but not later than five years	964	3,873	5,727
	<u>\$ 4,775</u>	<u>\$ 7,562</u>	<u>\$ 9,334</u>

F. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(10) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Prepayments for business facilities and construction	\$ 193,910	\$ 129,261	\$ 131,253
Guarantee deposits paid	3,161	4,092	4,095
Others	2,759	4,139	3,402
	<u>\$ 199,830</u>	<u>\$ 137,492</u>	<u>\$ 138,750</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured borrowings	<u>\$ 98,105</u>	<u>\$ 261,721</u>	<u>\$ 266,886</u>
Interest rate range	<u>4.35%</u>	<u>4.35%</u>	<u>4.35%</u>

(12) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Machinery and equipment payable	\$ 56,326	\$ 65,309	\$ 77,543
Salaries and bonus payable	51,470	45,061	49,688
Employees' compensation payable	7,377	7,360	11,209
Transportation fee payable	6,378	7,011	3,223
Directors' remuneration payable	4,368	5,661	11,209
Securities expense payable	-	1,383	-
Others	51,849	65,316	69,542
	<u>\$ 177,768</u>	<u>\$ 197,101</u>	<u>\$ 222,414</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>September 30, 2023</u>
Long-term bank borrowings			
Unsecured borrowings	From December 26, 2019 to December 26, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	\$ 39,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	213,889
Secured borrowings	From January 3, 2020 to December 26, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	299,000
Secured borrowings	From September 19, 2022 to December 26, 2029	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 51 installments with a 3-year grace period on principal only	<u>63,238</u>
			\$ 615,127
Less: Current portion			(133,167)
Less: Discount on government grants			(<u>2,265</u>)
			\$ <u>479,695</u>
Interest rate range			<u>1.25%~1.78%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2022</u>
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	\$ 13,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	6,662
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	48,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	235,764
Secured borrowings	From December 26, 2019 to December 26, 2026	Interest is repayable monthly; principal is repayable monthly in 48 installments with 3-year grace period on principal only	368,000
Secured borrowings	From December 26, 2019 to December 26, 2029	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 51 installments with a 3-year grace period on principal only	64,000
			<u>\$ 736,259</u>
Less: Current portion			(169,662)
Less: Discount on government grants			(227)
			<u>\$ 566,370</u>
Interest rate range			<u>1.13%~1.66%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>September 30, 2022</u>
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	\$ 26,333
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	13,329
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	48,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	243,055
Secured borrowings	From December 26, 2019 to September 16, 2028	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	
			<u>432,000</u>
			\$ 762,717
Less: Current portion			(158,829)
Less: Discount on government			(1,794)
			<u>\$ 602,094</u>
Interest rate range			<u>0.88%~1.41%</u>

(14) Government grants

As of September 30, 2023, the Group obtained government concessional loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” from the Bank of Taiwan in the amounts of \$432,000 and \$48,000, respectively, for supporting capital expenditure and working capital. Such loans will mature in December 2029 and December 2026, respectively. The fair values for the loans were \$424,935 and \$47,277, respectively which were calculated at a market rate of 1.25% and 1.375%. The differences between the acquired amount obtained and the fair value were \$7,065 and \$723, respectively, which were deemed as a low interest loan subsidy from government and recognized in deferred revenue (shown as other non-current liabilities). The deferred revenue is reclassified to other income on a straight-line basis over their estimated useful life during the period of paying interest. The realized deferred government grants revenue were \$358, \$301, \$1,053 and \$902, respectively, for the three months and nine months ended September 30, 2023 and 2022.

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the three months and nine months ended September 30, 2023 and 2022, the estimated appropriations paid to the defined pension plan are \$52, \$52, \$152 and \$155, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$204.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump

sum upon termination of employment.

- (b) The Company's mainland China subsidiaries, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage as of September 30, 2023 and 2022 and December 31, 2022, were all 16%. Other than the monthly contributions, the Group has no further obligations.
- (c) For the aforementioned pension plan, the Group recognized pension costs of \$3,337, \$2,959, \$10,657 and \$10,748 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(16) Share capital

- A. As of September 30, 2023, the Company's authorized capital was \$1,000,000, constituting 100,000 thousand shares and the paid-in capital was \$741,239 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Company reacquired treasury shares in 2018. After a comprehensive consideration of the stock price and as the treasury shares were not reissued to the employees within three years from the reacquisition date, the treasury shares reacquired to be reissued to employees were retired and registered pursuant to the Article 28-2 of Securities and Exchange Act. The capital reduction amounted to \$150 consisting of 15 thousand shares retired. The paid-in capital before and after the capital reduction was \$741,389 and \$741,239, respectively.
- C. Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Number of thousand shares</u>	<u>Number of thousand shares</u>
At January 1 and September 30	<u>\$ 74,124</u>	<u>\$ 74,124</u>

(17) Capital surplus

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Used to offset deficits, distributed as cash dividends or transferred to share capital (Note 1)</u>			
Additional paid-in capital in excess of par-ordinary share	\$ <u>1,163,298</u>	\$ <u>1,163,298</u>	\$ <u>1,163,298</u>
Difference between consideration and carrying amount of subsidiaries acquired	\$ <u>2,125</u>	\$ <u>2,125</u>	\$ <u>2,125</u>
<u>Used to offset accumulated deficits only (Note 2)</u>			
Changes in ownership interests in subsidiaries	\$ <u>27,926</u>	\$ <u>27,926</u>	\$ <u>27,926</u>

Note 1: Such capital surplus can be used in offsetting deficit and distributed as cash dividends or transferred to capital provided that the Company has no deficit. However, the amount that can be transferred to capital is limited to a certain percentage of paid-in capital every year.

Note 2: Such capital surplus arises from the effect of changes in ownership interests in subsidiaries under equity transactions when there is no actual acquisition or disposal of subsidiaries by the Company, or from changes in capital surplus of subsidiaries.

(18) Retained earnings

- A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as follows: 10% as legal reserve, and appropriate or reverse for special reserve until the legal reserve equals the Company's paid-in capital. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved at the shareholders' meeting.
- B. The Board of Directors of the Company may distribute all or part of dividends and bonuses, legal reserve and capital reserve in the form of cash, with the presence of more than two-thirds of the directors and the resolution of more than half of the directors present, and reports it to the shareholders' meeting.
- C. The Company's dividend policy is to distribute dividends to shareholders in line with current and future development plans, considering the investment environment, capital needs, and domestic and foreign competition conditions, and taking into account shareholders' interests and other factors. Shareholder dividends shall not be less than 40% of the distributable surplus of the current year, of which cash dividends should be more than 20% of the total dividends for shareholders, and the Board of Directors will submit it to the shareholders' meeting for resolution.
- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- E. (a) In accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- F. The appropriations of 2022 earnings had been resolved at the Board of Directors' meeting on May 31, 2023. The appropriations of 2021 earnings had been resolved at the shareholders' meeting on May 27, 2022. Details are summarized below:

	Year ended December 31			
	2022		2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 40,788		\$ 13,637	
Special reserve appropriated (reversed)	(10,899)		14,829	
Cash dividend	222,372	\$ 3.00	148,248	\$ 2.00

- G. Refer to Note 6 (24) for further information relating to employees' compensation and directors' remuneration.

(19) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue primarily from the transfer of goods at a point in time in the following products:

	<u>Three months ended September 30, 2023</u>		
	<u>Domestic operating</u>	<u>Overseas</u>	<u>Total</u>
	<u>entities</u>	<u>operating entities</u>	
Auto parts	\$ 390,670	\$ 155,176	\$ 545,846
Others	1,063	-	1,063
	<u>\$ 391,733</u>	<u>\$ 155,176</u>	<u>\$ 546,909</u>
	<u>Three months ended September 30, 2022</u>		
	<u>Domestic operating</u>	<u>Overseas</u>	<u>Total</u>
	<u>entities</u>	<u>operating entities</u>	
Auto parts	\$ 294,634	\$ 194,637	\$ 489,271
Others	1,964	22,226	24,190
	<u>\$ 296,598</u>	<u>\$ 216,863</u>	<u>\$ 513,461</u>
	<u>Nine months ended September 30, 2023</u>		
	<u>Domestic operating</u>	<u>Overseas</u>	<u>Total</u>
	<u>entities</u>	<u>operating entities</u>	
Auto parts	\$ 1,037,778	\$ 456,693	\$ 1,494,471
Others	9,937	797	10,734
	<u>\$ 1,047,715</u>	<u>\$ 457,490</u>	<u>\$ 1,505,205</u>
	<u>Nine months ended September 30, 2022</u>		
	<u>Domestic operating</u>	<u>Overseas</u>	<u>Total</u>
	<u>entities</u>	<u>operating entities</u>	
Auto parts	\$ 942,995	\$ 548,161	\$ 1,491,156
Others	5,304	22,226	27,530
	<u>\$ 948,299</u>	<u>\$ 570,387</u>	<u>\$ 1,518,686</u>

B. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:				
Contract liabilities -				
advance sales				
receipts	<u>\$ 12,902</u>	<u>\$ 14,852</u>	<u>\$ 9,506</u>	<u>\$ 17,912</u>

For the three months and nine months ended September 30, 2023 and 2022, revenue recognized that were included in the contract liability balance at the beginning of the period amounted to \$330, \$1,984, \$5,676 and \$6,439, respectively.

(20) Other income

	Three months ended September 30,	
	2023	2022
Revenue for Government Grants (Note)	(\$ 12)	\$ -
Rent income	2,391	9,347
Dividend income	3,037	4,380
Other income	7,705	(4,640)
	<u>\$ 13,121</u>	<u>\$ 9,087</u>

	Nine months ended September 30,	
	2023	2022
Revenue for Government Grants (Note)	\$ 3,967	\$ -
Rent income	6,149	13,758
Dividend income	7,107	5,532
Other income	26,673	7,192
	<u>\$ 43,896</u>	<u>\$ 26,482</u>

Note: It pertains to government grants for obtaining the policy of accelerating industrial development from the Financial Services Bureau in Anqing.

(21) Other gains and losses

	Three months ended September 30,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 3,965	\$ 2,030
Foreign exchange gains	82,279	163,552
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(11,187)	19,911
Other losses	(451)	(19,611)
	<u>\$ 74,606</u>	<u>\$ 165,882</u>

	Nine months ended September 30,	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 3,981	\$ 3,550
Foreign exchange gains	116,162	376,664
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(9,398)	55,140
Other losses	(643)	(19,955)
	<u>\$ 110,102</u>	<u>\$ 415,399</u>

(22) Finance costs

	Three months ended September 30,	
	2023	2022
Interest expense	\$ 4,767	\$ 5,111
Less: Capitalisation of qualifying assets	-	-
	<u>\$ 4,767</u>	<u>\$ 5,111</u>

	Nine months ended September 30,	
	2023	2022
Interest expense	\$ 13,443	\$ 16,092
Less: Capitalisation of qualifying assets	-	(1,193)
	<u>\$ 13,443</u>	<u>\$ 14,899</u>

(23) Expenses by nature

	Three months ended September 30,	
	2023	2022
Employee benefit expense	\$ 85,524	\$ 78,251
Depreciation charges on property, plant and equipment	90,236	90,167
Depreciation charges on right-of-use assets	1,508	2,282
Depreciation charges on investment property	272	238
Amortisation	<u>1,550</u>	<u>2,791</u>
	<u>\$ 179,090</u>	<u>\$ 173,729</u>

	Nine months ended September 30,	
	2023	2022
Employee benefit expense	\$ 235,633	\$ 268,063
Depreciation charges on property, plant and equipment	271,256	268,880
Depreciation charges on right-of-use assets	4,895	5,602
Depreciation charges on investment property	832	713
Amortisation	<u>5,265</u>	<u>8,157</u>
	<u>\$ 517,881</u>	<u>\$ 551,415</u>

(24) Employee benefit expense

	Three months ended September 30,	
	2023	2022
Wages and salaries	\$ 70,345	\$ 64,813
Labour and health insurance fees	5,176	5,036
Pension costs	3,389	3,011
Other personnel expenses	6,614	5,391
	<u>\$ 85,524</u>	<u>\$ 78,251</u>

	Nine months ended September 30,	
	2023	2022
Wages and salaries	\$ 191,690	\$ 227,938
Labour and health insurance fees	15,699	15,041
Pension costs	10,809	10,903
Other personnel expenses	17,435	14,181
	<u>\$ 235,633</u>	<u>\$ 268,063</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1%~3% for employees' compensation and no higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.
- B. For the three months and nine months ended September 30, 2023 and 2022, the accrued employees' compensation and directors' remuneration were as follows:

	Three months ended September 30,	
	2023	2022
Employees' compensation	\$ 2,580	\$ 4,160
Directors' remuneration	1,984	4,160
	<u>\$ 4,564</u>	<u>\$ 8,320</u>

	Nine months ended September 30,	
	2023	2022
Employees' compensation	\$ 5,679	\$ 11,209
Directors' remuneration	4,368	11,209
	<u>\$ 10,047</u>	<u>\$ 22,418</u>

For the three months and nine months ended September 30, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued based on 1.3% and 2% as well as 1.0% and 2%, respectively, of distributable profit of current year as of the end of reporting period.

- C. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2022 financial statements.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense

	<u>Three months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 42,446	\$ 47,311
Prior year income tax under (over)estimation	-	-
Origination and reversal of temporary differences	<u>203</u>	<u>(1,892)</u>
Income tax expense	<u>\$ 42,649</u>	<u>\$ 45,419</u>

	<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 95,171	\$ 109,783
Prior year income tax under (over)estimation	(13,026)	6
Origination and reversal of temporary differences	<u>7,848</u>	<u>11,131</u>
Income tax expense	<u>\$ 89,993</u>	<u>\$ 120,920</u>

- B. The Company's and domestic subsidiaries' income tax returns through 2021 have been assessed and approved by the Tax Authority.

C. As of September 30, 2023, the current income tax liabilities and non-current income tax liabilities amounted to \$151,696 and \$70,757, respectively. Relevant information is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Income tax payable		Income tax payable		Income tax payable	
	Current (within one year)	Non-current (over one year)	Current (within one year)	Non-current (over one year)	Current (within one year)	Non-current (over one year)
2020	\$ 1,654	\$ -	\$ 21,025	\$ 10,513	\$ 21,025	\$ 15,306
2021	11,999	8,999	11,999	17,998	11,999	20,998
2022	37,055	61,758	110,840	-	108,228	-
2023	100,988	-	-	-	-	-
	<u>\$ 151,696</u>	<u>\$ 70,757</u>	<u>\$ 143,864</u>	<u>\$ 28,511</u>	<u>\$ 141,252</u>	<u>\$ 36,304</u>

- (a) The Company incurred an income tax of \$111,164 from the 2022 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2021), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.11004575510 issued by the Ministry of Finance, R.O.C. on June 3, 2021.
- (b) The Company incurred an income tax of \$35,997 from the 2021 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2020), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.11004575510 issued by the Ministry of Finance, R.O.C. on June 3, 2021.
- (c) The Company incurred an income tax of \$63,075 from the 2020 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2019), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020.

(26) Earnings per share

	<u>Three months ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 150,709</u>	<u>74,124</u>	<u>\$ 2.03</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	150,709	74,124	
Assumed conversion of all dilutive potential ordinary shares -Employees' compensation	<u>-</u>	<u>87</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 150,709</u>	<u>74,211</u>	<u>\$ 2.03</u>

	<u>Three months ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 168,696</u>	<u>74,124</u>	<u>\$ 2.28</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	168,696	74,124	
Assumed conversion of all dilutive potential ordinary shares -Employees' compensation	<u>-</u>	<u>88</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 168,696</u>	<u>74,212</u>	<u>\$ 2.27</u>

Nine months ended September 30, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 336,872	74,124	\$ 4.54
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	336,872	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	128	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 336,872	74,252	\$ 4.54

Nine months ended September 30, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 423,611	74,124	\$ 5.71
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	423,611	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	324	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 423,611	74,448	\$ 5.69

The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will all be distributed in the form of shares.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Nine months ended September 30, 2023</u>
Purchase of property, plant and equipment	\$ 136,150
Add: Opening balance of notes payable	102,954
Opening balance of payable on equipment and construction	65,309
Less: Ending balance of notes payable	(85,277)
Ending balance of payable on equipment and construction	(56,326)
Cash paid during the period	<u>\$ 162,810</u>

	<u>Nine months ended September 30, 2022</u>
Purchase of property, plant and equipment	\$ 257,388
Add: Opening balance of notes payable	-
Opening balance of payable on equipment and construction	48,234
Less: Ending balance of notes payable	-
Ending balance of payable on equipment and construction	(77,543)
Cash paid during the period	<u>\$ 228,079</u>

B. Investing activities with partial cash payments :

	<u>Nine months ended September 30, 2023</u>
Purchase of financial assets at fair value through profit or loss	\$ 10,880
Add: Opening balance of securities payables (shown as other payables)	<u>1,383</u>
Cash paid during the period	<u>\$ 12,263</u>

	<u>Nine months ended September 30, 2022</u>
Purchase of financial assets at fair value through profit or loss	\$ 87,263
Add: Opening balance of securities payables (shown as other payables)	<u>3,573</u>
Cash paid during the period	<u>\$ 90,836</u>

(28) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Guarantee deposits received</u>	<u>Lease liabilities (including non-current)</u>	<u>Dividends payable</u>	<u>Liabilities from financing activities gross</u>
At January 1, 2023	\$ 261,721	\$ 736,259	\$ 821	\$ 6,693	\$ -	\$ 1,005,494
Additions for the period	-	-	-	-	222,372	222,372
Changes in cash flow from financing activities	(161,405)	(121,132)	390	(1,808)	(222,372)	(506,327)
Changes in other non-cash items	-	(2,265)	-	-	-	(2,265)
Impact of changes in foreign exchange rate	(2,211)	-	(9)	-	-	(2,220)
At September 30, 2023	<u>\$ 98,105</u>	<u>\$ 612,862</u>	<u>\$ 1,202</u>	<u>\$ 4,885</u>	<u>\$ -</u>	<u>\$ 717,054</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non- current)	Dividends payable	Liabilities from financing activities gross
At January 1, 2022	\$ 264,320	\$ 50,000	\$ 646,025	\$ 929	\$ 2,337	\$ -	\$ 963,611
Additions for the period	-	-	192,540	-	-	148,248	340,788
Changes in cash flow from financing activities	(7,367)	(50,000)	(79,376)	-	(1,102)	(148,248)	(286,093)
Changes in other non-cash items	2,652	-	1,734	-	5,034	-	9,420
Impact of changes in foreign exchange rate	7,281	-	-	-	-	-	7,281
At September 30, 2022	<u>\$ 266,886</u>	<u>\$ -</u>	<u>\$ 760,923</u>	<u>\$ 929</u>	<u>\$ 6,269</u>	<u>\$ -</u>	<u>\$ 1,035,007</u>

7. Related Party Transactions

Key management compensation

	Three months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 7,078	\$ 9,243
Post-employment benefits	14	6
	<u>\$ 7,092</u>	<u>\$ 9,249</u>

	Nine months ended September 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 19,462	\$ 24,060
Post-employment benefits	42	17
	<u>\$ 19,504</u>	<u>\$ 24,077</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Property, plant and equipment	\$ 1,181,779	\$ 1,237,237	\$ 1,273,018	Short-term borrowings and long-term borrowings
Right-of-use assets	76,087	77,852	79,540	Short-term borrowings
Investment property	16,218	14,713	15,191	Short-term borrowings
Financial assets at amortised cost - non-current	300	300	300	Natural gas for manufacturing
Total	<u>\$ 1,274,384</u>	<u>\$ 1,330,102</u>	<u>\$ 1,368,049</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$349,312, \$517,281 and \$444,178, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

- A. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximize returns for shareholders and to optimize the balance of liabilities and equity.
- B. The Group's capital structure comprises net liabilities (borrowings net of cash and cash equivalents) and equity (common shares, capital surplus, retained earnings, other equity interest and non-controlling interests).
- C. The Group has no obligation to comply with any external capital requirements.
- D. The key management of the Group monitors the capital structure every year, including capital costs and related risks, and the Group may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds based on the advices from the management.

(2) Financial instruments

- A. Financial instruments by category

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 113,987	\$ 129,623	\$ 148,425
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	\$ 102,464	\$ 75,247	\$ 79,807
Financial assets at amortised cost			
Cash and cash equivalents	\$ 501,247	\$ 1,036,374	\$ 893,290
Financial assets at amortised cost	181,156	300	233,499
Notes receivable	41,047	27,081	40,653
Accounts receivable	547,082	534,281	564,263
Other receivables	6,097	10,366	4,596
Guarantee deposits paid	3,161	4,092	4,095
	<u>\$ 1,279,790</u>	<u>\$ 1,612,494</u>	<u>\$ 1,740,396</u>

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 98,105	\$ 261,721	\$ 266,886
Notes payable	147,521	179,968	161,080
Accounts payable	128,062	141,453	171,948
Other payables	177,768	197,101	222,414
Long-term borrowings (including current portion)	612,862	736,032	760,923
Guarantee deposits received	1,202	821	821
	<u>\$ 1,165,520</u>	<u>\$ 1,517,096</u>	<u>\$ 1,584,072</u>
Lease liabilities (including current portion)	<u>\$ 4,885</u>	<u>\$ 6,693</u>	<u>\$ 6,269</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used for hedging exchange rate risk arising from export proceeds by using forward foreign exchange contracts.
- (b) The Company treasury performs the financial risk management for each business unit. The treasury operates in domestic and international financial markets through planning and coordination, as well as monitors and manages the financial risks related to the Group's operation based on internal risk reports about exposure to risk with the analysis of the extent and width of risk.
- The Board of Directors of the Group supervises the compliance by the management with financial risk policy and procedure, and reviews the appropriateness of structure of financial risk related to the Company. The internal auditors act as supervisors to assist the Board of Directors of the Company by conducting regular and irregular reviews, and report the results to the Board of Directors.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the United States Dollar and Chinese Renminbi. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The companies within the Group are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable United States Dollar and Chinese Renminbi expenditures. Entities of the Group use natural hedge to decrease the risk exposure in the foreign currency through the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan Dollars; certain subsidiaries' functional currency: New Taiwan Dollars, United States Dollar and Chinese Renminbi). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

				September 30, 2023	
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$	21,346	32.27	\$	688,835
EUR : NTD		125	33.91		4,239
USD : RMB		83	7.30		2,676
RMB : NTD		4,856	4.42		21,439
RMB : USD		1,335	0.14		5,898
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$	72	32.27	\$	2,323
RMB : USD		140,719	0.14		621,663

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 36,581	30.71	\$ 1,123,403
USD : RMB	287	6.96	8,807
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 156	30.71	\$ 4,791
September 30, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 32,574	31.75	\$ 1,034,225
USD : RMB	335	7.12	2,385
<u>Foreign exchange swap contracts</u>			
USD : NTD	\$ 182	31.60	\$ 5,751
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 96	31.75	\$ 3,048

The Group conducts foreign exchange swap contracts. Foreign currency amount is the notional principal. Exchange rate is estimated to be settled at the balance sheet date, and the book value is the amount recognized.

- iv. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$82,279, \$163,552, \$116,162 and \$376,664, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2023					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	6,888	\$	-
EUR : NTD	1%		42		-
USD : RMB	1%		27		-
RMB : NTD	1%		214		-
RMB : USD	1%		59		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	23	\$	-
RMB : USD	1%		6,217		-
Nine months ended September 30, 2022					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	10,342	\$	-
USD : RMB	1%	\$	24		-
<u>Foreign exchange swap contracts</u>					
USD : RMB	1%	\$	58	\$	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : RMB	1%	\$	30	\$	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets (liabilities) at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in

accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, per-tax profit for the three months and nine months ended September 30, 2023 and 2022 would have increased/decreased by \$112, \$545, \$1,140 and \$1,484, respectively, as a result of losses/gains on equity securities classified as at fair value through profit or loss. Other components of equity would have decreased/increased by \$95, \$46, \$1,025 and \$798 respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine months ended September 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and United States Dollars.
- ii. If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit before tax for the three months and nine months ended September 30, 2023 and 2022 would have increased/decreased by \$139, \$351, \$534 and \$771, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 3 months based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. In line with credit risk management procedure, the default occurs when the contract payments are past due over 180 days.

v. Impairment loss is assessed and recognized when there is objective evidence that individual receivables cannot be recovered. The Group used historical and timely information to establish loss rate of remaining receivables and used the forecast ability to assess the default possibility of accounts receivable. As of September 30, 2023, December 31, 2022 and September 30, 2022, accumulated loss allowance provided for individually assessed receivables amounted to \$5,027, \$29,383 and \$39,134, respectively. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of remaining receivables (including notes receivables). On September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix is as follows:

	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>September 30, 2023</u>							
Expected loss rate	0%-1%	1%-10%	1%-10%	20%~40%	100%	100%	
Total book value	\$ 402,446	\$ 138,658	\$ 45,104	\$ 10,586	\$ 4,850	\$ 16,766	\$ 618,410
Loss allowance	(1,727)	(1,853)	(1,808)	(3,277)	(4,850)	(16,766)	(30,281)
	<u>\$ 400,719</u>	<u>\$ 136,805</u>	<u>\$ 43,296</u>	<u>\$ 7,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,129</u>
	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>December 31, 2022</u>							
Expected loss rate	0%-1%	1%-10%	30%-50%	30%-50%	100%	100%	
Total book value	\$ 508,355	\$ 52,368	\$ 10,777	\$ 4,804	\$ 1,414	\$ 19,091	\$ 596,809
Loss allowance	(2,044)	(4,291)	(5,735)	(2,872)	(1,414)	(19,091)	(35,447)
	<u>\$ 506,311</u>	<u>\$ 48,077</u>	<u>\$ 5,042</u>	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,362</u>
	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>September 30, 2022</u>							
Expected loss rate	0%-1%	1%-10%	15%~20%	30%~40%	100%	100%	
Total book value	\$ 508,080	\$ 86,283	\$ 10,523	\$ 5,494	\$ 5,729	\$ 6,976	\$ 623,085
Loss allowance	(1,229)	(1,419)	(1,263)	(1,553)	(5,729)	(6,976)	(18,169)
	<u>\$ 506,851</u>	<u>\$ 84,864</u>	<u>\$ 9,260</u>	<u>\$ 3,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,916</u>

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 144	\$ 64,686	\$ 64,830
Provision for (reversal of) impairment loss	56 (	29,182) (	29,126)
Write-offs	-	(327) (	327)
Effect of foreign exchange	-	(69) (	69)
At September 30	<u>\$ 200</u>	<u>\$ 35,108</u>	<u>\$ 35,308</u>
	2022		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 162	\$ 47,961	\$ 48,123
Provision for (reversal of) impairment loss	(78)	7,930	7,852
Effect of foreign exchange	-	1,328	1,328
At September 30	<u>\$ 84</u>	<u>\$ 57,219</u>	<u>\$ 57,303</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Floating rate:			
Expiring within one year	<u>\$ 465,224</u>	<u>\$ 303,089</u>	<u>\$ 300,893</u>

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
September 30, 2023						
Short-term borrowings	\$ 99,864	\$ -	\$ -	\$ -	\$ -	\$ 99,864
Notes payable	147,521	-	-	-	-	147,521
Accounts payable	128,062	-	-	-	-	128,062
Other payables	177,768	-	-	-	-	177,768
Lease liability	1,740	1,739	1,140	362	-	4,981
Long-term borrowings (including current portion)	155,588	154,904	152,885	91,900	69,519	624,796

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
December 31, 2022						
Short-term borrowings	\$266,464	\$ -	\$ -	\$ -	\$ -	\$ 266,464
Notes payable	179,968	-	-	-	-	179,968
Accounts payable	141,453	-	-	-	-	141,453
Other payables	197,101	-	-	-	-	197,101
Lease liability	2,299	1,739	1,630	1,177	-	6,845
Long-term borrowings (including current portion)	176,790	155,796	153,963	183,047	92,287	761,883

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
September 30, 2022						
Short-term borrowings	\$271,789	\$ -	\$ -	\$ -	\$ -	\$ 271,789
Notes payable	161,080	-	-	-	-	161,080
Accounts payable	171,948	-	-	-	-	171,948
Other payables	222,414	-	-	-	-	222,414
Lease liability	1,657	1,657	1,657	1,431	-	6,402
Long-term borrowings (including current portion)	163,606	154,328	153,025	212,374	99,348	782,681

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and over-the-counter stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

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

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities on September 30, 2023 and 2022, are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2023				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 113,863</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 113,987</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 102,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,464</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 127,058</u>	<u>\$ 2,565</u>	<u>\$ -</u>	<u>\$ 129,623</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 75,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,247</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2022				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 142,674</u>	<u>\$ 5,751</u>	<u>\$ -</u>	<u>\$ 148,425</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 79,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,807</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

- ii. Foreign exchange swap contracts are usually valued based on the current foreign exchange swap rate.

D. For the nine months ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the nine months ended September 30, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information: Please refer to table 7.

14. Segment Information

(1) General information

The information provided to the Chief Operating Decision-Maker to allocate resources and evaluate segment performance focuses on area of operations. The Group is primarily engaged in the manufacture of parts for the interior and exterior of automobiles and manages the business from a geographic perspective due to the different characteristics in culture, environment and economic condition although the manufacturing process and marketing strategy are the same throughout the operations. The reportable segments are as follows:

Domestic operation area - domestic consolidated entities.

Foreign operation area - foreign consolidated entities.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted profit from operations. This measurement basis excludes the effects of non-recurring expenditure from the operating segments.

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(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments are as follows:

	Segment revenue				Segment income (loss)			
	Three months ended	Three months ended	Nine months ended	Nine months ended	Three months ended	Three months ended	Nine months ended	Nine months ended
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Domestic operation entities	\$ 393,662	\$ 298,414	\$ 1,045,876	\$ 953,229	\$ 116,705	\$ 40,164	\$ 288,314	\$ 143,605
Foreign operation entities	155,763	210,946	459,573	562,352	(20,029)	(15,871)	(46,489)	(61,188)
Others	5,517	4,509	22,145	27,530	(3,273)	7,773	(5,598)	1,227
Inter-segment eliminations	(8,033)	(408)	(22,389)	(24,425)	5,976	6,612	19,220	20,702
Total amount from continuing operations	<u>\$ 546,909</u>	<u>\$ 513,461</u>	<u>\$ 1,505,205</u>	<u>\$ 1,518,686</u>	<u>\$ 99,379</u>	<u>\$ 38,678</u>	<u>\$ 255,447</u>	<u>\$ 104,346</u>
Interest income					9,519	3,873	27,739	5,519
Rent income					2,391	9,347	6,149	13,758
Dividend income					3,037	4,380	7,107	5,532
Other income - others					7,693	(4,640)	30,640	7,192
Foreign exchange gain (loss)					82,279	163,552	116,162	376,664
Gain on financial assets and liabilities at fair value through profit or loss					(11,187)	19,911	(9,398)	55,140
Gain on disposal of property, plant and equipment					3,965	2,030	3,981	3,550
Other losses					(451)	(19,611)	(643)	(19,955)
Finance costs					(4,767)	(5,111)	(13,443)	(14,899)
Profit before income tax					<u>\$ 191,858</u>	<u>\$ 212,409</u>	<u>\$ 423,741</u>	<u>\$ 536,847</u>

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Loans to others

Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans	Ceiling on total loans granted (Note 3)	Footnote
					balance during the nine months ended September 30, 2023	September 30, 2023	drawn down (Note 2)						Item	Value	granted to a single party (Note 3)		
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	\$ 225,890	\$ 112,945	\$ 112,945	1.40%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 382,580	\$ 1,530,322	Notes 5,8
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	350,536	285,996	212,178	4%~4.35%	2	-	Operating capital	-	N	-	382,580	1,530,322	Notes 6,9
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	253,446	182,806	129,826	4.35%~5%	2	-	Operating capital	-	N	-	382,580	1,530,322	Notes 7,10

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Balance at September 30, 2023 and actual amount drawn down were calculated at the USD and RMB buying and selling spot exchange rate of 32.27 and 4.415 on September 30, 2023.

Note 3: Limit on total loans granted to others by the Company is 40% of the net assets and limit on loans granted to a single party is 10% of the net assets.

Note 4: The nature of the loan are as follows:

(1) Fill in '1' for business transaction.

(2) Fill in '2' for short-term financing.

Note 5:The maximum outstanding balance of loans granted to RISE BRIGHT HOLDINGS LTD. by Y.C.C. amounted to NT\$225,890. This is because the amount of NT\$225,890 includes NT\$112,945 that was matured on May 26, 2023. The remaining total facility was NT\$112,945.

Note 6:The maximum outstanding balance of loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. by Y.C.C. amounted to NT\$350,536. This is because the amount of NT\$350,536 includes NT\$64,540 that was matured on May 14, 2023.

The remaining total facility was NT\$285,996.

Note 7:The maximum outstanding balance of loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD by Y.C.C. amounted to NT\$253,446. This is because the amount of NT\$253,446 includes NT\$70,640 that was matured on July 24, 2023 and August 8, 2023.

The remaining total facility was NT\$182,806.

Note 8: Loans granted to RISE BRIGHT HOLDINGS LTD. approved by the Board of Directors amounted to US\$7,000 thousand.

Note 9: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US\$4,000 thousand and RMB\$ 50,160 thousand.

Note 10: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to US\$1,150 thousand and RMB\$ 49,000 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Current financial assets at fair value through profit or loss	443,000	\$ 27,517	0.53%	\$ 16,192	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Current financial assets at fair value through profit or loss	2,518,000	25,540	1.52%	65,468	
Y.C.C. PARTS MFG. CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	67,000	1,030	0.08%	1,156	
Y.C.C. PARTS MFG. CO., LTD.	SHUN ON ELECTRONIC CO., LTD.	N	Current financial assets at fair value through profit or loss	73,000	3,342	0.05%	2,241	
Y.C.C. PARTS MFG. CO., LTD.	NUUO INC.	N	Current financial assets at fair value through profit or loss	5,071	278	0.04%	226	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	277,869	37,716	0.21%	18,172	
UNITED SKILLS CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	355,000	5,132	0.42%	6,124	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,227	0.02%	1,235	
UNITED SKILLS CO., LTD.	COWEALTH MEDICAL HOLDING CO., LTD.	N	Current financial assets at fair value through profit or loss	68,000	2,038	0.09%	1,700	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	1,240	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	1,667	235	0.00%	109	
			Valuation adjustment		9,039		113,863	
					<u>\$ 113,863</u>			
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Non-current financial assets at fair value through other comprehensive income	855,000	\$ 81,855	1.02%	\$ 31,250	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Non-current financial assets at fair value through other comprehensive income	2,739,000	46,680	1.66%	71,214	
			Valuation adjustment		(26,071)		102,464	
					<u>\$ 102,464</u>			

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023 (Note 1)	Turnover rate (Note 5)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 6)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	Subsidiary	\$ 137,937	-	\$ -	-	\$ -	-	Note 2
Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Subsidiary	220,872	-	-	-	-	-	Note 3
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	120,361	-	-	-	-	-	Note 4

Note 1: The transactions were eliminated when preparing the consolidated financial statements.

Note 2: It pertains to principal and interest aggregating to \$132,709 from loans to the subsidiary and technical service expense amounting to \$5,228 shown as other receivables.

Note 3: It pertains to principal and interest aggregating to \$215,063 from loans to the subsidiary and technical service expense amounting to \$5,809 shown as other receivables.

Note 4: It pertains to principal and interest aggregating to \$113,500 from loans to the subsidiary shown as other receivables and sales of product amounting to \$6,861 shown as accounts receivable.

Note 5: Only accounts receivable was used for the calculation of turnover rate.

Note 6: Subsequent collection is the amount collected as of November 7, 2023.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Other receivables	\$ 113,500	Based on the contract	2.12%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	220,872	Based on the contract	4.13%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Other receivables	12,004	Based on the contract	0.22%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables	137,937	Based on the contract	2.58%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivable	11,105	Based on the contract	0.21%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	3	Other payable	30,987	Based on the contract	0.58%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, and subsidiaries or between subsidiaries refer to it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amount that did not reach \$10 million or more will not be disclosed.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investees

Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Manufacturing vehicles and their parts	\$ 50,000	\$ 50,000	5,000	100.00%	\$ 51,098	\$ 2,813	\$ 2,813	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	473,637 (	48,584) (	48,584)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	425,492 (	50,062) (	44,775)	Subsidiary (Note)

Note: The company does not hold any share in the investee because the investee is a limited company.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investments in Mainland China

Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles, producing and selling various accessories of automobiles and electronic plastic parts	\$ 423,150	2	\$ 827,609	\$ -	\$ -	\$ 827,609	(\$ 60,469)	89.44%	(\$ 54,083)	\$ 145,280	\$ -	Note 3 Note 7
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD.	Injecting and surface coating parts of air bags with inflation system, covers, interior and exterior accessories of air bag and electronic equipment systems	347,588	2	268,009	-	-	268,009	12,467	73.89%	9,211	203,239	-	Note 4 Note 7
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	Manufacturing and selling parts, interior and exterior accessories and electronic system parts of automobiles and molds, gauges, clamps and jigs for injection	60,450	2	63,055	-	-	63,055	98	89.44%	88	56,390	-	Note 5
CHANG JIE TECHNOLOGY CO., LTD.	Injecting and surface coating air bag covers of automobiles, producing and selling various accessories of automobiles and automatic production equipments for spraying	176,406	2	177,602	-	-	177,602	(2,917)	99.83%	(2,912)	149,587	-	Note 6

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in existing companies in the third area, RISE BRIGHT HOLDINGS LTD. and CHINA FIRST HOLDINGS LTD., which then invested in the investee in Mainland China.
- (3) Others.

Note 2: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 3: Paid-in capital is US\$14,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$26,300 thousand.

Note 4: Paid-in capital is US\$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$8,591 thousand.

Note 5: Paid-in capital is US\$2,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$2,000 thousand.

Note 6: Paid-in capital is US\$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$6,070 thousand.

Note 7: 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 was based on the financial statements that were reviewed by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA

Note 1: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 2: Calculation for ceiling on investments in Mainland China (60% of net assets) is based on MOEA "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area".

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US\$42,961 thousand. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) was US\$45,765 thousand.

Note 4: The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) to CHANG JIE TECHNOLOGY CO., LTD. was RMB\$10,000 thousand.

There is US\$10 thousand difference with MOEA due to exchange rate fluctuations. Paid-in capital is US\$1,560 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$1,570 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Major shareholders information

September 30, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	11,791,000	15.90%
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	10,731,000	14.47%
HE HAN INVESTMENT CO.,LTD	7,586,503	10.23%
RU HAN INVESTMENT CO.,LTD	5,964,420	8.04%
HUANG KAI INVESTMENT CO.,LTD	5,791,500	7.81%

Description: If the company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(1) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form because of a different calculation basis.

(2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data that was disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to the Market Observation Post System.