

**Y.C.C. PARTS MFG. CO. LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' 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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months periods then ended, and notes to the consolidated financial statements, including a summary of material 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" of 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\$243,079 thousand and NT\$314,636 thousand, constituting 4.45% and 5.81% of the consolidated total assets as at March 31, 2024 and 2023, respectively, total liabilities amounted to NT\$49,499 thousand and NT\$50,272 thousand, constituting 3.31%

and 2.88% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively, and the total comprehensive loss amounted to NT\$1,671 thousand and NT\$710 thousand, constituting (1.13%) and (0.94%) of the consolidated total comprehensive income (loss) for the three months periods 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 certain 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three month periods 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.

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Wang, Yu-Chuan

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Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2024

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

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

Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2024		December 31, 2023		March 31, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	742,903	14	\$	550,670	10	\$	498,059	9
1110	Financial assets at fair value	6(2)									
	through profit or loss - current			139,473	3		135,445	2		122,458	2
1136	Financial assets at amortised cost -	6(3)									
	current			51,200	1		125,890	2		447,449	8
1150	Notes receivable, net	6(4)		18,387	-		37,971	1		30,259	1
1170	Accounts receivable, net	6(4)		419,781	8		499,189	9		495,607	9
1200	Other receivables			18,037	-		10,072	-		10,231	-
130X	Inventories	6(5)		349,579	6		357,322	7		316,229	6
1470	Other current assets			39,292	1		33,194	1		44,862	1
11XX	Total current Assets			1,778,652	33		1,749,753	32		1,965,154	36
Non-current assets											
1517	Non-current financial assets at fair	6(6)									
	value through other comprehensive										
	income			129,727	2		128,299	2		79,289	2
1535	Non-current financial assets at	6(3) and 8									
	amortised cost			300	-		300	-		300	-
1600	Property, plant and equipment	6(7) and 8		2,893,959	53		2,873,418	53		2,972,734	55
1755	Right-of-use assets	6(8) and 8		150,833	3		150,100	3		140,075	3
1760	Investment property, net	6(9) and 8		94,534	2		94,441	2		14,536	-
1780	Intangible assets			3,101	-		3,758	-		4,268	-
1840	Deferred income tax assets			107,074	2		109,196	2		115,537	2
1900	Other non-current assets	6(10)		302,998	5		309,435	6		122,979	2
15XX	Total non-current assets			3,682,526	67		3,668,947	68		3,449,718	64
1XXX	Total assets		\$	5,461,178	100	\$	5,418,700	100	\$	5,414,872	100

(Continued)

**Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(11)	\$ -	-	\$ 35,786	1	\$ 149,237	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	2,952	-	4,796	-
2130	Current contract liabilities	6(19)	5,659	-	22,267	-	10,780	-
2150	Notes payable	6(26)	149,127	3	178,448	3	187,957	3
2170	Accounts payable		95,217	2	101,114	2	133,474	2
2200	Other payables	6(12)	404,641	7	182,257	3	388,734	7
2230	Current income tax liabilities	6(24)	213,490	4	188,160	4	152,848	3
2320	Long-term liabilities, current portion	6(13)	133,167	2	133,167	2	134,500	3
2399	Other current liabilities, others	6(8)	5,792	-	5,696	-	2,668	-
21XX	<b>Total current Liabilities</b>		<u>1,007,093</u>	<u>18</u>	<u>849,847</u>	<u>15</u>	<u>1,164,994</u>	<u>21</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(13)	413,966	8	446,846	8	544,935	10
2560	Current tax liabilities-non-current	6(24)	43,230	1	56,283	1	20,255	1
2570	Deferred income tax liabilities		6,965	-	-	-	480	-
2600	Other non-current liabilities	6(8)(14)	21,981	-	23,763	1	15,722	-
25XX	<b>Total non-current liabilities</b>		<u>486,142</u>	<u>9</u>	<u>526,892</u>	<u>10</u>	<u>581,392</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>1,493,235</u>	<u>27</u>	<u>1,376,739</u>	<u>25</u>	<u>1,746,386</u>	<u>32</u>
<b>Equity attributable to owners of parent</b>								
	Share capital	6(16)						
3110	Share capital - common stock		741,239	14	741,239	14	741,239	14
	Capital surplus	6(17)						
3200	Capital surplus		1,193,349	22	1,193,349	22	1,193,349	22
	Retained earnings	6(18)						
3310	Legal reserve		383,999	7	383,999	7	343,211	6
3320	Special reserve		109,142	2	109,142	2	120,040	2
3350	Unappropriated retained earnings		1,523,009	28	1,612,189	30	1,267,380	23
	Other equity interest							
3400	Other equity interest		( 82,975)	( 2)	( 94,043)	( 2)	( 100,825)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>3,867,763</u>	<u>71</u>	<u>3,945,875</u>	<u>73</u>	<u>3,564,394</u>	<u>66</u>
36XX	<b>Non-controlling interests</b>		<u>100,180</u>	<u>2</u>	<u>96,086</u>	<u>2</u>	<u>104,092</u>	<u>2</u>
3XXX	<b>Total equity</b>		<u>3,967,943</u>	<u>73</u>	<u>4,041,961</u>	<u>75</u>	<u>3,668,486</u>	<u>68</u>
	Significant events after the balance sheet date	9						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,461,178</u>	<u>100</u>	<u>\$ 5,418,700</u>	<u>100</u>	<u>\$ 5,414,872</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 ENDED MARCH 31, 2024 AND 2023

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

Items		Notes	Three months ended March 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	\$ 512,319	100	\$ 472,608	100
5000	Operating costs	6(5)(22)(23)	( 330,727)	( 65)	( 337,728)	( 72)
5900	Net operating margin		181,592	35	134,880	28
	Operating expenses	6(22)(23)				
6100	Selling expenses		( 40,773)	( 8)	( 31,842)	( 7)
6200	General and administrative expenses		( 33,716)	( 7)	( 24,624)	( 5)
6300	Research and development expenses		( 16,631)	( 3)	( 14,647)	( 3)
6450	Impairment gain determined in accordance with IFRS 9	12(2)	3,427	1	17,436	4
6000	Total operating expenses		( 87,693)	( 17)	( 53,677)	( 11)
6900	Operating profit		93,899	18	81,203	17
	Non-operating income and expenses					
7100	Interest income		6,813	1	8,685	2
7010	Other income	6(20)	12,755	3	8,175	2
7020	Other gains and losses	6(21)	60,411	12	( 8,397)	( 2)
7050	Finance costs		( 3,563)	( 1)	( 4,081)	( 1)
7000	Total non-operating income and expenses		76,416	15	4,382	1
7900	Profit before income tax		170,315	33	85,585	18
7950	Income tax expense	6(24)	( 35,438)	( 7)	( 19,167)	( 4)
8200	Profit for the period		\$ 134,877	26	\$ 66,418	14

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Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

		Three months ended March 31			
		2024		2023	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(6)			
		\$ 1,428	-	\$ 4,043	1
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
		1,428	-	4,043	1
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations				
		12,049	3	4,848	1
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		12,049	3	4,848	1
8300	<b>Total other comprehensive income for the period</b>				
		\$ 13,477	3	\$ 8,891	2
8500	<b>Total comprehensive income for the period</b>				
		\$ 148,354	29	\$ 75,309	16
Profit, attributable to:					
8610	Owners of parent				
		\$ 133,192	26	\$ 64,140	14
8620	Non-controlling interests				
		1,685	-	2,278	-
	Total				
		\$ 134,877	26	\$ 66,418	14
Comprehensive income attributable to:					
8710	Owners of parent				
		\$ 144,260	28	\$ 72,457	15
8720	Non-controlling interests				
		4,094	1	2,852	1
	Total				
		\$ 148,354	29	\$ 75,309	16
Basic earnings per share					
9750	Basic earnings per share	6(25)			
		\$ 1.80		\$ 0.87	
9850	Diluted earnings per share				
		\$ 1.79		\$ 0.86	

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  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest		Total		
			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>\$ 741,239</u>	<u>\$1,193,349</u>	<u>\$ 343,211</u>	<u>\$ 120,040</u>	<u>\$1,425,612</u>	<u>(\$ 82,602 )</u>	<u>(\$ 26,540 )</u>	<u>\$3,714,309</u>	<u>\$ 101,240</u>	<u>\$3,815,549</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,140</u>	<u>-</u>	<u>-</u>	<u>64,140</u>	<u>2,278</u>	<u>66,418</u>
6(6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,274</u>	<u>4,043</u>	<u>8,317</u>	<u>574</u>	<u>8,891</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,140</u>	<u>4,274</u>	<u>4,043</u>	<u>72,457</u>	<u>2,852</u>	<u>75,309</u>
6(18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 222,372 )</u>	<u>-</u>	<u>-</u>	<u>( 222,372 )</u>	<u>-</u>	<u>( 222,372 )</u>
	<u>\$ 741,239</u>	<u>\$1,193,349</u>	<u>\$ 343,211</u>	<u>\$ 120,040</u>	<u>\$1,267,380</u>	<u>(\$ 78,328 )</u>	<u>(\$ 22,497 )</u>	<u>\$3,564,394</u>	<u>\$ 104,092</u>	<u>\$3,668,486</u>
	<u>\$ 741,239</u>	<u>\$1,193,349</u>	<u>\$ 383,999</u>	<u>\$ 109,142</u>	<u>\$1,612,189</u>	<u>(\$ 93,807 )</u>	<u>(\$ 236 )</u>	<u>\$3,945,875</u>	<u>\$ 96,086</u>	<u>\$4,041,961</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,192</u>	<u>-</u>	<u>-</u>	<u>133,192</u>	<u>1,685</u>	<u>134,877</u>
6(6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,640</u>	<u>1,428</u>	<u>11,068</u>	<u>2,409</u>	<u>13,477</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,192</u>	<u>9,640</u>	<u>1,428</u>	<u>144,260</u>	<u>4,094</u>	<u>148,354</u>
6(18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 222,372 )</u>	<u>-</u>	<u>-</u>	<u>( 222,372 )</u>	<u>-</u>	<u>( 222,372 )</u>
	<u>\$ 741,239</u>	<u>\$1,193,349</u>	<u>\$ 383,999</u>	<u>\$ 109,142</u>	<u>\$1,523,009</u>	<u>(\$ 84,167 )</u>	<u>\$ 1,192</u>	<u>\$3,867,763</u>	<u>\$ 100,180</u>	<u>\$3,967,943</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 CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 170,315	\$ 85,585
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(7)(9)(22)	91,117	90,595
Depreciation expense - right-of-use assets	6(8)(22)	2,380	1,640
Amortisation expense	6(22)	1,497	1,803
Reversal of expected credit losses	12(2)	( 3,427 )	( 17,436 )
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	( 6,980 )	8,281
Interest expense		3,563	4,081
Interest income		( 6,856 )	( 8,685 )
Government grant revenues	6(14)	( 358 )	( 337 )
Proceeds from disposal of property, plant and equipment	6(21)	( 142 )	( 16 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		19,584	( 3,178 )
Accounts receivable, net		82,835	56,110
Other receivables		( 6,738 )	4,015
Inventories		7,743	( 16,037 )
Other current assets		( 6,098 )	( 1,765 )
Changes in operating liabilities			
Contract liabilities - current		( 16,608 )	( 4,072 )
Notes payable		( 39,178 )	12,235
Accounts payable		( 5,897 )	( 7,979 )
Other payables		( 587 )	( 14,642 )
Other current liabilities		1,346	( 103 )
Cash inflow generated from operations		287,511	190,095
Interest received		4,588	4,805
Interest paid		( 3,404 )	( 4,078 )
Income taxes paid		( 12,263 )	( 8,713 )
Net cash flows from operating activities		276,432	182,109

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Y.C.C. PARTS MFG. CO. LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(26)	\$ -	(\$ 1,895 )
Proceeds from disposal of financial assets at fair value through profit or loss		-	3,483
(Increase) decrease in financial assets at amortised cost		74,690	( 447,449 )
Acquisition of property, plant and equipment	6(26)	( 66,143 )	( 87,421 )
Proceeds from disposal of property, plant and equipment		7,718	4,798
Increase in refundable deposits		( 25 )	-
Decrease (increase) in other non-current assets		461	( 834 )
Decrease in prepayment of equipment and construction		6,001	-
Net cash flows from (used in) investing activities		22,702	( 529,318 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	-	36,883
Decrease in short-term borrowings	6(27)	( 36,759 )	( 151,086 )
Repayments of long-term borrowings	6(27)	( 33,292 )	( 53,216 )
Increase in refundable deposits	6(27)	( 32 )	368
Repayments of principal portion of lease liabilities	6(27)	( 1,321 )	( 693 )
Net cash flows used in financing activities		( 71,404 )	( 167,744 )
Effect of exchange rate changes on cash and cash equivalents		( 35,497 )	( 23,362 )
Net increase (decrease) in cash and cash equivalents		192,233	( 538,315 )
Cash and cash equivalents at beginning of period		550,670	1,036,374
Cash and cash equivalents at end of period		\$ 742,903	\$ 498,059

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  
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

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 May 8, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by 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.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 Standards 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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, 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, 2023.

(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 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, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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 2)
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 2)
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%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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%	
CHINA FIRST	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	Producing and selling interior and exterior accessories of automobiles	NA	NA	100.00%	(Note 1 、 2)

Note 1 : In order to simplify the organizational structure, CHANSHU FUTE AUTOMOTIVE TRIM CO., LTD. used November 30, 2023 as the merger base date to absorb and merge with CHANSHU XINXIANG AUTOMOBILE PARTS CO., LTD.

Note 2 : The financial statements of the entity as of and for the three months ended March 31, 2024 and 2023 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) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) 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.

(6) Income tax

- A. 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.
- B. 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.

(7) 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 March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 232	\$ 231	\$ 309
Checking accounts and demand deposits	337,182	312,716	139,556
Time deposits	405,489	237,723	327,531
Short-term notes and bills - Re-Purchase	-	-	30,663
	<u>\$ 742,903</u>	<u>\$ 550,670</u>	<u>\$ 498,059</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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 104,823	\$ 104,823	\$ 105,504
Valuation adjustment	30,133	30,622	16,954
Total	<u>\$ 134,956</u>	<u>\$ 135,445</u>	<u>\$ 122,458</u>
Financial assets (liabilities) held for trading			
Foreign exchange swap contracts	<u>\$ 4,517</u>	<u>(\$ 2,952)</u>	<u>(\$ 4,796)</u>
Total financial assets at fair value through profit or loss	<u>\$ 139,473</u>	<u>\$ 135,445</u>	<u>\$ 122,458</u>
Total financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 2,952)</u>	<u>(\$ 4,796)</u>

- A. The Group recognized financial assets and liabilities at fair value through profit or loss of \$6,980 and (\$8,281) for the three months ended March 31, 2024 and 2023, 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:

	March 31, 2024	
<u>Derivative financial assets (liabilities)</u>	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 6,800 thousand	2024.02.05 ~ 2024.04.15
	March 31, 2023	
<u>Derivative financial assets (liabilities)</u>	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 7,086 thousand	2023.12.07 ~ 2024.01.29
	March 31, 2023	
<u>Derivative financial assets (liabilities)</u>	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 33,841 thousand	2023.03.13 ~ 2023.09.13



The Group entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. Therefore, the Group did not apply hedge accounting treatment for these forward exchange contracts.

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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Time deposits maturing over three months	\$ <u>51,200</u>	\$ <u>125,890</u>	\$ <u>447,449</u>
Non-current items:			
Restricted time deposits	\$ <u>300</u>	\$ <u>300</u>	\$ <u>300</u>

A. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$51,500, \$126,190 and \$447,749, 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 18,595	\$ 38,179	\$ 30,392
Less: Allowance for uncollectible accounts	( <u>208</u> )	( <u>208</u> )	( <u>133</u> )
	\$ <u>18,387</u>	\$ <u>37,971</u>	\$ <u>30,259</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable	\$ 438,815	\$ 521,330	\$ 543,230
Less: Allowance for uncollectible accounts	( <u>19,034</u> )	( <u>22,141</u> )	( <u>47,623</u> )
	\$ <u>419,781</u>	\$ <u>499,189</u>	\$ <u>495,607</u>

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

March 31, 2024			
	Notes receivable		Accounts receivable
Not past due	\$ 18,595	\$	310,722
1 to 60 days	-		111,505
61 to 120 days	-		6,486
121 to 180 days	-		1,069
181 to 240 days	-		1,822
Over 241 days	-		7,211
	<u>\$ 18,595</u>	<u>\$</u>	<u>438,815</u>
December 31, 2023			
	Notes receivable		Accounts receivable
Not past due	\$ 38,179	\$	337,528
1 to 60 days	-		118,126
61 to 120 days	-		42,614
121 to 180 days	-		10,464
181 to 240 days	-		3,380
Over 241 days	-		9,218
	<u>\$ 38,179</u>	<u>\$</u>	<u>521,330</u>
March 31, 2023			
	Notes receivable		Accounts receivable
Not past due	\$ 30,392	\$	435,994
1 to 60 days	-		50,662
61 to 120 days	-		13,824
121 to 180 days	-		5,203
181 to 240 days	-		2,186
Over 241 days	-		35,361
	<u>\$ 30,392</u>	<u>\$</u>	<u>543,230</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balances of accounts receivable and notes receivable from contracts with customers amounted to \$598,967 and \$27,225, respectively.
- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$18,387, \$37,971 and \$30,259 as well as \$419,781, \$499,189 and \$495,607, respectively.
- D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(5) Inventories

March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 126,587	(\$ 22,528)	\$ 104,059
Work in progress	65,361	( 2,499)	62,862
Semi-finished goods	17,518	( 1,507)	16,011
Finished goods	182,974	( 16,691)	166,283
Merchandise	364	-	364
Total	<u>\$ 392,804</u>	<u>(\$ 43,225)</u>	<u>\$ 349,579</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 154,153	(\$ 30,736)	\$ 123,417
Work in progress	51,953	( 1,700)	50,253
Semi-finished goods	7,142	( 1,761)	5,381
Finished goods	188,772	( 20,325)	168,447
Merchandise	9,824	-	9,824
Total	<u>\$ 411,844</u>	<u>(\$ 54,522)</u>	<u>\$ 357,322</u>
March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 107,376	(\$ 34,197)	\$ 73,179
Work in progress	48,262	( 4,422)	43,840
Semi-finished goods	9,960	( 1,085)	8,875
Finished goods	222,041	( 44,284)	177,757
Merchandise	12,578	-	12,578
Total	<u>\$ 400,217</u>	<u>(\$ 83,988)</u>	<u>\$ 316,229</u>

The cost of inventories recognised as expense for the period :

Three months ended March 31,			
	2024	2023	
Cost of goods sold	\$ 341,203	\$ 337,763	
Unallocated fixed overheads	1,566	1,129	
Loss on scrapping inventory	20	131	
Gain on reversal of market value decline and obsolete and slow-moving inventories	( 11,681)	( 1,258)	
Gain on physical inventory	( 381)	( 37)	
	<u>\$ 330,727</u>	<u>\$ 337,728</u>	

The Group reversed a previous inventory write-down because inventories with decline in market value were partially sold and scrapped by the Group for the three months ended March 31, 2024 and 2023.

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

<u>Items</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 128,535	\$ 128,535	\$ 101,787
Valuation adjustment	1,192	( 236)	( 22,498)
Total	<u>\$ 129,727</u>	<u>\$ 128,299</u>	<u>\$ 79,289</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 \$129,727, \$128,299 and \$79,289, as at March 31, 2024, December 31, 2023 and March 31, 2023, 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 March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 1,428</u>	<u>\$ 4,043</u>

- C. As at March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$129,727, \$128,299 and \$79,289, respectively.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Property, plant and equipment

	Three months ended March 31, 2024					
	<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	1,614,968	11,953	( 1,311)	3,750	9,645	1,639,005
Machinery and equipment	1,355,693	1,748	( 3,229)	72,524	12,542	1,439,278
Molding equipment	2,308,680	20,658	( 14,895)	29,197	596	2,344,236
Transportation equipment	35,101	-	( 1,996)	-	54	33,159
Furniture equipment	3,022	-	( 48)	-	18	2,992
Other equipment	223,208	4,728	( 2,749)	6,420	935	232,542
Unfinished construction and equipment under acceptance	288,386	11,683	( 272)	( 58,929)	872	241,740
	<u>\$ 6,785,423</u>	<u>\$ 50,770</u>	<u>(\$ 24,500)</u>	<u>\$ 52,962</u>	<u>\$ 24,662</u>	<u>\$ 6,889,317</u>
Accumulated Depreciation						
Buildings and structures	(\$ 968,179)	(\$ 17,631)	\$ 1,311	\$ -	(\$ 3,021)	(\$ 987,520)
Machinery and equipment	( 904,107)	( 25,726)	3,058	-	( 5,467)	( 932,242)
Molding equipment	( 1,849,061)	( 41,468)	7,764	-	( 385)	( 1,883,150)
Transportation equipment	( 28,898)	( 639)	1,996	-	( 41)	( 27,582)
Furniture equipment	( 2,616)	( 73)	48	-	( 13)	( 2,654)
Other equipment	( 159,144)	( 5,346)	2,748	-	( 468)	( 162,210)
	<u>( 3,912,005)</u>	<u>(\$ 90,883)</u>	<u>\$ 16,925</u>	<u>\$ -</u>	<u>(\$ 9,395)</u>	<u>( 3,995,358)</u>
Total	<u>\$ 2,873,418</u>					<u>\$ 2,893,959</u>

Three months ended March 31, 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	1,320	-	975	2,391	1,622,433
Machinery and equipment	1,345,856	6,045	( 30,793)	-	3,026	1,324,134
Molding equipment	2,136,767	7,807	( 8,265)	41,689	231	2,178,229
Transportation equipment	35,281	-	-	-	11	35,292
Furniture equipment	3,485	-	( 147)	-	6	3,344
Other equipment	189,283	3,662	( 2,112)	7,305	206	198,344
Unfinished construction and equipment under acceptance	328,357	3,522	-	16,538	360	348,777
	<u>\$ 6,613,141</u>	<u>\$ 22,356</u>	<u>(\$ 41,317)</u>	<u>\$ 66,507</u>	<u>\$ 6,231</u>	<u>\$ 6,666,918</u>
Accumulated Depreciation						
Buildings and structures	(\$ 896,986)	(\$ 18,384)	\$ -	\$ -	(\$ 591)	(\$ 915,961)
Machinery and equipment	( 860,554)	( 24,783)	30,793	-	( 1,262)	( 855,806)
Molding equipment	( 1,706,235)	( 40,910)	3,483	-	( 96)	( 1,743,758)
Transportation equipment	( 26,864)	( 648)	-	-	( 9)	( 27,521)
Furniture equipment	( 2,825)	( 90)	147	-	( 5)	( 2,773)
Other equipment	( 144,862)	( 5,500)	2,112	-	( 115)	( 148,365)
	<u>( 3,638,326)</u>	<u>(\$ 90,315)</u>	<u>\$ 36,535</u>	<u>\$ -</u>	<u>(\$ 2,078)</u>	<u>( 3,694,184)</u>
Total	<u>\$ 2,974,815</u>					<u>\$ 2,972,734</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: Three months ended March 31, 2024 and 2023 : None.

(8) Lease transactions – lessee

- A. The Group leases various assets including land 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.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 129,594	\$ 127,514	\$ 134,050
Transportation equipment (Business vehicles)	21,239	22,586	6,025
	<u>\$ 150,833</u>	<u>\$ 150,100</u>	<u>\$ 140,075</u>

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,032	\$ 1,035
Transportation equipment (Business vehicles)	1,348	605
	<u>\$ 2,380</u>	<u>\$ 1,640</u>

- D. For the three months ended March 31, 2024 and 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 March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 71	\$ 21
Expense on short-term lease contracts	\$ 76	\$ 111
Expense on leases of low-value assets	\$ 535	\$ 359

- F. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lease liabilities - current	\$ 5,325	\$ 5,308	\$ 1,954
Lease liabilities - non-current	\$ 16,017	\$ 17,355	\$ 4,132

- G. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases

were \$2,003 and \$1,184, respectively.

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

(9) Investment property

Three months ended March 31, 2024						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ 80,887	\$ -	\$ -	\$ -	\$ -	\$ 80,887
Land use right	4,151	-	-	-	100	4,251
Buildings and structures	16,048	-	-	-	391	16,439
	<u>\$ 101,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491</u>	<u>\$ 101,577</u>
Accumulated Depreciation						
Land use right	(\$ 560)	(\$ 31)	\$ -	\$ -	(\$ 14)	(\$ 605)
Buildings and structures	( 6,085)	( 203)	-	-	( 150)	( 6,438)
	<u>( 6,645)</u>	<u>(\$ 234)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 164)</u>	<u>( 7,043)</u>
Total	<u>\$ 94,441</u>					<u>\$ 94,534</u>

Three months ended March 31, 2023						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land use right	\$ 4,240	\$ -	\$ -	\$ -	\$ 418	\$ 4,658
Buildings and structures	17,411	-	-	-	119	17,530
	<u>\$ 21,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ 22,188</u>
Accumulated Depreciation						
Land use right	(\$ 449)	(\$ 32)	\$ -	\$ -	(\$ 395)	(\$ 876)
Buildings and structures	( 6,489)	( 248)	-	-	( 39)	( 6,776)
	<u>( 6,938)</u>	<u>(\$ 280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 434)</u>	<u>( 7,652)</u>
Total	<u>\$ 14,713</u>					<u>\$ 14,536</u>

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

Three months ended March 31,	
	2024
Rental income from investment property	<u>\$ 998</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 234</u>
	<u>\$ 926</u>
	<u>\$ 280</u>



- B. The fair value of the investment property held by the Group, which is the land, as at March 31, 2024, and December 31, 2023 were both \$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 March 31, 2024, December 31, 2023 and March 31, 2023 were \$20,046, \$19,752 and \$20,917, 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 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Not later than one year	\$ 2,907	\$ 3,784	\$ 3,750
Later than one year but not later than five years	-	-	2,917
	<u>\$ 2,907</u>	<u>\$ 3,784</u>	<u>\$ 6,667</u>

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

(10) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for business facilities and construction	\$ 292,831	\$ 298,832	\$ 114,962
Guarantee deposits paid	7,768	7,743	4,092
Others	2,399	2,860	3,925
	<u>\$ 302,998</u>	<u>\$ 309,435</u>	<u>\$ 122,979</u>

(11) Short-term borrowings

Type of borrowings	March 31, 2024	December 31, 2023	March 31, 2023
Secured borrowings	\$ -	\$ 35,786	\$ 149,237
Interest rate range	-	4.35%	4.35%

(12) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividends payable	\$ 222,372	\$ -	\$ 222,372
Machinery and equipment payable	56,893	56,453	49,209
Salaries and bonus payable	50,303	53,647	38,056
Employees' compensation payable	13,750	8,425	8,434
Transportation fee payable	4,590	5,745	6,886
Directors' remuneration payable	9,391	5,841	6,487
Others	47,342	52,146	57,290
	<u>\$ 404,641</u>	<u>\$ 182,257</u>	<u>\$ 388,734</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	March 31, 2024
Long-term bank borrowings			
Unsecured borrowings	From December 26, 2019 to December 15, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	\$ 33,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	199,306
Secured borrowings	From December 26, 2019 to December 15, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	253,000
Secured borrowings	From September 19, 2019 to December 15, 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	63,238
			<u>\$ 548,544</u>
Less: Current portion			( 133,167)
Less: Discount on government grants			( 1,411)
			<u>\$ 413,966</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, 2023</u>
Long-term bank borrowings			
Unsecured borrowings	From December 26, 2019 to December 15, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	\$ 36,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	206,597
Secured borrowings	From December 26, 2019 to December 15, 2026	Principal and interest are repayable monthly after a 3-year grace period; interest is repayable monthly; principal is repayable monthly in 48 installments	276,000
Secured borrowings	From September 19, 2019 to December 15, 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	63,238
			<u>\$ 581,835</u>
Less: Current portion			( 133,167)
Less: Discount on government grants			( 1,822)
			<u>\$ 446,846</u>
Interest rate range			<u>1.25%~1.78%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>March 31, 2023</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	\$ 1,334
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	45,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	228,472
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	345,000
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	63,238
			\$ 683,044
Less: Current portion			( 134,500)
Less: Discount on government grants			( 3,609)
			<u>\$ 544,935</u>
Interest rate range			<u>1.13%~1.66%</u>

(14) Government grants

As of March 31, 2024, 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 \$47,217, 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 and \$337, respectively, for the three months ended March 31, 2024 and 2023.

(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 ended March 31, 2024 and 2023, the estimated appropriations paid to the defined pension plan are \$52 and \$50, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$ 213.
- 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 for the three months ended March 31, 2024 and 2023 were both 16%. Other than the monthly contributions, the Group has no further obligations.

(c) For the aforementioned pension plan, the Group recognised pension costs of \$3,313 and \$3,566 for the three months ended March 31, 2024 and 2023, respectively.

(16) Share capital

A. As of March 31, 2024, 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. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2024	2023
	Number of thousand shares	Number of thousand shares
At January 1 and March 31	\$ 74,124	\$ 74,124

(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.

	March 31, 2024	December 31, 2023	March 31, 2023
<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	\$ 1,163,298	\$ 1,163,298	\$ 1,163,298
Difference between consideration and carrying amount of subsidiaries acquired	\$ 2,125	\$ 2,125	\$ 2,125
<u>Used to offset accumulated deficits only (Note 2)</u>			
Changes in ownership interests in subsidiaries	\$ 27,926	\$ 27,926	\$ 27,926

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 2023 earnings had been resolved at the Board of Directors' meeting on March 7, 2024. The appropriations of 2022 earnings had been resolved at the shareholders' meeting on May 31, 2023. Details are summarized below:

	Year ended December 31			
	2023		2022	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 43,884		\$ 40,788	
Special reserve appropriated (reversed)	( 15,099)		( 10,899)	
Cash dividend	222,372	\$ 3.00	222,372	\$ 3.00

The amount of the legal reserve and the special surplus reserve in 2023 has not yet been resolved at the regular meeting of shareholders held on May 30, 2024.

The Company's Board of Directors has passed the proposal and the shareholders' meeting has resolved the profit distribution situation, which is posted at the market observation post system.

- G. Refer to Note 6 (23) 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:

	Three months ended March 31, 2024		
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 356,605	\$ 153,708	\$ 510,313
Others	2,006	-	2,006
	<u>\$ 358,611</u>	<u>\$ 153,708</u>	<u>\$ 512,319</u>
	Three months ended March 31, 2023		
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 293,363	\$ 176,436	\$ 469,799
Others	2,498	311	2,809
	<u>\$ 295,861</u>	<u>\$ 176,747</u>	<u>\$ 472,608</u>



## B. Contract liabilities

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:				
Contract liabilities -				
advance sales				
receipts	\$ <u>5,659</u>	\$ <u>22,267</u>	\$ <u>10,780</u>	\$ <u>14,852</u>

For the three months ended March 31, 2024 and 2023, revenue recognized that were included in the contract liability balance at the beginning of the period amounted to \$21,483 and \$7,628, respectively.

### (20) Other income

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rent income	\$ 2,118	\$ 1,900
Revenue for Government Grants (Note)	931	337
Other income	9,706	5,938
	<u>\$ 12,755</u>	<u>\$ 8,175</u>

Note: This is to obtain relevant information on Tieling City Government's policies and measures to assist enterprises in rescuing enterprises and stabilizing economic growth, government subsidies from the unemployment subsidy fund, and government subsidy income from Taiwanese businessmen returning to Taiwan to invest. Please refer to Note 6 (14) for details.

### (21) Other gains and losses

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Gains on disposal of property, plant and equipment	\$ 142	\$ 16
Foreign exchange gains (losses)	54,098	( 29)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	6,980	( 8,281)
Other losses	( 809)	( 103)
	<u>\$ 60,411</u>	<u>(\$ 8,397)</u>

(22) Expenses by nature

	Three months ended March 31,	
	2024	2023
Employee benefit expense	\$ 85,510	\$ 71,613
Depreciation charges on property, plant and equipment	90,883	90,315
Depreciation charges on right-of-use assets	2,380	1,640
Depreciation charges on investment property	234	280
Amortisation	1,497	1,803
	<u>\$ 180,504</u>	<u>\$ 165,651</u>

(23) Employee benefit expense

	Three months ended March 31,	
	2024	2023
Wages and salaries	\$ 67,133	\$ 57,602
Labour and health insurance fees	5,340	5,410
Pension costs	3,365	3,616
Other personnel expenses	9,672	4,985
	<u>\$ 85,510</u>	<u>\$ 71,613</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 ended March 31, 2024 and 2023, the accrued employees' compensation and directors' remuneration were as follows:

	Three months ended March 31,	
	2024	2023
Employees' compensation	\$ 5,325	\$ 1,074
Directors' remuneration	3,550	826
	<u>\$ 8,875</u>	<u>\$ 1,900</u>

For the three months ended March 31, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 3% and 1.3% as well as 2% and 1%, respectively, of distributable profit of current year as of the end of reporting period.

- C. Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 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.

(24) Income tax

A. Income tax expense

Components of income tax expense

	Three months ended March 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 26,027	\$ 26,689
Origination and reversal of temporary differences	9,411	(7,522)
Income tax expense	<u>\$ 35,438</u>	<u>\$ 19,167</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 March 31, 2024, relevant information of current income tax liabilities and non-current income tax liabilities is as follows:

	March 31, 2024		December 31, 2023		March 31, 2023	
	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	\$ -	\$ -	\$ -	\$ -	\$ 21,025	\$ 5,256
2021	11,748	-	11,999	3,789	11,999	14,999
2022	37,055	43,230	37,055	52,494	110,840	-
2023	124,671	-	139,106	-	8,984	-
2024	40,016	-	-	-	-	-
	<u>\$ 213,490</u>	<u>\$ 43,230</u>	<u>\$ 188,160</u>	<u>\$ 56,283</u>	<u>\$ 152,848</u>	<u>\$ 20,255</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.

(25) Earnings per share

Three months ended March 31, 2024			
	<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>\$ 133,192</u>	<u>74,124</u>	<u>\$ 1.80</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	133,192	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	<u>-</u>	<u>161</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 133,192</u>	<u>74,285</u>	<u>\$ 1.79</u>

Three months ended March 31, 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	<u>\$ 64,140</u>	<u>74,124</u>	<u>\$ 0.87</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	64,140	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	<u>-</u>	<u>148</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 64,140</u>	<u>74,272</u>	<u>\$ 0.86</u>

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.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Three months ended March 31, 2024</u>
Purchase of property, plant and equipment	\$ 50,770
Add: Opening balance of notes payable	105,428
Opening balance of payable on equipment and construction	56,453
Less: Ending balance of notes payable	( 89,615)
Ending balance of payable on equipment and construction	( 56,893)
Cash paid during the period	<u>\$ 66,143</u>
	<u>Three months ended March 31, 2023</u>
Purchase of property, plant and equipment	\$ 88,863
Add: Opening balance of notes payable	102,954
Opening balance of payable on equipment and construction	65,309
Ending balance of prepayments for business facilities	114,962
Less: Ending balance of notes payable	( 106,197)
Ending balance of payable on equipment and construction	( 49,209)
Opening balance of prepayments for business facilities	( 129,261)
Cash paid during the period	<u>\$ 87,421</u>

Starting from the second quarter of 2023, prepayments for business facilities will be shown as cash flows.

B. Investing activities with partial cash payments :

	<u>Three months ended March 31, 2024</u>
Purchase of financial assets at fair value through profit or loss	\$ -
Add: Opening balance of securities payables (shown as other payables)	-
Cash paid during the period	<u>\$ -</u>
	<u>Three months ended March 31, 2023</u>
Purchase of financial assets at fair value through profit or loss	\$ 512
Add: Opening balance of securities payables (shown as other payables)	1,383
Cash paid during the period	<u>\$ 1,895</u>

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non- current)	Dividends payable	Liabilities from financing activities gross
At January 1, 2024	\$ 35,786	\$ 580,012	\$ 1,176	\$ 22,663	\$ -	\$ 639,637
Additions for the period	-	-	-	-	222,372	222,372
Changes in cash flow from financing activities	( 36,759)	( 33,292)	( 32)	( 1,321)	-	( 71,404)
Changes in other non-cash items	-	413	-	-	-	413
Impact of changes in foreign exchange rate	973	-	29	-	-	1,002
At March 31, 2024	<u>\$ -</u>	<u>\$ 547,133</u>	<u>\$ 1,173</u>	<u>\$ 21,342</u>	<u>\$ 222,372</u>	<u>\$ 792,020</u>
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non- current)	Dividends payable	Liabilities from financing activities gross
At January 1, 2023	\$ 261,721	\$ 736,032	\$ 821	\$ 6,693	\$ -	\$ 1,005,267
Additions for the period	-	-	-	-	222,372	222,372
Changes in cash flow from financing activities	( 114,203)	( 53,216)	368	( 693)	-	( 167,744)
Changes in other non-cash items	-	( 3,381)	-	-	-	( 3,381)
Impact of changes in foreign exchange rate	1,719	-	( 4)	86	-	1,801
At March 31, 2023	<u>\$ 149,237</u>	<u>\$ 679,435</u>	<u>\$ 1,185</u>	<u>\$ 6,086</u>	<u>\$ 222,372</u>	<u>\$ 1,058,315</u>

## 7. Related Party Transactions

Key management compensation

	Three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 8,874	\$ 6,911
Post-employment benefits	4	14
Total	<u>\$ 8,878</u>	<u>\$ 6,925</u>

## 8. Pledged Assets

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

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Property, plant and equipment	\$ 1,000,521	\$ 1,151,385	\$ 1,204,879	Short-term borrowings and long-term borrowings
Right-of-use assets	-	73,839	77,793	Short-term borrowings
Investment property	-	13,554	14,536	Short-term borrowings
Financial assets at amortised cost - non-current	300	300	300	Natural gas for manufacturing
	<u>\$ 1,000,821</u>	<u>\$ 1,239,078</u>	<u>\$ 1,297,508</u>	

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

### (1) Contingencies

None

### (2) Commitments

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$203,019, \$286,885 and \$527,613, 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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 139,473</u>	<u>\$ 135,445</u>	<u>\$ 122,458</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	<u>\$ 129,727</u>	<u>\$ 128,299</u>	<u>\$ 79,289</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 742,903	\$ 550,670	\$ 498,059
Financial assets at amortised cost	51,500	126,190	447,749
Notes receivable	18,387	37,971	30,259
Accounts receivable	419,781	499,189	495,607
Other receivables	18,037	10,072	10,231
Guarantee deposits paid (shown as other non-current asset)	<u>7,768</u>	<u>7,743</u>	<u>4,092</u>
	<u>\$ 1,258,376</u>	<u>\$ 1,231,835</u>	<u>\$ 1,485,997</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 2,952</u>	<u>\$ 4,796</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ 35,786	\$ 149,237
Notes payable	149,127	178,448	187,957
Accounts payable	95,217	101,114	133,474
Other payables	404,641	182,257	388,734
Long-term borrowings (including current portion)	547,133	580,013	679,435
Guarantee deposits received (shown as other non-current asset)	<u>1,173</u>	<u>1,176</u>	<u>1,185</u>
	<u>\$ 1,197,291</u>	<u>\$ 1,078,794</u>	<u>\$ 1,540,022</u>
Lease liabilities (including current portion)	<u>\$ 21,342</u>	<u>\$ 22,663</u>	<u>\$ 6,086</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:

March 31, 2024				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	29,088	32.00	\$ 930,816
USD : RMB		119	7.22	3,790
RMB : NTD		78,500	4.41	346,028
RMB : USD		1,352	0.14	5,988
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	420	32.00	\$ 13,440
USD : RMB		1,267	7.22	40,349
December 31, 2023				
(Foreign currency: functional currency)	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	28,521	30.71	\$ 875,737
EUR : NTD		123	33.98	4,180
USD : RMB		72	7.10	2,213
RMB : NTD		98,232	4.33	425,050
RMB : USD		1,335	0.14	5,772
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : RMB	\$	3,496	0.14	\$ 15,114

	March 31, 2023			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	33,262	30.45	\$ 1,012,828
USD : RMB		143	6.86	4,354
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	25	30.45	\$ 761

- iv. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023, amounted to \$54,098 and (\$29), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 2024				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	9,308	\$ -
USD : RMB	1%		38	-
RMB : NTD	1%		3,460	-
RMB : USD	1%		60	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	134	\$ -
USD : RMB	1%		403	-

	Three months ended March 31, 2023			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	1%	\$ 10,128	\$	-
USD : RMB	1%	44		-
Financial liabilities				
Monetary items				
USD : NTD	1%	\$ 8	\$	-

#### 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 ended March 31, 2024 and 2023 would have increased/decreased by \$1,350 and \$1,225, 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 \$1,297 and \$793 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 three months ended March 31, 2024 and 2023, 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 ended March 31, 2024 and 2023 would have increased/decreased by \$137 and \$207, 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 March 31, 2024, December 31, 2023 and March 31, 2023, accumulated loss allowance provided for individually assessed receivables amounted to \$4,837, \$5,406 and \$25,323, 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 March 31, 2024, December 31, 2023 and March 31, 2023, 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>March 31, 2024</u>							
Expected loss rate	1%~10%	1%~10%	20%~25%	30%-50%	100%	100%	
Total book value	\$ 329,317	\$ 111,505	\$ 6,419	\$ 994	\$ 663	\$ 3,675	\$ 452,573
Loss allowance	( 4,663)	( 3,371)	( 1,605)	( 428)	( 663)	( 3,675)	( 14,405)
	<u>\$ 324,654</u>	<u>\$ 108,134</u>	<u>\$ 4,814</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438,168</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, 2023</u>							
Expected loss rate	1%~10%	1%~10%	1%~10%	10%~30%	100%	100%	
Total book value	\$ 375,708	\$ 118,126	\$ 42,599	\$ 9,245	\$ 3,355	\$ 5,071	\$ 554,104
Loss allowance	( 4,477)	( 1,023)	( 294)	( 2,723)	( 3,355)	( 5,071)	( 16,943)
	<u>\$ 371,231</u>	<u>\$ 117,103</u>	<u>\$ 42,305</u>	<u>\$ 6,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,161</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>March 31, 2023</u>							
Expected loss rate	0%-1%	3%-10%	30%~35%	30%~50%	100%	100%	
Total book value	\$ 466,386	\$ 50,662	\$ 13,289	\$ 5,187	\$ 2,073	\$ 10,702	\$ 548,299
Loss allowance	( 1,110)	( 2,885)	( 3,412)	( 2,251)	( 2,073)	( 10,702)	( 22,433)
	<u>\$ 465,276</u>	<u>\$ 47,777</u>	<u>\$ 9,877</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,866</u>

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

2024			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 208	\$ 22,141	\$ 22,349
Provision for impairment loss	-	1,358	1,358
Reversal of impairment loss	-	( 4,785)	( 4,785)
Effect of foreign exchange	-	320	320
At March 31	<u>\$ 208</u>	<u>\$ 19,034</u>	<u>\$ 19,242</u>
2023			
	Notes receivable	Accounts receivable	Total
At January 1	\$ 144	\$ 64,686	\$ 64,830
Reversal of impairment loss	( 11)	( 17,425)	( 17,436)
Effect of foreign exchange	-	362	362
At March 31	<u>\$ 133</u>	<u>\$ 47,623</u>	<u>\$ 47,756</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Floating rate:			
Expiring within one year	\$ 565,728	\$ 523,513	\$ 417,206

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
March 31, 2024						
Notes payable	\$ 149,127	\$ -	\$ -	\$ -	\$ -	\$ 149,127
Accounts payable	95,217	-	-	-	-	95,217
Other payables	404,641	-	-	-	-	404,641
Lease liability	5,565	5,306	4,770	6,291	-	21,932
Long-term borrowings (including current portion)	165,129	153,895	121,907	61,319	54,384	556,634

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, 2023						
Short-term borrowings	\$ 36,237	\$ -	\$ -	\$ -	\$ -	\$ 36,237
Notes payable	178,448	-	-	-	-	178,448
Accounts payable	101,114	-	-	-	-	101,114
Other payables	182,257	-	-	-	-	182,257
Lease liability	5,565	5,461	4,943	7,355	-	23,324
Long-term borrowings (including current portion)	155,083	154,399	152,380	61,578	61,936	585,376

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
March 31, 2023						
Short-term borrowings	\$ 151,941	\$ -	\$ -	\$ -	\$ -	\$ 151,941
Notes payable	187,957	-	-	-	-	187,957
Accounts payable	133,474	-	-	-	-	133,474
Other payables	388,734	-	-	-	-	388,734
Lease liability	2,019	1,739	1,467	996	-	6,221
Long-term borrowings (including current portion)	158,506	155,338	153,505	152,496	84,633	704,478

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
March 31, 2023						
Foreign exchange swap contracts	\$ 4,796	\$ -	\$ -	\$ -	\$ -	\$ 4,796

(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. Fair value information of investment property at cost is provided in Note 6(9).

- C. 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).

- D. 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 March 31, 2024 and 2023, 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>
March 31, 2024				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 134,956</u>	<u>\$ 4,517</u>	<u>\$ -</u>	<u>\$ 139,473</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 129,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,727</u>



	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 135,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,445</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 128,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,299</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ 2,952</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2023				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 122,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,458</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 79,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,289</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 4,796</u>	<u>\$ -</u>	<u>\$ 4,796</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:

	<u>Listed shares</u>
Market quoted price	Closing price

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

E. For the three months ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. For the three months ended March 31, 2024 and 2023, 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.

(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 March 31, 2024	Three months ended March 31, 2023	Three months ended March 31, 2024	Three months ended March 31, 2023
Domestic operation entities	\$ 361,096	\$ 296,154	\$ 98,628	\$ 76,717
Foreign operation entities	154,215	177,129	( 2,395)	( 424)
Others	4,073	4,691	( 4,052)	( 1,704)
Inter-segment eliminations	( 7,065)	( 5,366)	1,718	6,614
Total amount from continuing operations	<u>\$ 512,319</u>	<u>\$ 472,608</u>	<u>\$ 93,899</u>	<u>\$ 81,203</u>
Interest income			6,813	8,685
Rent income			2,118	1,900
Other income - others			10,637	6,275
Foreign exchange (loss) gain			54,098	( 29)
(Loss) gain on financial assets and liabilities at fair value through profit or loss			6,980	( 8,281)
Gain on disposal of property, plant and equipment			142	16
Other losses			( 809)	( 103)
Finance costs			( 3,563)	( 4,081)
Profit before income tax			<u>\$ 170,315</u>	<u>\$ 85,585</u>

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

Loans to others

Three months ended March 31, 2024

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 1

No.			General	Is a	Maximum outstanding						Amount of	Reason for	Allowance for	Collateral		Limit on loans	Ceiling on total loans	
(Note 1)	Creditor	Borrower	ledger	related	balance during the three	Balance at March	Actual amount	Interest rate	Nature of	transactions	short-term	doubtful accounts	Item	Value	party (Note 3)	granted (Note 3)	Footnote	
			account	party	31, 2024	31, 2024	drawn down		(Note 4)	with the	financing							
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	\$ 224,000	\$ 224,000	\$ 112,000	1.4%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 386,776	\$ 1,547,106	Note 6	
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	421,960	269,384	215,240	4%~4.35%	2	-	Operating capital	-	N	-	386,776	1,547,106	Notes 5,7	
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.	Other receivables	Y	125,376	125,376	125,376	4.35%~5%	2	-	Operating capital	-	N	-	386,776	1,547,106	Note 8	

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 March 31, 2024 and actual amount drawn down were calculated at the RMB to USD and USD to TWD spot buy and selling spot exchange rate of 0.1384 and 32 on March 31, 2024.

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 CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. by Y.C.C. amounted to NT\$421,960. This is because the amount of NT\$421,960 includes NT\$88,576 that was matured on November 10, 2023, and expired on January 4, 2024.  
Another part of the quota, NT\$64,000 was matured on March 12, 2024, the remaining total facility was NT\$269,384.

Note 6: Loans granted to RISE BRIGHT HOLDINGS LTD. approved by the Board of Directors amounted to US\$7,000 thousand.

Note 7: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US\$3,000 thousand and RMB\$ 73,600 thousand.

Note 8: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to US\$1,150 thousand and RMB\$20,000 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)

March 31, 2024

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 March 31, 2024				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%	\$ 15,771	
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%	91,278	
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%	1,263	
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%	1,752	
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%	268	
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%	13,532	
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%	6,692	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,227	0.02%	1,240	
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%	1,625	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	1,454	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	1,667	234	0.00%	81	
			Valuation adjustment		30,133		\$ 134,956	
					\$ 134,956			
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%	\$ 30,438	
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%	99,289	
			Valuation adjustment		1,192		\$ 129,727	
					\$ 129,727			

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

March 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024		Turnover rate (Note 5)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 6)	Allowance for doubtful accounts	Footnote
				(Note 1)		Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	Subsidiary	\$	130,349	-	\$ -	-	\$ -	-	Note 2
Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Subsidiary		219,735	-	-	-	25,337	-	Note 3
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary		113,336	-	-	-	-	-	Note 4

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

Note 2: It pertains to principal and interest aggregating to \$128,621 from loans to the subsidiary and technical service expense amounting to \$1,728 shown as other receivables.

Note 3: It pertains to principal and interest aggregating to \$215,895 from loans to the subsidiary and technical service expense amounting to \$3,840 shown as other receivables.

Note 4: It pertains to principal and interest aggregating to \$113,336 from loans to the subsidiary shown as other receivables.

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

Note 6: Subsequent collection is the amount collected as of April 30, 2024.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries  
Significant inter-company transactions during the reporting periods  
Three months ended March 31, 2024

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	\$ 113,336	Based on the contract	2.08%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	219,735	Based on the contract	4.02%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables	130,349	Based on the contract	2.39%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivable	11,133	Based on the contract	0.20%

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

Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Net profit (loss) of the investee for the three months ended	Investment income (loss) recognised by the Company for the three months ended	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	March 31, 2024	March 31, 2024	
				March 31, 2024	December 31, 2023						
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%	\$ 50,955	\$ 37	\$ 37	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	457,098	( 7,646)	( 7,646)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	417,236	( 742)	( 663)	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

Three months ended March 31, 2024

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	Amount remitted from Taiwan to Mainland China/Amount remitted		Accumulated amount	Net income of investee as of March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024 (Note 2)	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount	Footnte
				of remittance	back to Taiwan for the three months ended March 31, 2024		of remittance					of investment income	
				from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	from Taiwan to Mainland China as of March 31, 2024					remitted back to Taiwan as of March 31, 2024	
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	\$ 483,600	2	\$ 890,664	\$ -	\$ -	\$ 890,664	(\$ 9,074)	89.44%	(\$ 8,116)	\$ 181,499	\$ -	Note 3 Note 6
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	10,185	73.89%	7,526	215,307	-	Note 4
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	( 4,685)	99.83%	( 4,677)	142,382	-	Note 5

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\$16,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$28,300 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\$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$6,070 thousand.

Note 6: Investment income (loss) recognised by the Company for the three months ended March 31, 2024 was based on the financial statements that were audited by parent company’s CPA

Company name		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
Y.C.C. PARTS MFG. CO., LTD.	\$ 1,336,275	\$ 1,518,474	\$ 2,380,767

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\$48,765 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.

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.