

Stock No: 1339



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

2024 Annual Report

Printed on May 9, 2025

Company website :<http://www.yccco.com.tw>

Website for Annual Report:<http://mops.twse.com.tw>

I. Name, Title, Contact Number and Emails of the spokesperson and deputy spokesperson

(I) Spokesperson

Name: Shu-Mei Liu

Tel: (04)7810781

Title: Deputy General Manager

E-mail:ycc888@yccco.com.tw

(II) Deputy Spokesperson:

Name: Shu-Hui, Wang

Tel: (04)7810781

Title: Manager

E-mail:ycc114@yccco.com.tw

II.

Addresses and Telephone Numbers of Headquarters and Factories

Address: No. 8, Xingye Rd., Changhua Coastal Industrial Park, Lukang Township, Changhua County, Taiwan (ROC)

Tel: (04)7810781

III. Name, Address, Website, and Telephone Number of Share Transfer Agency:

Name: Stock Affairs Department,
President Securities Co, Limited

Website:<http://www.pscnet.com.tw>

Address: B1, No. 8, Dongxing Rd.,
Songshan Dist., Taipei City

Tel: (02)27463797

IV. CPAs in the latest financial statements Name, CPA firm address, website, and telephone:

CPA firm: PwC Taiwan

Names of CPAs: Yu-Chuang Wang Wang, Mei-Lan Liu

Address: 27F., No. 333, Keelung Rd., Sec. 1, Xinyi Dist., Taipei City

Tel: (04)2704-9168

Website:<https://www.pwc.tw/>

V. Name(s) of any exchanges where the company's securities are traded offshore and the method to access the information on said offshore securities: None.

VI. Company website: <http://www.yccco.com.tw>

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One. Letter to shareholders

Dear Shareholders:

First of all, I would like to thank you for attending the 2024 Shareholders' Meeting, and also for your continued support. On behalf of the Company, we would like to express our sincerest gratitude to our shareholders.

In 2024, AM (Aftermarket) sales grew significantly, benefiting from the expanded adoption of AM parts for claims settlements by State Farm, the largest property and casualty insurance company in North America. As a result, overall revenue increased by NT\$92 million compared to 2023. Looking ahead to 2025, the continued expansion in the use of AM parts by North American insurance companies is expected to further drive growth. Additionally, the rising number of new vehicles in the U.S. and the increasing average vehicle age will present new opportunities for the automotive aftermarket service industry. All of the above will be momentum for the AM business's performance growth in 2025.

I. 2024 Business results

(I) Implementation results of the 2024 business plan

The Company's 2024 net revenue was NT\$1,932,091 thousand. Net income before tax was NT\$476,221 thousand. Net profit after tax was NT\$355,035 thousand, and EPS after tax was NT\$5.01.

(II) Budget implementation: The Company's unpublished financial forecast for 2024

(III) Revenues, expenses, and profitability analysis

Items		Year		
		2024	2023	
Financial structure (%)	Ratio of liabilities to assets	17.99	25.41	
	Ratio of long-term capital to fixed assets	155.10	159.00	
Profitability (%)	Return on assets	6.92	8.15	
	Return on equity	8.62	11.01	
	Ratio of income before tax to paid-in capital	Operating profit	48.92	54.22
		Net income before tax	64.25	73.42
	Net profit rate	18.38	21.08	
	Earnings per share (NT\$)	5.01	5.88	

(IV) Research and development

Actively engage in the research and development of automation-related equipment to gradually reduce labor requirements and enhance the stability of product quality on production lines.

We continue to improve our automated processes to reduce labor costs and mitigate the impacts of low birth rates. Through equipment optimization and the introduction of new manufacturing processes, we aim to increase production capacity and improve yield rates. Moving forward, we plan to continuously acquire new equipment and upgrade existing in-house machinery to incorporate intelligent technologies and automation capabilities, progressing toward Industry 4.0

R&D Center

In 2024, R&D is the root of the Company's sustainable operations. Through continuous technological innovation and R&D investment, long-term development has been infused with strong momentum! Product R&D and commercialization can achieve more fruitful results, contribute more to the Company's sustainable development and market competitiveness, and contribute more to human health.

II. Summary of 2024 Business Plan

(I) Operation guidelines

The Y.C.C Group has long prioritized recognition, quality, speed, service, and cost reduction.

Since its inception, it has been built on the core corporate values of honesty, pragmatism, and innovation. Diversification into the AM and OE market, along with investments in nutritional supplement processing, can help spread business management risks while increasing profits.

1. After market:
 - (1) Continuously develop new products in order to maintain product integrity.
 - (2) Continuously shorten the speed of product certification and increase sources of profit.
2. Original equipment market:
 - (1) Optimize customer relationships within the Group and arrange nearby supplies to meet customer needs.
 - (2) Maximize benefits by leveraging the principles of the circular economy within the group of companies.
3. Investment
 - (1) Invest in different types of products in industries of the same nature and provide customers with complete product needs with vertical and horizontal information access via investment.
 - (2) Coordinate with customers in groups to reduce operating costs.
4. Nutritional supplements
 - (1) Established a laboratory and obtained ISO17025 certification.
 - (2) Our multi-process filling capabilities for nutritional supplements include equipment for powder sachets, liquid sachets, soft capsules, and liquid hard capsules, catering to a wide range of customer needs.

(II) Expected sales volume: The expected sales volume in 2025 should have room for stable growth.

(III) Important production and sales policies

1. Continue to boost revenue, consolidate sustainable operations to maintain stable profits, and even increase profits for the benefit of shareholders.
2. Major production policies
 - (1) In the assembled vehicles market, supply to first-tier customers in Mainland China operates on a production-to-order basis. The OEM market maintains stability and long-term relationships to meet customer demands.
 - (2) The repair market adopts the inventory method to improve availability according to the characteristics of small and diverse orders from customers.

III. Business development strategy

- (I) Continue to introduce automation to reduce workforce requirements and improve efficiency, production capacity, and quality.
- (II) Introduce water-based spraying equipment to reduce VOC emissions and strengthen environmental protection.
- (III) Set up a water resource center to treat electroplating wastewater and return it to the production process to reduce water waste and heavy metal pollution in the ocean.
- (IV) Continue to develop molds and complete products to meet the needs of customers.
- (V) Upgrade the automation of production lines, increase the capacity of automation processing, and reduce costs to fully meet the goal of customer needs.

IV. Impacts from the external competition environment, legal environment, and the overall operating environment

(I) External competition

At present, there are many domestic manufacturers engaged in vehicle connection, and they compete with each other to cause price pressure in the market. In the face of external competition, the Company continues to develop new product molds, shorten the mold development time, gain market opportunities, and increase the number of products that can be certified in order to increase product market share and profit.

(II) Regulatory environment, environment, safety, and health

Y.C.C.'s products are primarily composed of plastic parts. The company's management and all

employees have made a joint commitment to continuous improvement and pollution prevention, which includes addressing the environmental impact of air and wastewater during production activities, as well as creating a comfortable and safe work environment. The Company has always observed and followed the most recent government laws and regulations governing environmental protection and industrial safety.

(III) Overall business environment

As an auto parts manufacturer in Taiwan, Y.C.C exhibits the adaptability to generate a restricted quantity of products. In order to maintain global competitiveness, the manufacturer will persist in funding industry research and development along with advancements in production technology. Taiwan is a significant global supplier of auto parts to consumers. After the pandemic, the auto parts market reached its lowest point. The comprehensiveness of Y.C.C's product line has given it a competitive edge and laid the foundation for the enterprise group's long-term operations and expansion. To support international competitiveness, the manufacturer shall continue to invest in industry R&D, as well as production technology improvements. Taiwan is a major supplier of auto parts to customers around the world. The auto parts market bottomed out following the pandemic. Y.C.C has gained a competitive advantage through the completeness of its products, laying the groundwork for the enterprise group's long-term operations and growth.

Chairman: Hao-Chen Lin, Hehan Investment Co., Ltd.

Two. Corporate Governance Report

I. Information on the directors, general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

(I) Information of directors

March 31, 2025

1. Names, education backgrounds, and nature of shares held by directors

Unit: shares

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date of election	Term	Date of initial election (Note 3)	Shareholding when elected		Current shareholding		Current shareholding of any spouse and underage children		Shares held by proxy		Main experience/education (Note 4)	Concurrent duties in the Company and other companies	Spouses or relatives of the second-degree or closer acting as manager, director, or supervisor			Remark (Note 5)
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
Chair	Taiwan	Hehan Investment Co, Ltd	—	May 27, 2022	3 years	June 23, 2014	7,586,503	10.235%	7,586,503	10.235%	—	—	—	—	—	—	—	—	—	—
	The Republic of China	Representative: Hao-Chen Lin	Male 31-40	May 27, 2022	3 years	December 30, 2019	1,194,305	1.611%	1,194,305	1.611%	—	—	—	—	Pace University Public Accounting Sales Specialist, Y.C.C PARTS MFG CO, LTD Special Assistant, Y.C.C PARTS MFG CO, LTD	Note 6	General Manager	Jui-Tse Lin	Older brother	—
Director	Taiwan	Ziqun International Co, Ltd	—	May 27, 2022	3 years	May 29, 2020	1,077,000	1.453%	1,250,000	1.686%	—	—	—	—	—	—	—	—	—	—
	The Republic of China	Representative: Jo-Ning Huang	Female 31-40	May 27, 2022	3 years	February 15, 2022	—	—	—	—	1,372,810	1.852%	—	—	Department of Law, National Chengchi University Lawyer, CGT Attorneys at Law Lawyer, Tzu Chung Law Firm	Note 13	General Manager	Jui-Tse Lin	Spouse	—
Director	Taiwan	Songqun Investment and Development Ltd	—	May 27, 2022	3 years	June 23, 2014	10,731,000	14.477%	10,731,000	14.477%	—	—	—	—	—	—	—	—	—	—
	The Republic of China	Representative: Shu-Mei Liu	Female 51-60	May 27, 2022	3 years	June 22, 2010	15,275	0.021%	15,275	0.021%	2,110	0.003%	—	—	Department of Accounting, Providence University Manager of Finance Department, Y.C.C PARTS MFG CO, LTD Vice Manager, Deloitte Taiwan	Note 7	—	—	—	—

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date of election	Term	Date of initial election (Note 3)	Shareholding when elected		Current shareholding		Current shareholding of any spouse and underage children		Shares held by proxy		Main experience/education (Note 4)	Concurrent duties in the Company and other companies	Spouses or relatives of the second-degree or closer acting as manager, director, or supervisor			Remarks (Note 5)
							Shares	Shareholding	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
Director	Taiwan	Daqun International Co, Ltd	—	May 27, 2022	3 years	May 27, 2022	506,000	0.682%	1,192,000	1.608%	—	—	—	—	—	—	—	—	—	—
	The Republic of China	Representative: Jui-Tse Lin	Male 31-40	May 27, 2022	3 years	May 29, 2020	1,372,810	1.852%	1,372,810	1.852%	—	—	—	—	Department of Psychology, Fu Jen Catholic University Sales Specialist, Y.C.C PARTS MFG CO, LTD Head of Production Department, Y.C.C PARTS MFG CO, LTD Special Assistant, Y.C.C PARTS MFG CO, LTD	Note 8	Chair	Hao-Chen Lin	Younger brother	—
																	Director	Shih-Yun Lin	Mother	
Director	Jo-Ning Huang	Spouse																		
Director	Taiwan	Haoqun Investment and Development Ltd	—	May 27, 2022	3 years	June 19, 2017	11,791,000	15.907%	11,791,000	15.907%	—	—	—	—	—	—	—	—	—	—
	The Republic of China	Representative: Shih-Yun Lin	Female 61-70	May 27, 2022	3 years	February 19, 1986	1,098,055	1.481%	1,100,055	1.484%	1,307,215	1.763%	—	—	EMBA and PMBA, Department of Business Administration, National Taiwan University	Note 9	Chair	Hao-Chen Lin	Son	—
General Manager	Jui-Tse Lin	Son																		
Independent director	The Republic of China	Hung-Lung Huang	Male 61-70	May 27, 2022	3 years	May 17, 2011	—	—	—	—	—	—	—	Master's degree, Institute of Finance Law, National Chung Hsing University EMBA, Department of Accounting of Tunghai University CPA, WeTec International CPAs	Note 10	—	—	—	—	
Independent director	The Republic of China	Chin-Feng Kuo	Male 61-70	May 27, 2022	3 years	October 1, 2018	11,000	0.015%	6,000	0.008%	76,000	0.10%	—	—	Master's degree, Department of Economics, Shih Hsin University Financial Manager, Shinshin Natural Gas Co, Ltd	Note 14	—	—	—	—

Independent director	The Republic of China	Lung-Fa Hsieh	Male 61-70	May 27, 2022	3 years	July 15, 2011	—	—	—	—	—	—	—	—	PhD, Department of Business Administration, National Cheng-Chi University Chairman, Multi-Level Marketing Protection Foundation Head, Commerce Development Research Institute General Manager and Business Consultant of Long Bon International Co., Ltd. Vice President, Dayeh University Dean, College of Management, Dayeh University President, Ming Chi University of Technology	Note 11	—	—	—	—
Independent director	The Republic of China	Kuo-Hua Chang	Male 61-70	May 27, 2022	3 years	May 27, 2022	—	—	—	—	—	—	—	—	PhD., Department of Laws, Meijo University (Japan) Founding Dean, Graduate School of Science and Technology Law, YunTech	Note 12	—	—	—	—

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age. It may be expressed in interval form, such as 41–50 years old or 51–60 years old.

Note 3: The time when the person first served as a director or supervisor of the Company. If there is any interruption, it should be explained in the notes.

Note 4: Experience related to the current position. If the person served in the auditing CPA firm or an affiliated enterprise during the aforementioned period, the job title and responsibilities should be detailed.

Note 5: If the Chair of the Board of Directors and the general manager or equivalent (top managerial officers) of the company are the same person, spouse, or relatives within the first degree of kinship, it is necessary to explain the reason, rationality, necessity, and measures in response (such as increasing independent directors), and no more than half of the directors may serve as employees or managerial officers concurrently.

Note 6: Chair, Haoqun Investment and Development Ltd. Ziqun International Co., Ltd. Director, UNITED SKILLS CO, LTD. Director, Changshu Fute Automotive Trimming Co, Ltd. Director, Chang Jie Technology Co, Ltd. Supervisor, Liaoning Hetai Automotive Parts Co, Ltd.

Note 7: Supervisor of United Skills Co., Ltd.; Chairman of Changshu Guanlin Automotive Trim Co., Ltd.; Chairman of Liaoning Hetai Automotive Parts Co., Ltd.; Director of Changjie Technology Co., Ltd.

Note 8: President of the Company, Chair of Songqun Investment Development Co., Ltd., DIACHUN INTERNATIONAL INDUSTRIES LTD., Director of Hua Yuan Holding Co., Ltd., Director of Changshu Fute Automotive Trimming Co., Ltd., Director of Liaoning Hetai Automotive Parts Co., Ltd., Director of Chang Jie Technology Co., Ltd., Director of Gordon Co., Ltd., and Director of UNITED SKILLS CO, LTD.

Note 9: Director Shih-Yun Lin was first elected on February 19, 1986 and served as a director until December 30, 2019. She has been a director since her re-election on May 27, 2022, and has served until the present. Chairman of Hehan Investment Co., Ltd., Chang Jie Technology Co., Ltd., Chairman of TENHUI (HONG KONG) HOLDINGS LIMITED, HUA YUAN HOLDINGS (HK) LIMITED, Changshu Fute Automotive Trimming Co., Ltd., Liaoning Hetai Automotive Parts Co., Ltd., Director of UNITED SKILLS CO., LTD., Managing Director of National Changhua Senior School of Commerce Cultural Education Foundation, Chair of Changhua County Shi-Yun Lin Cultural Education Foundation.

Note 10: Head, WeTec International CPAs, Supervisor of wufenglins Company limited, Director of the Ataabu Cultural Foundation, Director of Hai Ching Elderly Care Center, Miaoli County, Independent Director of I JANG INDUSTRIAL CO.,LTD., Independent Director of CHIPWELL TECH CORPORATION, Head of Dayou Family Office, Vice Chairman of the Chung-Hua Institute for Legal Research, Member of the Supervisory and Management Committee of the Legal Aid Foundation, Chief Advisory Committee Member of the Charitable Trust Wetec Forensic Accounting Research and Development Fund. Independent Director Hung-Lung Huang passed away on December 27, 2024.

Note 11: Director Lung-Fa Hsieh was first elected on July 15, 2011, and served until June 30, 2018. He has been a director since his re-election on May 27, 2022, and has served until the present. Senior consultant of Hitano Enterprise Corp, director of MLM Protection Foundation.

Note 12: Shining Victory Motor Electronic Co., Ltd., Independent Director of Cryomax Cooling System Corp., Full-time Professor at the Graduate School of Science and Technology Law, National Yunlin University of Science and Technology, Visiting Professor at Osaka Institute of Technology, Japan, Consultant to the Labor Affairs Bureau, Taichung City Government, Executive Director of the University Affairs Advisory Committee, National Yunlin University of Science and Technology, Chief Secretary of National Yunlin University of Science and Technology, General Affairs Director of National Yunlin University of Science and Technology, Director of the General Education Center, National Yunlin University of Science and Technology, Director of the Center for Patent Infringement Verification, National Yunlin University of Science and Technology.

Note 13: Chair of Wells Biomedical Co, Ltd and UNITED SKILLS CO, LTD. Director of Changhua County Shi-Yun Lin Cultural Education Foundation. Supervisor of Changshu Fute Automotive Trimming Co., Ltd, Chang Jie Technology Co., Ltd.

Note 14: Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024.

2. Major Shareholders of Corporate Shareholders

March 31, 2025

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Hehan Investment Co., Ltd.	Shih-Yun Lin (98.08%); Jui-Tse Lin(1.92%)
Ziqun International Co., Ltd.	Hao-Chen Lin(99.97%); Yi-Hung Lin(0.03%)
Haoqun Investment and Development Ltd.	Yi-Hung Lin(75.26%); Hao-Chen Lin(24.74%)
Songqun Investment and Development Ltd.	Shih-Yun Lin(59.87%); Jui-Tse Lin(40.13%)
Daqun International Co., Ltd.	Jui-Tse Lin(99.97%); Shih-Yun Lin(0.03%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If the institutional shareholder is not a company organizer, the names of the shareholders and shareholding ratio that should be disclosed in the preceding paragraph shall be the name of the investor or donor (for inquiries, please refer to the announcement of the Judicial Yuan). If the donor has deceased, "deceased" is noted.

3. Major shareholders of the corporate shareholder who are also major shareholders of another corporate shareholder: none

4. Information of directors:

(1) Disclosure of professional qualifications of directors and information on the independence of independent directors:

March 31, 2025

Name and title	Criteria	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Hehan Investment Co, Ltd Rep: Hao-Chen Lin		Graduated from Pace University Public Accounting Chair, Y.C.C PARTS MFG, CO, LTD Possessing the expertise and experience required for business administration, marketing, and business development of the Company, as well as finance and accounting expertise. None of the matters specified in Article 30 of the Company Act	Non-independent director	0
Ziqun International Co, Ltd Rep: Jo-Ning Huang		Graduated from National Chengchi University, Department of Law Legal Manager, Y.C.C PARTS MFG, CO, LTD Attorney at Ji Chang Tong Law Firm and Zi Jun Law Firm Possessing legal expertise and practice, and obtained lawyer qualification. None of the matters specified in Article 30 of the Company Act		0
Songqun Investment and Development Ltd Rep: Shu-Mei Liu		Graduated from Providence University, Department of Accounting Head of Finance Department, Y.C.C PARTS MFG CO, LTD Vice Manager, Deloitte Taiwan Possessing working experience in finance and accounting, with operational judgment and management competence. None of the matters specified in Article 30 of the Company Act		0
Daqun International Co, Ltd Rep: Jui-Tse Lin		Graduated from the Department of Psychology, Fu Jen Catholic University President, Y.C.C PARTS MFG, CO, LTD Demonstrating competence in corporate governance, operation management, industrial development, and decision-making. None of the matters specified in Article 30 of the Company Act		0

Haoqun Investment and Development Ltd Rep: Shih-Yun Lin	Graduated from EMBA, PMBA, Department of Business Administration, National Taiwan University Chair, Hehan Investment Co, Ltd Former Chair of Y.C.C PARTS MFG, CO, LTD Demonstrating competence in operational management, accounting, and finance expertise. None of the matters specified in Article 30 of the Company Act		0
Hung-Lung Huang	Master's degree, Economic Law, National Chung Hsing University EMBA, Department of Accounting, Tunghai University Y.C.C PARTS MFG, CO, LTD. Independent Director, Yi Chang Industrial Co, Ltd., CHIPWELL TECH CORPORATION CPA, WeTec International CPAs (January 1998-present). Demonstrating competence in operational judgment and management, as well as accounting and finance expertise. The individual is a CPA. None of the matters specified in Article 30 of the Company Act	All members comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". (1) The independent director, spouse, or relatives within the second degree of kinship are not a director, supervisor, or employee of the company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (3) Not a managerial officer's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, or director, supervisor, or natural-person shareholder owning 1% or more of the Company's or its affiliates' total number of issued shares or ranking in the top ten in holdings. (4) Not a director, supervisor, or employee of the Company with a specific relationship with the Company. (5) In the most recent two years, no exclusive or professional service was provided by the director him/herself, or the company he/she serves as a director to the Company.	1
Chin-Feng Kuo	Master's degree, Economics, Shih Hsin University Independent Director, Y.C.C PARTS MFG CO, LTD Manager of Finance Department, Shintao Natural Gas Co, Ltd September 2011 - February 2019 Possessing expertise in accounting, finance, and business administration None of the matters specified in Article 30 of the Company Act		0
Lung-Fa Hsieh	PhD, Business Administration, National Chengchi University Independent Director, Y.C.C PARTS MFG CO, LTD Senior consultant of Hitano Enterprise Corp, director of MLM Protection Foundation Head, Commerce Development Research Institute 2015/8–2021/7 With theoretical and practical experience in business administration for more than 30 years, possessing analytical expertise and decision-making competence in business strategy, research and development management, and marketing planning. None of the matters specified in Article 30 of the Company Act		0
Kuo-Hua Chang	PhD, Meijo University, Japan, Doctor of Laws Professor, Institute of Science and Technology Law, National Yunlin University of Science and Technology (February 2021–present) Independent Director, Y.C.C PARTS MFG, CO., LTD., Hua Sheng Electronics Co., Ltd., Jimo Precision Co, Ltd. Possessing professional qualifications in laws and practices related to corporate governance, industrial development, operation management Professor, Graduate School of Science and Technology Law, YunTech Expertise: Commercial law, Company Act, Negotiable Instruments Act, Intellectual Property Law, Trade Secrets Act, Copyright Act, Administrative Law, and Environmental law None of the matters specified in Article 30 of the Company Act		2

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be stated. If a member of the Audit Committee has accounting or financial expertise, the accounting background and work experience shall be stated. In addition, explain if none of the matters specified in Article 30 of the Company Act are found.

Note 2: Independent directors must specify their independence, including whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies. Number and percentage of shares held by relatives (or in the name of another person), whether or not he/she holds a position in a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5–8 of the Regulations for Appointment of Independent Directors and Compliance Matters). The amount of remuneration received by directors, supervisors, or employees for providing commercial, legal, financial, or accounting services to the Company or its affiliates within the last two years.

(2) Diversity and independence of the Board of Directors:

I. Diversity of the Board of Directors

The shareholders' meeting will hold the company's board accountable. The operations and arrangements of the corporate governance system must ensure that the Board of Directors exercises its powers in accordance with applicable laws and regulations, the Articles of Incorporation, and shareholder resolutions.

The structure of the Company's Board of Directors should be based on the scale of the company's business development and the shareholdings of major shareholders, as well as the practical operational needs. An appropriate number of director seats consisting of more than five individuals has been determined.

The board composition should consider diversity and develop an appropriate diversity policy based on its own operations, operating type, and development requirements. It is recommended to include, but not be limited to, the following standards in two aspects:

(I) Basic conditions and values: gender, age, nationality and culture, etc.

(II) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Members of the Board of Directors must demonstrate general knowledge, skills, and literacy in order to carry out their duties. To achieve the ideal goal of corporate governance, the entire Board of Directors should demonstrate the following competencies:

(I) Operational judgement competence.

(II) Accounting and financial analysis competence.

(III) Business management competence.

(IV) Crisis management competence.

(V) Industry knowledge.

(VI) Vision and insight on international markets.

(VII) Leadership.

(VIII) Decision-making competence.

Implementation status of diversity among board members

Diversified Core Items Name of director	Basic composition									Industry experience and professional competence.									
	Gender	Nationality	Concurrently serving as an employee of the Company	Years				Length of tenure of independent directors			Operational judgement competence.	Accounting and financial analysis competence.	Business management competence.	Crisis management competence.	Industry knowledge	Vision and insight into international markets.	Leadership.	Decision-making competence.	Legal
				30 to 40	40 to 50	50 to 60	60 to 70	Less than three years	3 to 9 years	Over 9 years									
Hehan Investment Co, Ltd Rep: Hao-Chen Lin	Male	The Republic of China		V								V	V	V	V	V	V	V	V
Daqun International Co, Ltd Rep: Jui-Tse Lin	Male	The Republic of China	V	V								V	V	V	V	V	V	V	V
Ziqun International Co, Ltd Rep: Jo-Ning Huang	Female	The Republic of China	V	V															V

		China																
Haoqun Investment and Development Ltd Rep: Shih-Yun Lin	Female	The Republic of China	√				√				√	√	√	√	√	√	√	√
Songqun Investment and Development Ltd Rep: Shu-Mei Liu	Female	The Republic of China	√			√					√	√	√	√	√	√	√	√
Hung-Lung Huang	Male	The Republic of China					√		√		√	√		√				√
Chin-Feng Kuo	Male	The Republic of China					√		√		√	√	√		√	√	√	√
Lung-Fa Hsieh	Male	The Republic of China					√	√			√	√	√	√	√	√	√	√
Kuo-Hua Chang	Male	The Republic of China					√	√			√		√	√		√	√	√

- (I) The company has nine directors, all of whom are national. The four directors are employees of the company, accounting for 44%. None of the three independent directors have been consecutively re-elected for three terms.
- (II) There are three female directors, with women accounting for 33.33% of the board with an average age of 50.7 years old and men accounting for 66.67% of the board members with an average age of 56.5 years old. The average age of all directors is 54.6 years old. The Company also places a high value on gender equality among board members, aiming for more than 20% female directors. There are currently 9 directors, including 3 female directors, accounting for a ratio of 33.33%.
- (III) The Company's directors demonstrate diversity, with no limitations on gender, race, nationality, or cultural background. The diversity policy will be promptly updated in the future based on the Board of Directors' operations, the business model, and development needs. These updates will cover basic requirements, professional knowledge and skills, and other standards to guarantee that board members generally demonstrate the literacy and knowledge needed to carry out their duties.
- (IV) The specific management objectives of the diversity policy of the Board of Directors and their achievement status:

Management objectives	Achievement status
More than half of the Board of Directors' seats must be occupied by individuals who do not share any relationships as spouses or relatives within the second degree.	Achieved
It is advised that the directors who concurrently serve as the Company's managerial officers should not surpass one-third of the total number of directors.	Achieved
It is advised that there be a minimum of one female member on the Board of Directors.	Achieved
Independent directors may not serve more than three consecutive terms.	Achieved
It is advised that the independent directors should not be less than one third of the total number of directors.	Achieved

II. Independence of the Board of Directors

- (I) The company has nine directors, including four independent directors, which accounts for 44% of the total number of directors (more than 1/3). All board members are free from any circumstances described in Article 30 of the Company Act. Board members have five seats and do not meet any of the provisions of Article 26-3 of the Securities and Exchange Act (specifically, that more than half of the directors are spouses or relatives within the second degree of kinship), as outlined in paragraphs 3 and 4 (which state that there can be no spouses or second-degree relatives among supervisors, or the occurrence of any circumstances specified in the "family relation" section).

(II) All independent directors meet the requirements set by the Financial Supervisory Commission on independent directors, and their independence is stated as follows:

Name	The independent directors, spouses, or relatives within the second degree of kinship are not directors, supervisors, or employees of the company or any of its affiliates.	Number and percentage of shares held by the person, spouse, relatives within the second degree of kinship (or in the name of another person)	Whether serving as a director, supervisor, or employee of a company specifically related to the Company	Amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years
Hung-Lung Huang	No	N/A	No	N/A
Chin-Feng Kuo	No	N/A	No	N/A
Lung-Fa Hsieh	No	N/A	No	N/A
Kuo-Hua Chang	No	N/A	No	N/A

In view of the above, the company's Board of Directors demonstrates independence.

(2) (1-1) Information on the general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

March 31, 2025, Unit: shares

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Principal work experience and academic qualifications (Note 2)	Concurrent positions in other companies	Spouse or relatives within the second degree acting as managerial officers.			Remarks (Note 3)
					Shares	Shareholding	Shares	Shareholding	Shares	Shareholding			Title	Name	Relation	
General Manager	The Republic of China	Jui-Tse Lin	Male	February 15, 2022	1,372,810	1.852%	—	—	—	—	Department of Psychology, Fu Jen Catholic University Sales Specialist, Y.C.C PARTS MFG CO, LTD Head of Production Department, Y.C.C PARTS MFG CO, LTD Special Assistant, Y.C.C PARTS MFG CO, LTD	Chair of Songqun Investment and Development Ltd. Director of China First Holdings Limited Director of Changshu Changshu Fute Automotive Trimming Co, Ltd Director of Liaoning Hetai Automotive Parts Co, Ltd Director of Chang Jie Technology Co, Ltd Director of Gordon Co, Ltd	Chair	Hao-Chen Lin	Younger brother	—
Deputy General Manager	The Republic of China	Shu-Mei Liu	Female	October 1, 2008	15,275	0.021%	2,110	0.003%	—	—	Department of Accounting, Providence University Manager of Finance Department, Y.C.C PARTS MFG CO, LTD Vice Manager, Deloitte Taiwan	Supervisor of United Skills Co, Ltd Chair of Changshu Fute Automotive Trimming Co, Ltd Chair of Liaoning Hetai Automotive Parts Co, Ltd	—	—	—	—
Deputy General Manager	The Republic of China	Chieh-Chang Tian	Male	June 1, 2022	—	—	—	—	—	—	Merton College · Oxford PhD in Physics Molecule Southwestern University Doctor of Philosophy in Biological. Megadata Europe Plc. Managing Director. BAE Systems. Asia Pacific Executive Manager. CEO, Elephant Industrial (China)	Director of Weiersi Biotech Ltd.	—	—	—	—

Deputy General Manager	The Republic of China	Jia-Rong Chen	Male	June 1, 2022	—	—	—	—	—	—	PhD in Science, Institute of Biochemical Sciences, National Taiwan University Postdoctoral Researcher, Institute of Biochemistry, Academia Sinica Researcher, Taiwan Centers for Disease Control, MOHW Project-based Assistant Researcher and Adjunct Assistant Professor, Department of Animal Science and Biotechnology, Tunghai University Senior Researcher, Biotechnology R&D Department, Vitalon Foods Co, Ltd	—	—	—	—
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Note 1: The information in this table should be disclosed to the general manager, deputy general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to the general manager, deputy general manager, or deputy assistant general manager, regardless of job title.

Note 2: Include experience and qualifications relevant to the current position. If the person worked as an external auditor/attestor for a CPA firm during the time period specified above, please specify the position and the duties for which the person was responsible.

Note 3: If the general manager or a person of an equivalent post (the top managerial officers) and the Chair of the Board of Directors of a company are the same people, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing independent directors and making sure that the majority of directors do not concurrently serve as employees or managerial officers).

(III) Remuneration to Ordinary Directors, Independent Directors, Supervisors, General Manager(s), and Deputy General Manager(s):

1. Remuneration to general directors, independent directors, supervisors, presidents, and vice presidents

A company shall disclose the name and remuneration of its directors or supervisors individually if any of the following circumstances occurs. For other cases, it can choose to disclose the names in an aggregate manner, or disclose the names and remunerations individually (in case of individual disclosure, please fill in the job titles individually, name and amount - no remuneration scale table is required):

- (1) Those with personal or individual financial reports that have incurred after-tax losses in the last three years should separately disclose "the names and remunerations of directors and supervisors". This does not, however, apply to those whose personal or individual financial reports show an after-tax net profit sufficient to offset cumulative losses.
- (2) In the most recent year, where the instances of insufficient shareholdings by directors have continued for more than three months, the remuneration paid to individual directors shall be disclosed. In the most recent year, the instances of insufficient shareholdings by supervisors have persisted for more than three months, and the remunerations paid to individual supervisors shall be disclosed.
- (3) In the case of directors or supervisors who have held office in the most recent three months on average with pledges made more than 50% of the time, the remuneration paid to individual directors or supervisors in which pledges of more than 50% were made in each month.
- (4) If the remuneration received by all directors and supervisors as directors or supervisors of all companies included in the financial statements accounts for more than 2% of the net profit after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, such remuneration shall be disclosed. Remuneration to individual directors or supervisors. (Note: The above remuneration to directors and supervisors is calculated based on "Remuneration to Directors" and "Remuneration to Supervisors" in the attached table, excluding the related remuneration received as employees).
- (5) The Company's corporate governance evaluation results in the most recent year fell within the last notch, or the company's trading methods have been changed, suspended trading, terminated from listing on TWSE/TPEX in the most recent year and up to the date of publication of the annual report, or have The Committee approved those that should not be evaluated.
- (6) The average annual salary of a full-time non-managerial employee of a company listed on the TWSE/TPEX in the most recent year who held non-managerial positions did not reach NT\$500,000.

- (7) The after-tax net profit of the listed company in the most recent year has increased by more than 10%, but the average annual salary of non-managerial full-time employees has not increased from the previous year.
 - (8) A TWSE/TPEX listed company whose net income has declined by 10% and exceeded NT\$5 million in the most recent year, and the average remuneration per director (excluding remuneration as employees) has increased by 10%, exceeding NT\$100,000.
2. A public company listed on TWSE or TPEX that has any of the circumstances described in (1) or (5) above disclose the information on the remuneration paid to the top five executives with the highest remuneration (such as general managers, deputy general managers, CEOs, or financial officers).

(1.2) Remuneration to Ordinary Directors and Independent Directors December 31, 2024

Unit: NT\$ thousand

Title	Name	Directors' remuneration								The sum of A, B, C, and D as a percentage of net income after tax (Note 10)		Remuneration received as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Remuneration (A) (Note 2)		Retirement pay and pensions (B)		Director profit-sharing remuneration (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salaries, bonuses and special disbursements (E) (Note 5)		Retirement pay and pensions (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company		All companies included in the financial statements (Note 7)
Chair	Hehan Investment Co, Ltd Rep: Hao-Chen Lin	2,907	2,907	108	108	1,393	1,393	30	30	4,438 1.19%	4,438 1.19%	-	-	-	-	-	-	-	-	4,438 1.19%	4,438 1.19%	None
Director	Ziqun International Co, Ltd Rep: Jo-Ning Huang	-	-	-	-	698	698	24	24	722 0.19%	722 0.19%	1,317	1,317	60	60	164	-	164	-	2,263 0.61%	2,263 0.61%	None
Director	Haoqun Investment and Development Ltd Rep: Shih-Yun Lin	-	-	-	-	698	698	24	24	722 0.19%	722 0.19%	3,110	3,110	119	119	478	-	478	-	4,429 1.19%	4,429 1.19%	None
Director	Songqun Investment and Development Ltd Rep: Shu-Mei Liu	-	-	-	-	698	698	30	30	728 0.20%	728 0.20%	2,054	2,054	100	100	426	-	426	-	3,308 0.89%	3,308 0.89%	None
Director	Daqun Investment and Development Ltd. Rep: Jui-Tse Lin	-	-	-	-	1,048	1,048	24	24	1,072 0.29%	1,072 0.29%	2,558	2,558	108	108	458	-	458	-	4,196 1.13%	4,196 1.13%	None
Independent director	Hung-Lung Huang	-	-	-	-	345	345	144	144	489 0.13%	489 0.13%	-	-	-	-	-	-	-	-	489 0.13%	489 0.13%	None
	Chin-Feng Kuo	-	-	-	-	349	349	150	150	499 0.13%	499 0.13%	-	-	-	-	-	-	-	-	499 0.13%	499 0.13%	None
	Lung-Fa Hsieh	-	-	-	-	349	349	150	150	499 0.13%	499 0.13%	-	-	-	-	-	-	-	-	499 0.13%	499 0.13%	None
	Kuo-Hua Chang	-	-	-	-	349	349	150	150	499 0.13%	499 0.13%	-	-	-	-	-	-	-	-	499 0.13%	499 0.13%	None

1. Please explain the policy, system, standards, and structure by which independent director remuneration is paid and the association between the amount paid and independent directors' responsibilities, risks, and time committed:
- (1) The Remuneration Committee of the Company has established and regularly reviews the policies, systems, standards, and structures of the performance evaluation and remuneration of directors and managers, as well as regularly evaluates and establishes the remuneration of directors and managers, and submits it to the Board of Directors for resolutions passed.
 - (2) In accordance with Article 19 of the Articles of Association, the Company shall pay remuneration to the Chair and Directors for their services rendered regardless of whether the Company operates at a profit or loss. The remuneration payable shall be equivalent to that of individuals in the same trade.
 - (3) Transportation allowances shall be paid to directors in accordance with Article 5 of the Regulations Governing the Payment of Directors' Remuneration.
 - (4) Regarding the duties and responsibilities of the independent directors of the Company, their remuneration is paid in accordance with Article 4 of the Regulations Governing the Payment of Directors' Remuneration. Regardless of the company's operating profit or loss, the remuneration is paid monthly by the Company.
2. With the exception of disclosures in the table above, the remunerations received by directors for providing services (such as serving as consultants who are not employees) to all companies included in the financial statements for the most recent year: None.

(1-2-2) Remuneration scale table

Ranges of remuneration paid to each of the Company's directors	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Below NT\$ 1,000,000	Shih-Yun Lin; Shu-Mei Liu; Jo-Ning Huang; Huang Hung-Lung; Kuo, Jin-Feng; Hsieh Lung-Fa; Kuo-Hua Chang	Shih-Yun Lin; Shu-Mei Liu; Jo-Ning Huang; Huang Hung-Lung; Kuo, Jin-Feng; Hsieh Lung-Fa; Kuo-Hua Chang	Huang Hung-Lung; Kuo, Jin-Feng; Hsieh Lung-Fa; Kuo-Hua Chang	Huang Hung-Lung; Kuo, Jin-Feng; Hsieh Lung-Fa; Kuo-Hua Chang
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	Jui-Tse Lin	Jui-Tse Lin	—	—
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	—	—	Shu-Mei Liu; Jo-Ning Huang	Shu-Mei Liu; Jo-Ning Huang
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	Hao-Chen Lin	Hao-Chen Lin	Hao-Chen Lin, Shi-Yun Lin, Rui-Tze Lin	Hao-Chen Lin, Shi-Yun Lin, Rui-Tze Lin
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	—	—	—	—
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	—	—	—	—
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	—	—	—	—
NT\$ 100,000,000 and above	—	—	—	—
Total	9 people	9 people	9 people	9 people

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or a deputy general manager, please complete this Table and Table 3-1, or Tables 3-2-1, and 3-2-2.

Note 2: This refers to director base remuneration in the most recent fiscal year (including director salary, duty allowances, severance pay, various rewards and incentives, etc).

Note 3: Please fill in the amount of director profit-sharing remuneration approved by the Board of Directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or

vehicles, etc). If housing, cars, other forms of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base remuneration paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as a general manager, deputy general manager, other managerial officers, or non-managerial employees) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicles, etc. If housing, cars, other forms of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing remuneration (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as a general manager, deputy general manager, other managerial officers, or non-managerial employees). Disclose the amount of profit-sharing remuneration approved or expected to be approved by the Board of Directors for distribution for the most recent fiscal year. If the amount cannot be forecast, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Tables 1 and 2 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies included in the financial statements (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies included in the financial statements (including the Company).

Note 10: Net profit after tax refers to the net profit after tax of the entity or individual financial report of the most recent year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added to the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises“.

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base remuneration, profit-sharing remuneration (including employee, director, and supervisor profit-sharing remuneration), and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2. (3-2-1) Remuneration to General Manager(s) and Deputy General Manager(s)

December 31, 2024

Unit: NT\$ thousand, shares

Title	Name	Salary (A) (Note 2)		Retirement pay and pensions (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing remuneration (D) (Note 4)				The sum of A, B, C, and D as a percentage of net income after tax (%) (Note 8)		Remunera tion received from investee enterprise s other than subsidiari es or from the parent company (Note 9)
		The Comp any	All comp anies includ ed in the financ ial stateme nts (Note 5)	The Com pany	All compan ies includ ed in the financia l stateme nts (Note 5)	The Comp any	All compa nies includ ed in the financia l stateme nts (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Amo unt paid in cash	Amo unt paid in share s	Amo unt paid in cash	Amo unt paid in share s			
General Manager	Jui-Tse Lin	1,965	1,965	108	108	593	593	402	-	402	-	3,068 0.83%	3,068 0.83%	-
Deputy General Manager	Shu- Mei Liu	1,485	1,485	100	100	569	569	374	-	374	-	2,528 0.68%	2,528 0.68%	-
Deputy General Manager	Chieh- Chang Tian	960	960	57	57	259	259	100	-	100	-	1,376 0.37%	1,376 0.37%	-
Deputy General Manager	Jia- Rong Chen	1,424	1,424	86	86	327	327	315	-	315	-	2,152 0.58%	2,152 0.58%	-

*Regardless of the job title, any position equivalent to a general manager or deputy general manager (such as President, CEO, Chief Officer, etc) should be disclosed.

(3-2-2) Remuneration scale table

Remuneration Range Table to General Manager(s) and Assistant General Manager(s)	Names of General Manager and Deputy General Managers	
	The Company (Note 6)	All consolidated entities (Note 7) E
Below NT\$ 1,000,000	—	—
NT\$1,000,000 (incl)~NT\$2,000,000 (excl)	Chieh-Chang Tian	Chieh-Chang Tian
NT\$2,000,000 (incl)~NT\$3,500,000 (excl)	Jui-Zeh Lin; Shu-Mei Liu; Jia-Rong Chen	Jui-Zeh Lin; Shu-Mei Liu; Jia- Rong Chen
NT\$3,500,000 (incl)~NT\$5,000,000 (excl)	—	—
NT\$5,000,000 (incl)~NT\$10,000,000 (excl)	—	—
NT\$10,000,000 (incl)~NT\$15,000,000 (excl)	—	—
NT\$15,000,000 (incl)~NT\$30,000,000 (excl)	—	—
NT\$30,000,000 (incl)~NT\$50,000,000 (excl)	—	—
NT\$50,000,000 (incl)~NT\$100,000,000 (excl)	—	—
NT\$ 100,000,000 and above	—	—
Total	4 people	4 people

Note 1: The name of each general manager and deputy general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or a deputy general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and deputy general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicles, and other remuneration to the general manager(s) and deputy general managers(s) in the most recent fiscal year. If housing, cars, other forms of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and deputy general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, deputy general manager, other managerial officers, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Tables 1-3 should also be completed. Net income means the net income after tax on the parent company only or individual financial

report for the most recent fiscal year.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and deputy general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager by the Company.

Note 7: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and deputy general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If general manager(s) or deputy general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added to the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises".

c. Remuneration means remuneration received by the general manager(s) and deputy general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base remuneration, profit-sharing remuneration (including employee, director, and supervisor profit-sharing remuneration), and expenses and perquisites. *This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3. (4-1) Remuneration of the top five department heads with the highest remuneration (disclose the name and remuneration individually)(Note 1)

Title	Name	Salaries(A)(Note 2)		Severance pay and pension(B)		Bonus and allowance (C) (Note 3)		Employees' remuneration (D)				Sum of A, B, C, and D as a % of the net profit after tax (Note 6)		Remuneration from investees other than subsidiaries or from the parent company (Note 7)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company				The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
General Manager	Jui-Tse Lin	1,965	1,965	108	108	593	593	313	-	313	-	2,979 0.80%	2,979 0.80%	None
Deputy General Manager	Shu-Mei Liu	1,485	1,485	100	100	569	569	233	-	233	-	2,387 0.64%	2,387 0.64%	None
Deputy General Manager	Jia-Rong	1,424	1,424	86	86	327	327	221	-	221	-	2,058 0.55%	2,058 0.55%	None
Deputy General Manager	Chieh-Chan	960	960	58	58	259	259	56	-	56	-	1,333 0.36%	1,333 0.36%	None

Note 1: The term "top five highest paid executives" refers to the managerial officers of the Company. The criteria for managerial officers are based on the scope of application of "managerial officers" as stipulated by the Securities and Futures Commission of the Ministry of Finance in its Order Tai-Cai-Sheng-San-Zi No. 0920001301 dated March 27, 2003. The "Top Five Highest Remuneration" calculation is based on the total amount of base salary, severance and pension, bonus and allowance received by the officers from all companies in the consolidated financial statements, as well as the amount of remuneration for employees (i.e. the total of the four items A+B+C+D), and then ranked by the top five highest remuneration. If a director is also a former officer, this schedule and the above schedule (1-1) should also be filled in.

Note 2: This is for the salary, duty allowance and severance of the top five highest paid officers in the most recent year.

Note 3: This is for various bonuses, incentive payments, transportation fees, special expenses, various stipends, dormitories, company cars and other provisions for the top five highest paid officers in the most recent year. If houses, vehicles, and other transportation or expenses exclusive to an individual are provided, the nature and costs of the assets supplied, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses (including employee stock option certificates, restricted stock awards, and shares subscribed under capital increases in cash) recognized according to IFRS 2 "Share-based Payment" shall also be included in the remuneration.

Note 4: The amount of employee remuneration (including stock and cash) received by the top five highest paid officers in the most recent year should be disclosed as approved by the Board of Directors. If the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount from last year and should also be listed in Exhibit 1-3.

Note 5: The total amount of remuneration paid to the top five highest paid officers of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: Net profit after tax refers to the profit after tax stated in the parent company only or unconsolidated financial statements for the most recent year.

Note 7: a. Please specify whether the Directors receive relevant remunerations from investees other than subsidiaries or the parent company (if not, please specify “No”).

b. Remuneration refers to the compensation or payment (including remuneration to employees, directors, and supervisors) as well as the business execution expenses of the top five highest paid officers of the Company in their capacity as directors, supervisors, or officers of an investee enterprise other than a subsidiary or parent company.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

4.(1-3) Name of Managerial Officers with Employee Compensation Distributed, and the Distribution
December 31, 2024

Unit: NT\$ thousand, shares

	Title (Note 1)	Name (Note 1)	Amount paid in shares	Amount paid in cash	Total	Ratio of sum to net income
Managerial Officers	General Manager	Jui-Tse Lin	-	402	402	0.11%
	Deputy General Manager	Shu-Mei Liu	-	374	374	0.10%
	Deputy General Manager	Chieh-Chang Tian	-	100	100	0.03%
	Deputy General Manager	Jia-Rong Chen	-	315	315	0.08%

Note 1: Individual names and titles shall be disclosed but the profit-sharing may be disclosed in an aggregation manner.

Note 2: This refers to employee profit-sharing remuneration (including stocks and cash) received by the managerial officers as approved or expected to be approved by the Board of Directors for the most recent fiscal year. If the amount cannot be forecast, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: “Managerial officers” means those falling within the applicable scope defined in 27 March, 2003 Order No. Tai-Cai-Zheng-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance; the scope is as below:

- (1) General manager and equivalent (2) Deputy General Manager and equivalent (3) Deputy assistant general manager and equivalent (4) Head of the finance department (5) Head of the accounting department (6) Other persons who have the rights to manage the company and sign

Note 4: Where any director concurrently serves as a managerial officer and receives the employee’s remuneration (including shares and cash), please complete the table.

5. Separately compare and describe the analysis of the total remuneration paid by the Company and all companies included in the consolidated financial statements to directors, supervisors, general managers, and deputy general managers during the previous two fiscal years, accounting for the percentage of net income after tax. In addition, describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risks:

(1) Analysis of the total remuneration paid by the Company and all companies included in the consolidated financial statements to directors, supervisors, general managers, and deputy general managers during the previous two fiscal years, accounting for the percentage of net income after tax.

	The Company				All companies included in the consolidated financial statements			
	2023		2024		2023		2024	
	Total amount	Percentage of net income after tax	Total amount	Percentage of net income after tax	Total amount	Percentage of net income after tax	Total amount	Percentage of net income after tax
Directors' remuneration	18,762	4.31%	20,620	5.55%	18,762	4.31%	20,620	5.55%
Remuneration to general manager(s)	10,080	2.31%	9,124	2.46%	10,080	2.31%	9,124	2.46%

and deputy general manager(s)								
Net profit after tax	435,661		371,612		435,661	-	371,612	

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risks

A. Directors and Supervisors

The remuneration of the Company's directors and supervisors includes remuneration, remuneration, and business execution expenses, among other things. Pursuant to the Articles of Incorporation, the Board of Directors is authorized to determine the remunerations of directors and supervisors based on normal industrial standards. Compliance with the Articles of Incorporation is required for distributing director and supervisor remunerations from earnings distribution. The Company made an amendment to Article 26 of the Articles of Incorporation on June 20, 2016, specifying the following distribution method:

If the Company is profitable in the current year, no more than 3% should be provided as the directors' remuneration.

B. General manager(s) and deputy general manager(s)

The general manager and deputy general manager are compensated with a salary, bonuses, and an employee profit-sharing bonus. The salary and bonuses are determined based on the positions held in the Company, the responsibilities assumed, and the contribution to the Company, while referring to the industrial standard. The distribution of employee remuneration complies with the Articles of Incorporation, which must be reported to the Board of Directors and approved by the shareholders' meeting prior to distribution.

To summarize, the Company's remuneration policy for directors, supervisors, general managers, and deputy general managers, as well as the procedures for determining remunerations, are positively correlated with business performance.

II. Implementation of corporate governance

(I) Operations of the Board of Directors:

The number of board meetings held in the most recent year (2024) up to the publication date of the prospectus was: six 【A】 (five in 2024 and one in 2025). The directors and supervisors' attendance was as follows:

Title	Name (Note 1)	No. of meetings attended in person (B)	Number of proxy attendance	Actual attendance rate (%) (B/A) (Note 2)	Remarks
Chair	Hehan Investment Co, Ltd (Rep: Hao-Chen Lin)	6	0	100	
Director	Ziqun International Co, Ltd (Rep: Jo-Ning Huang)	5	1	83.33	
Director	Songqun Investment and Development Ltd (Representative: Shu-Mei Liu)	6	0	100	
Director	Daqun International Co, Ltd (Rep: Jui-Tse Lin)	5	1	83.33	
Director	Haoqun Investment and Development Ltd (Rep: Shih-Yun Lin)	6	0	100	
Independent director	Hung-Lung Huang	4	1	80	Independent Director Hung-Lung Huang passed away on December 27, 2024.
Independent	Chin-Feng Kuo		0	100	Independent

director		5			Director Chin-Feng Kuo resigned from the position as of December 31, 2024
Independent director	Lung-Fa Hsieh	6	0	100	
Independent director	Kuo-Hua Chang	6	0	100	

Attendance status of independent directors in each board meeting ☉ Attended in person ☆ Attended by proxy ※ absent

	March 7, 2024	May 8, 2024	May 30, 2024	August 8, 2024	November 6, 2024	February 24, 2025
Hung-Lung Huang	☉	☉	☆	☉	☉	
Chin-Feng Kuo	☉	☉	☉	☉	☉	
Lung-Fa Hsieh	☉	☉	☉	☉	☉	☉
Kuo-Hua Chang	☉	☉	☉	☉	☉	☉

Other mandatory disclosures:

If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: approved by the independent directors.

1. In the 8th meeting, the 13th Board of Directors on March 7, 2024, the following were approved:

- (1) Approved the proposal of 2023 employee and director remuneration distribution.
- (2) Approved the 2023 Business Report and Financial Statements.
- (3) Approved the Company's 2023 earning distribution proposal.
- (4) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- (5) Approved the Company's 2024 assessment of the attesting CPAs' independence and competence.
- (6) Approved the 2023 Statement of Internal Control System.
- (7) Approved the proposal of partial amendments to the "Articles of Incorporation".
- (8) Approved the request to relieve all new directors from the non-compete restrictions.
- (9) Approved the matters related to the convention of the 2024 regular shareholders' meeting.
- (10) Approved the proposal of partial amendments to the "GM-16 Rules of Procedure for Board of Directors Meetings" and "GM-17 Management for Board of Directors Meeting Operation".
- (11) Approved the proposal of amendments to partial provisions of "GM-37 Audit Committee Charter".
- (12) Approved the motion for loaning new funds to the subsidiary Ventec International Group Limited (SAMOA) and repaying the old ones.
- (13) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
- (14) Approved the application for renewing contracts with financial institutions.
- (15) Approved the Company's adjustment of the salary of the Company's 2024 managers and some employees.
- (16) Approved the motion for the Company to increase capital in the amount of NT\$100 million to the subsidiary, UNITED SKILLS CO, LTD.

2. In the 9th meeting, the 13th Board of Directors on May 8, 2024, the following were approved:

- (1) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- (2) Approved the Company's financial statements for the first quarter of the fiscal year 113 of the Republic of China.
- (3) Approved the partial amendments to the "Procedures for Handling Material Inside Information" of the Company.
- (4) Approved the proposal for lending funds to meet business needs and effectively utilize funds.
- (5) Approved the cancellation of cash capital increase for investments in Mainland China.
- (6) Approved the application for financing facilities from financial institutions.

3. In the 10th meeting, the 13th Board of Directors on May 30, 2024, the following were approved:

- (1) Approved the motion to cease production at the subsidiary.

4. In the 11th meeting, the 13th Board of Directors on August 8, 2024, the following were approved:

- (1) Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies

- (2) Approved the 2024 Q2 financial statements.
 - (3) Approved the renewal of the directors and supervisors' liability insurance.
 - (4) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (5) Approved the motion for the Company to loan funds to subsidiaries.
 - (6) Approval for the Company's re-investment in Mainland China to establish Xiamen Branch in Mainland China through its investee, Ventec International Group Limited (SAMOA)
5. In the 12th meeting, the 13th Board of Directors on November 6, 2024, the following were approved:
- (1) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (2) Approved the 2024 Q3 financial statements.
 - (3) Approved the revision of some provisions of "GM-24 Procedures for Dealings with Related Parties, Specific Companies and Group Companies."
 - (4) Approved the 2025 audit plan.
 - (5) Approved the 2025 "Summary of Business Plan."
 - (6) Approved the Company's sustainable development promotion plan for 2025.
 - (7) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (8) Approved the cancellation of the remaining NT\$52 million quota for capital increase in the subsidiary, United Skills Co., Ltd., previously approved by the Board of Directors on March 7, 2024.
 - (9) Approved the addition of the Company's "Sustainable Information Management Operating Regulations."
 - (10) Approved the revision of certain provisions of the Company's CR-100 Financing Revolving Policy and the corresponding amendment to the AR-100 Financing Revolving Operations Audit.
 - (11) Approval of whether to transfer overdue accounts receivable of the Company to other receivables.
6. In the 13th meeting, the 13th Board of Directors on February 24, 2025, the following were approved
- (1) Approved the proposal of 2024 employee and director remuneration distribution.
 - (2) Approved the 2024 Business Report and Financial Statements.
 - (3) Approved the Company's 2024 earning distribution proposal.
 - (4) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (5) Approved the Company's 2025 assessment of the attesting CPAs' independence and competence.
 - (6) Approved the 2024 Statement of Internal Control System.
 - (7) Approved the definition and scope of the Company's entry-level employees.
 - (8) Approved the proposal of partial amendments to the "Articles of Incorporation".
 - (9) Approved the full re-election of directors of the Company.
 - (10) Approved the period and venue to accept shareholders' proposals and the nomination of director candidates for the 2025 shareholders' meeting.
 - (11) Approved the proposal for approving the Board of Directors to nominate and review the list of director candidates (independent directors included).
 - (12) Approved the request to relieve all new directors from the non-compete restrictions.
 - (13) Approved the matters related to the convention of the 2025 regular shareholders' meeting.
 - (14) Approved the partial amendment to GM-22 Director's Remuneration Payment Act.
 - (15) Approved the Report of Payment of Remuneration to Directors by the Company in 2024.
 - (16) Approved the appointment of Remuneration Committee members.
 - (17) Approved the motion for loaning new funds to the subsidiary Ventec Holding and repaying the old ones.
 - (18) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (19) Approved the application for renewing contracts with financial institutions.
 - (20) Approved the change of certified public accountants in response to the internal rotation of PwC Taiwan.
- (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: none.
- II. Directors' recusal for avoidance of motions with personal interests; the name of the director, the content of the motion, the reasons for recusal, and the participation in voting shall be disclosed: Director Jui-Tse Lin, Hao-Chen Lin, and Shu-Mei Liu recused themselves from the discussion and voting of salary; Lung-Fa Hsieh and Kuo-Hua Chang recused themselves as directors from the discussion and voting on the review and non-competition clause.
- III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the Board of Directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, provide information on the Implementation of Evaluations of the Board of Directors (Note 3).
- IV. Give an evaluation of the targets that were adopted for strengthening the functions of the board during the current and immediately preceding fiscal years (such as establishing an audit committee, increasing information transparency, etc) and the measures taken toward achievement thereof: The operation of the board meetings complies with the "Rules of Procedure for Board of Directors Meetings". The board members have actively attended the continuing education courses under the coverage of corporate governance organized by the designated institutions in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. In addition, the Company has four independent directors in place. The four independent

directors attended the board meetings well. With their professional knowledge and competencies, including accounting and finance analysis, they provide good advice to the Board of Directors on the proposals related to the implementation of the internal control system, business, and finance. The above implementations should help to strengthen the functions of the Board of Directors and implement the goals of corporate governance.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor leaves office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Note 3: Implementation of the evaluation of the Board of Directors:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Evaluation Content (Note 5)
Once a year	January 1, 2024 – December 31, 2024	Board of Directors	Self-evaluation by board members	The degree of participation in the operation of the company, the quality of the board's decision-making, board makeup and structure, election and continuing education of the directors, internal control.
Once a year	January 1, 2024 – December 31, 2024	Individual board member	Self-evaluation of board members	Familiarity with the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, the director's professionalism and continuing education, internal control.
Once a year	January 1, 2024 – December 31, 2024	Functional committees	Self-evaluation of individual committee members	Participation in the operation of the company, awareness of the duties of the functional committees, improvement of the decision-making quality of the functional committees, composition of the functional committees and selection of members, internal control

Note 1: Fill in the cycle on which the board evaluations are performed, for example, performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the Board of Directors from January 1, 2024 to December 31, 2024.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include an internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations of external organizations or experts engaged for that purpose, or other suitable methods.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

(1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company, the quality of the board's decision-making, composition and structure of the board, election and continuing education of the directors, internal control.

(2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of

the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, the director's professionalism and continuing education, internal control.

- (3) Evaluation of the performance of the functional committees: including at least the level of participation in the Company's operations, awareness of the duties of the functional committees, improvement of the quality of the decisions made by the functional committees, composition of the functional committees and election of their members, internal control, etc.

(II) Operation of the Audit Committee

The number of the Audit Committee meetings held in the most recent year (2024) up to the publication date of the prospectus was: six 【A】 (five in 2024 and one in 2025). The attendance by the independent directors and supervisors was as follows:

Title	Name	No. of meetings participated in person (B)	Number of proxy attendance	Actual attendance rate (%) (B/A) (Note 1, 2)	Remarks
Independent director	Hung-Lung Huang	4	1	80	Independent Director Hung-Lung Huang passed away on December 27, 2024.
Independent director	Chin-Feng Kuo	5	0	100	Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024
Independent director	Lung-Fa Hsieh	6	0	100	
Independent director	Kuo-Hua Chang	6	0	100	

Other mandatory disclosures:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

The Audit Committee of the Company is composed of four independent directors. The Audit Committee aims to assist the Board of Directors to perform the supervision of the Company's quality and reliability in the implementation of accounting, auditing, financial reporting processes, and financial systems.

The Audit Committee held 5 meetings in 2024. Matters reviewed mainly included:

- (1) Auditing financial statements
- (2) Internal control system and related policies and procedures
- (3) Material asset or derivative transactions
- (4) Material loaning of funds, and endorsements/guarantees
- (5) Legal compliance
- (6) Assessment of attesting CPAs' independence
- (7) Application for renewing financing contracts with financial institutions.
- (8) Inquiry on the effectiveness of the internal control system
- (9) Renewal of directors and supervisors' liability insurance
- (10) Earning distribution
- (11) Matters involving directors' conflicts of interests
- (12) Review of the business report and summary of the business plan

■ Reviewing financial reports

The Board of Directors has prepared the Company's 2024 business report, financial statements, and earnings distribution proposal. The financial statements have been audited by PwC Taiwan, which has issued an audit report. The aforesaid business report, financial statements, and profit distribution proposal have been audited by the Audit Committee and no inconsistency was found.

■ Assessing the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including controlling measures such as finance, operation, risk management, information security, outsourcing, and legal compliance), as well as the regular reports from the management,

including risk management and legal compliance. By referring to the Internal Control-Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believes that the Company's risk management and internal control systems are effective. The Company has adopted necessary control mechanisms to supervise and correct violations.

■ Commissioning attesting CPAs

The Audit Committee is entrusted with the responsibility of supervising the independence of the attesting accounting firm, to ensure the fairness of the financial statements. Generally, except for tax-related services or items approved in particular, the attesting accounting firm is not allowed to provide other services to the Company. All services provided by attesting CPAs must be approved by the Audit Committee.

To ensure the independence of the attesting accounting firm, the Audit Committee formulated an independence assessment form by referring to Article 47 of the Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10 "Integrity, Objectivity and Independence," to evaluate the CPAs' independence, professionalism, and competence, as well as whether the Company is a related party to them, or any business or financial interest relationship with the Company. The 12th meeting of the 4th Audit Committee and the 13th meeting of the 13th Board of Directors, both held on February 24, 2025, reviewed and approved that CPA Yu-Chuan Wang and CPA Chien-Yeh Hsu of PwC Taiwan meet the independence evaluation standards and are qualified to serve as the Company's financial and tax attestation CPAs.

(I) Any matter under Article 14-5 of the Securities and Exchange Act: approved by the Audit Committee and reported to the Board.

1. The 7th meeting of the 4th Audit Committee on March 7, 2024, approved the following:
 - (1) Approved the proposal of 2023 employee and director remuneration distribution.
 - (2) Approved the 2023 Business Report and Financial Statements.
 - (3) Approved the Company's 2023 earning distribution proposal.
 - (4) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (5) Approved the Company's 2024 assessment of the attesting CPAs' independence and competence.
 - (6) Approved the 2023 Statement of Internal Control System.
 - (7) Approved the proposal of partial amendments to the "Articles of Incorporation".
 - (8) Approved the request to relieve all new directors from the non-compete restrictions.
 - (9) Approved the proposal of partial amendments to the "GM-16 Rules of Procedure for Board of Directors Meetings" and "GM-17 Management for Board of Directors Meeting Operation".
 - (10) Approved the proposal of amendments to partial provisions of "GM-37 Audit Committee Charter".
 - (11) Approved the motion for loaning new funds to the subsidiary investee Ventec International Group Limited (SAMOA) and repaying the old ones.
 - (12) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (13) Approved the application for renewing contracts with financial institutions.
 - (14) Approved the adjustment of the salary of the Company's 2024 managers and some employees.
 - (15) Approved the motion for the Company's plan to increase capital in the amount of NT\$100 million to the subsidiary, UNITED SKILLS CO, LTD.
2. The 4th meeting of the 4th Audit Committee on May 8, 2024, approved the following:
 - (1) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (2) Approved the Company's financial statements for the first quarter of the fiscal year 113 of the Republic of China.
 - (3) Approved the partial amendments to the "Procedures for Handling Material Inside Information" of the Company.
 - (4) Approved the proposal for lending funds to meet business needs and effectively utilize funds.
 - (5) Approved the cancellation of cash capital increase for investments in Mainland China.
 - (6) Approved the application for financing facilities from financial institutions.

3. The 9th meeting of the 4th Audit Committee on May 30, 2024, approved the following:
 - (1) Approved the motion to cease production at the subsidiary.
 4. The 10th meeting of the 4th Audit Committee on August 8, 2024, approved the following:
 - (1) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (2) Approved the 2024 Q2 financial statements.
 - (3) Approved the renewal of the directors and supervisors' liability insurance.
 - (4) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (5) Approved the Company's loaning of funds to subsidiaries.
 - (6) Approval for the Company's re-investment in Mainland China to establish the Xiamen Branch in Mainland China through its investee, Ventec International Group Limited (SAMOA)
 5. The 11th meeting of the 4th Audit Committee on November 6, 2024, approved the following:
 - (1) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (2) Approved the 2024 Q3 financial statements.
 - (3) Approved the revision of some provisions of "GM-24 Procedures for Dealings with Related Parties, Specific Companies and Group Companies."
 - (4) Approved the 2025 audit plan.
 - (5) Approved the 2025 "Summary of Business Plan".
 - (6) Approved the Company's sustainable development promotion plan for 2025.
 - (7) Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (8) Approved the cancellation of the remaining NT\$52 million quota for capital increase in the subsidiary, United Skills Co., Ltd., previously approved by the Board of Directors on March 7, 2024.
 - (9) Approved the addition of the Company's "Sustainable Information Management Operating Regulations."
 - (10) Approved the revision of certain provisions of the Company's CR-100 Financing Revolving Policy and the corresponding amendment to the AR-100 Financing Revolving Operations Audit.
 - (11) Approval of whether to transfer overdue accounts receivable of the Company to other receivables.
 6. In the 12th meeting, the 12th Audit Committee on February 24, 2025, the following were approved:
 - (1) Approved the proposal of 2024 employee and director remuneration distribution.
 - (2) Approved the 2024 Business Report and Financial Statements.
 - (3) Approved the Company's 2024 earning distribution proposal.
 - (4) Approved the ratification of derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
 - (5) Approved the Company's 2025 assessment of the attesting CPAs' independence and competence.
 - (6) Approved the 2024 Statement of Internal Control System.
 - (7) Approved the definition and scope of the Company's entry-level employees.
 - (8) The partial amendments to the "Articles of Incorporation.
 - (9) The partial amendment to GM-22 Director's Remuneration Payment Act.
 - (10) Approved the Report of Payment of Remuneration to Directors by the Company in 2024.
 - (11) Loaning of new funds to the subsidiary Ventec Holding and repaying the old ones.
 - (12) Loaning of new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.
 - (13) Application for renewing contracts with financial institutions.
 - (14) The change of certified public accountants in response to the internal rotation of PwC Taiwan.
- (II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the Board of Directors.
- II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the

cause for recusal, and whether and how the independent director voted.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditors (any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication).

1. The Company submits the audit report (the actual implementation of the audit plan) and follow-up report (the improvement of the deficiencies) on the previous month to the independent directors for review.
2. The internal audit officer of the Company regularly explains the audit business, audit results, and follow-up situation to the independent directors during the Audit Committee meetings.
3. The Company holds board meetings on a quarterly basis. Independent directors and the audit officer all participated in the board meetings, and the audit officer reports on the internal audit business situation at each board meeting.
4. When reviewing annual financial reports, CPAs participated in the Audit Committee, explaining the process of auditing financial statements, scope, and the update of laws and regulations, with sufficient discussions with independent directors.
5. The audit officer, CPAs, and independent directors may contact each other directly whenever required, and the communication channels are smooth.
6. Please refer to (Note 3) and (Note 4) for the summary of the communications from 2024 to 2025.

Note 1: *If any independent director left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were on the committee.

Note 2: If any by-election for independent director was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

Note 3: Summary of the communication between independent directors and internal auditing officers

Date/Name of meeting	Emphasis of meeting	Outcomes
March 7, 2024 Audit Committee	1. Internal audit report from October 2023 to January 2024 2. 2023 Declaration of Internal Control System	No opinion was expressed by any independent directors or submitted to the Board after the deliberation.
May 8, 2024 Audit Committee	February 2024 to April 2024 Internal audit report	No opinion was expressed by any independent director or submitted to the Board after the deliberation.
August 8, 2024 Audit Committee	May 2024 to July 2024 Internal audit report	No opinion was expressed by any independent directors or submitted to the Board after the deliberation.
November 6, 2024 Audit Committee	1. Internal audit report from August 2024 to October 2024 2. The 2025 audit plan.	No opinion was expressed by any independent directors or submitted to the Board after the deliberation.
February 24, 2025 Audit Committee	1. Internal audit report from November 2024 to January 2025. 2. 2024 Declaration of Internal Control System	No opinion was expressed by any independent directors or submitted to the Board after the deliberation.

Note 4: Summary of previous communications between Independent Directors and CPAs

March 7, 2024 Audit Committee	2023 individual financial statements and consolidated financial statements.	The CPAs participated in the Audit Committee meeting on March 7, 2024, to explain the audit of 2022 financial reports, and discuss and communicate regarding the questions raised by the independent directors.
August 8, 2024 Audit Committee	2024 Q2 consolidated financial statements	The CPAs participated in the Audit Committee meeting on August 8, 2024, to explain the audit of the financial report of Q2 2024, and discuss and communicate regarding the questions raised by the independent directors.
November 6, 2024 Audit Committee	The consolidated financial statements of Q3 2024.	The CPAs attended the Audit Committee on November 6, 2024, explained the 2024 audit plan, communicated the audit quality indicator (AQI) with the governance unit, and discussed and communicated with the independent directors about the issues raised.

February 24, 2025 Audit Committee	2024 parent company only financial statements and consolidated financial statements.	The CPAs participated in the Audit Committee meeting on February 24, 2025, to explain the audit of 2024 financial reports, and discuss and communicate regarding the questions raised by the independent directors.
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(III) The status of corporate governance and the deviation and reason for “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”.

Assessment criteria	Operation status (Note 1)			Deviation and reason “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
<p>一、Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies?</p> <p>II. The Company’s equity structure and shareholders' equity</p>	V		The Company has established the “Corporate Governance Best-Practice Principles” and has placed it on the Company's website under the “Public Information/Reports/Corporate Governance Regulations/Corporate Governance Regulations” for stakeholders to download and refer.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(I) Has the Company created a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations and enforced them accordingly?	V		The Company's “Corporate Governance Best-Practice Principles” provides a special chapter on the protection of shareholders' interests and has a spokesperson, deputy spokesperson, and investor service unit. The contact information is fully disclosed on the Company's website. Shareholders can contact the Company and it will handle such incidents or suggestions in accordance with relevant operating procedures.	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The Company keeps abreast of shareholder information through the register of shareholders as at the date of book closure and shareholders holding 10% or more of the Company's shares and every major shareholder with a stake of more than 5% in the financial statement of each quarter.	
(III) Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	V		The Company's board of directors has resolved to adopt internal control measures such as the “Procedures for Dealings with Related Parties, Specific Companies, and Group Companies,” “Supervision and Management of Subsidiaries,” and “Management of Transactions with Related Parties” to establish relevant risk control and firewall.	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established the “Ethical Code of Conduct”, “Ethical Corporate Management Best Practice Principles”, and “Procedures for Handling Material Inside Information”, to regulate the personnel to avoid conflicts of interest related to their jobs, and forbid insiders to trade securities with the undisclosed information known to them, or leak the same to others, to prevent insider trading. The Company also conducts in-person training at least once a year for current directors, managers, and employees. The training covers topics such as procedures for handling material internal information and the prohibition of insider trading. In addition, the Company periodically reinforces relevant regulations via email communications, including restrictions on trading Company shares during blackout periods—specifically, 30 days before the announcement of annual financial statements and 15 days before the announcement of quarterly financial statements.	
III. Composition and responsibilities of the Board of Directors				

Assessment criteria	Operation status (Note 1)			Deviation and reason “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies“.
	Yes	No	Summary	
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		<p>The Board has established the “Corporate Governance Best Practice Principles” and the “Regulations Governing the Election of Directors and Independent Directors“. Article 20 of the “Corporate Governance Best-Practice Principles” requires that the composition of the Board of Directors shall be determined by taking diversity into consideration, such as different professional backgrounds, working fields, or genders, and with the knowledge, skills, and experience to demonstrate competence in strategic guidance. The aforementioned are disclosed on the Company’s website.</p> <p>The Company actively cooperates with the Financial Supervisory Commission to promote the sustainable development roadmap of corporate governance, and also emphasizes the gender equality of board members. The target ratio of female directors is more than 20%. Currently, three of the nine directors are female, accounting for 33.33%.</p> <p>2. All nine directors of the Company completed 6 hours of refresher courses in 2024.</p> <p>3. The 13th Board of Directors consists of 9 directors. Non-employee directors account for 44.44%, independent directors account for 44.44%, and female directors account for 33.33%. The average age of all directors is 54.6 years old.</p> <p>4. The board members as a whole are competent. Please refer to pages 13–15 of the diversity of the Board of Directors of this annual report.</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		The Company has established the “Corporate Governance and Sustainable Development Committee” to assist the Board of Directors in the promotion of sustainable development and implementation of sustainable governance, aiming to enhance corporate governance, implement environmental protection, and fulfill social responsibilities.	
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as a reference in determining salary/remuneration for individual directors and their nomination and additional office terms?	V		The Company has established the "Rules for Performance Evaluation of Board of Directors" and conducts performance evaluations every year. The self-evaluations for the 2024 Board’s performance were completed and reported in the board meeting on February 24, 2024 and disclosed in the annual report and the MOPS as required.	
(IV) Does the Company evaluate the independence of CPAs on a regular basis?	V		The Audit Committee of the Company evaluates the independence and suitability of its subordinate CPAs every year. In addition to requiring CPAs to provide “Declaration of Independence” and “Audit Quality Indicators (AQIs)”, the evaluation is conducted in accordance with the standards in Note 2 and the 13 AQI indicators. It was confirmed that the CPAs have no other financial interests or business relationships with the Company, and that no family members of the CPAs violated the independence requirements. AQI was also used to confirm that the CPAs and the firm had a number of training hours better	

Assessment criteria	Operation status (Note 1)			Deviation and reason “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies“.
	Yes	No	Summary	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders in accordance with the law, and compiling minutes of board meetings and annual general meetings)?	V		<p>than the industry average. In addition, we will continue to introduce digital audit tools over the next three years to improve audit quality. The evaluation results for the most recent year were discussed and approved by the Audit Committee on February 24, 2025, and submitted for the Board of Directors' resolution on the same date to evaluate the independence and suitability of the CPAs.</p> <p>The Company's Board of Directors approved the creation of the position of "Corporate Governance Officer", which is held concurrently by Jui-Tse Lin, the general manager. The major functions include: handling board and shareholder meetings in accordance with the law, producing minutes of the board and shareholder meetings, assisting in the onboarding and continuous development of directors and supervisors, providing information required for business execution and legal compliance, and other matters specified in the articles of incorporation or contracts.</p> <p>The Company's corporate governance officer has performed the relevant functions above in 2024, and completed 12 hours of continuing education in 2024. These are disclosed on the Company's website and the MOPS.</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
IV. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		<p>The Company has established a spokesperson system to communicate with stakeholders, and has set up the stakeholders section on the Company website, to provide diversified communication channels and contact platforms. The stakeholders include investors and shareholders, employees, customers, suppliers, communities, or parties having interests in the Company. The smooth communication channels are maintained for them.</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs?	V		<p>The Company commissions the Stock Affairs Department of President Securities Co, Limited to handle the affairs of the shareholders' meeting.</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		<p>The Company has established an open website (http://www.yecco.com.tw) to regularly disclose information related to finance, business, and corporate governance.</p> <p>The Company has set up the website in both Chinese and English, appointed the personnel in the Office of General Manager to be responsible for collecting and disclosing information, and has a spokesperson and deputy spokesperson in place to implement the</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Does the Company use other information disclosure channels (such as maintaining an English-language website, designating staff	V		<p>spokesperson system.</p> <p>The entire process of the Company's investor conference was broadcast live, and the disclosure has been disclosed on the Company's website and the Market Observation Post</p>	Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment criteria	Operation status (Note 1)			Deviation and reason “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies“.
	Yes	No	Summary	
<p>to handle information collection and disclosure, appointing spokespersons, and webcasting investors conferences)?</p> <p>(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p> <p>VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>		V	<p>System for inquiry.</p> <p>The Company publishes and reports its annual financial statements within three months after the end of the fiscal year, and publishes and reports its financial statements for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines.</p> <p>1. Employee Rights and Care: The Company places great importance on employees' working environment and rights. In addition to establishing an Employee Welfare Committee to implement various employee benefit programs, the Company has also established the “Employee Shareholding Association of Y.C.C. Parts MFG. Co., Ltd.” to support employees in long-term savings and help secure their retirement. There is also a monthly on-site doctor to provide medical and health-related consultation to employees in need, while interaction and communication are enhanced and employee grievance channels are provided.</p> <p>2. Investor relations: Investors can fully understand the Company's operations through the Company's website or the Market Observation Post System, and can communicate with the spokesperson through the communication platform or participate in the institutional investor conference held by the Company.</p> <p>3. Supplier relations: The Company regards suppliers as long-term partners in order to establish a sustainable policy for common growth; therefore, in addition to evaluating the quality, delivery In other words, suppliers are required to sign a supplier agreement and supplier social responsibility commitment to ensure compliance. In addition, suppliers can maintain contact with the Company through the Company's website and communication platforms.</p> <p>4. The rights of stakeholders: The Stakeholders section has been set up on the Company's website to provide multiple communication channels and platforms and to respond appropriately to issues of concern to stakeholders. The status of the communication was reported to the Board of Directors on November 6, 2024.</p> <p>5. Continuing education of directors and supervisors: All nine directors of the Company completed 6 hours of continuing education in 2024.</p> <p>6. Implementation of risk management policies and risk measurement standards: The Company complies with the internal control system and various management regulations to reduce various risks, and the internal audit unit formulates annual audit plans based on risk assessment results and implements them.</p> <p>7. Implementation of customer policy: Under the policy of high customer satisfaction, the Company places great importance on product quality and customer response, taking immediate measures to address customer requirements and complaints, with the goal of creating a win-win situation.</p>	<p>Same as the summary</p> <p>Complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</p>

Assessment criteria	Operation status (Note 1)			Deviation and reason “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies“.
	Yes	No	Summary	
			8. The purchase of liability insurance for directors and supervisors by the Company: The Company has purchased the liability insurance for directors and supervisors from ShinKong Insurance Co, Ltd for US\$5 million.	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not required for companies not evaluated)				
1. Improvements made: The Company has revised and disclosed on its official website the internal regulations prohibiting insiders, such as directors and employees, from trading securities using undisclosed market information. These regulations include, but are not limited to, restrictions that prohibit directors from trading Company shares during blackout periods – specifically, 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of quarterly financial statements. In addition, the Company conducts in-person training at least once a year for current directors, managers, and employees. The training covers procedures for handling material internal information and the prohibition of insider trading, and is further reinforced periodically through educational emails.				
2. Prioritized enhancements and measures: The Company formulates intellectual property management plans linked to operational goals, and discloses the implementation status on the Company’s website or annual report, and reports to the Board of Directors at least once a year.				

Note 1: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

Note 2: Standards for evaluating the independence and suitability of CPAs

Item	Specific indicators	Results	Are independence and competence conformed to?
1	There is no direct or indirect material financial interest between the Company and the members of the audit service team and their family members, other colleague CPAs and their family members, the CPA firm, and its affiliates.	Yes	Yes
2	There is no financing or guarantee between the Company or its directors and supervisors, the members of the audit service team and their families, other colleague CPAs and their family members, the CPA firm, and its affiliates (the normal commercial financing with financial institutions are not subject to the requirement).	Yes	Yes
3	There is no close business relationship between the CPA firm or the members of the audit service team and the Company or its affiliates.	Yes	Yes
4	Currently, there is no potential employment relationship between members of the audit services team and the Company.	Yes	Yes
5	None of the members of the audit service team has served as the Company’s director or supervisor, or a person holding a position with material influence over audit cases in the past two years.	Yes	Yes
6	The audit fees paid by the Company to the CPAs are fixed amounts, but not contingent fees. There is no overdue fee affecting the independence of the audit.	Yes	Yes
7	The members of the audit service team are not engaged to be the defenders of the Company's positions or opinions, or to mediate conflicts with third parties on behalf of the Company.	Yes	Yes
8	Upon the commission of this year, the CPA's service period will reach five years but not exceed seven years.	Yes	Yes
9	The members of the audit service team have no kinship with the Company's directors, supervisors, managerial officers, or personnel with material influence over audit cases.	Yes	Yes

10	The directors, supervisors, and managerial officers of the Company have not given any gift of great value to the members of the audit service team.	Yes	Yes
11	None of the Company's directors, supervisors, managerial officers, or personnel with material influence over audit cases, retired or resigned from the commissioned CPA firm within a year.	Yes	Yes
12	The independent directors of the Company were not and are not employed in the CPA firm within the two years before the appointment and during their terms of office. The Remuneration Committee members of the Company are not professionals providing business, legal, financial, accounting, and other services or consultations within the two years before the appointment and during their terms of office.	Yes	Yes
13	The Company does not make the members of the audit service team suffer or feel intimidation by the Company, making them unable to maintain objectivity and clarify professional doubts. For example: 1. The Company's management having improper requirements for the choice of accounting policies or disclosure in the financial statements. 2. The Company did not request to reduce the audit work to be performed on the grounds of reduced fees.	Yes	Yes
14	Attesting CPAs do not serve as directors, supervisors, managerial officers, or positions with material influence over audit cases of the Company within one year from discharge. (If they did not)	Yes	Yes

Letter from PwC Taiwan

Recipient: Y.C.C. Parts MFG Co., Ltd.

Date: February 21, 2025

Document No.: Zi-Hui-Zong-Zi No. 24008499

Subject: At the request of the Company and its subsidiaries (collectively referred to as the "Group"), and in accordance with CPA Professional Ethics Bulletin No. 10, Independence in Audit and Review Engagements, our firm has performed an independence assessment with respect to the Group, as described below, for your review.

Explanation:

- I. Pursuant to Article 4 of Bulletin No. 10 of the Code of Ethics for Certified Public Accountants ("Bulletin No. 10"), when auditing or reviewing financial Independence becomes even more important. Therefore, the members of the audit engagement team, other associated certified public accountants, the firm, and its affiliated entities (as detailed in Attachment 3) (hereinafter collectively referred to as the "members of the audit team and related parties of the firm") must maintain independence from the audit client. In addition, Article 6 of Communiqué No. 10 also states that "independence may be affected by the familiarity of self-interest and self-assessment on defense and coercion." We only declare to the Group for the factors mentioned in Article 6 that may affect our independence that our independence has not been affected by the above factors.
- II. Independence is not affected by self-interest
We hereby declare that the members of the audit engagement team (see Attachment 1) and the related parties of our firm have not had any of the following with the Group or its directors and supervisors: (1) direct or material indirect financial interests; (2) close business relationships; (3) potential employment relationships; or (4) financing or guarantee arrangements. Furthermore, our firm has not allowed concerns over potential client loss to influence the audit work performed for the Group, nor have we received or agreed to any contingent fees related to the audit engagement
- III. Independence is not affected by the self-assessment
We hereby declare that no member of the audit engagement team currently holds, or has held within the past two years, any position as a director, supervisor, or any role with direct and material influence over the audit engagement within the Group. Furthermore, our firm has not provided any non-assurance services (see Attachment 4) that would have a direct impact on key aspects of the audit engagement.
- IV. Independence not affected by defense
We hereby declare that no member of the audit engagement team has been engaged to act as an advocate for the Group's position or opinions, nor to represent the Group in mediating or coordinating conflicts with third parties. In addition, the firm does not promote or broker the shares or other securities of the Group.
- V. Independence is not affected by familiarity
We hereby declare that: (1) No member of the audit engagement team has any familial relationship with the Group's directors, supervisors, managers, or personnel in positions that have significant influence over the audit engagement; (2) No former co-signing CPA (see Attachment 2) who resigned within the past year has served as a director, supervisor, manager, or in any position with significant influence over the audit engagement within the Group; (3) No member of the audit engagement team has received any valuable gifts or presents from the Group, its directors, supervisors, managers, or major shareholders.
- VI. Independence not affected by coercion
We hereby declare that the members of the audit team did not experience or feel any unjustifiable request from the Group's management regarding the choice of accounting policies or disclosures in the financial statements; nor did the audit team reduce the amount of audit work performed under the pretext of reducing fees, which affected the observability and professional suspicion.
- VII. We hereby declare that the members of the audit team shall perform their professional services with integrity, impartiality and objectivity, maintain a spirit of detachment and independence, and express their opinions fairly.

The above statements are made in accordance with the Company's operating procedures regarding client independence inspection, and the due care and attention paid to the profession. This report only

Attachments:

- 1: According to the list of audit team members specified in Communiqué No. 10.
- 2: Resigned from the joint practice of CPAs in the past year.
- 3: List of affiliates of PwC Taiwan.
- 4: Non-assurance services provided by PwC Taiwan and its affiliated companies to Y.C.C. Parts MFG Co., Ltd.

PwC Taiwan

CPA

Wang, Yu-
Chuang
Liu, Mei-
Lan

PricewaterhouseCoopers, Taiwan

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(IV) Composition, duties and operation of the Remuneration Committee

1. Information on the members of the Remuneration Committee

March 31, 2025

Status (Note 1)	Criteria		Meeting independence criteria (Note 3)	Number of positions as a Remuneration Committee member in other public companies
	Name	Professional qualifications and experience (Note 2)		
Convener and Independent Director	Hung-Lung Huang	Demonstrating competence in operational judgment and management, as well as accounting and finance expertise. The individual is a CPA.	All members comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". Please refer to the information of directors and supervisors (II)	2
Independent director	Chin-Feng Kuo	Possessing expertise in accounting, finance, and business administration		0
Independent director	Lung-Fa Hsieh	With theoretical and practical experience in business administration for more than 30 years, possessing analytical expertise and decision-making competence in business strategy, research and development management, and marketing planning.		0
Independent director	Kuo-Hua Chang	Possessing professional qualifications in laws and practices related to corporate governance, industrial development, operation management Professor, Graduate School of Science and Technology Law, YunTech Expertise: Commercial law, Company Act, Negotiable Instruments Act, Intellectual Property Law, Trade Secrets Act, Copyright Act, Administrative Law, and Environmental law		2

Note 1: Please specify the seniority, professional qualifications, experience, and independence of each Remuneration Committee member in the table. In the case of independent directors, please refer to Table 1 Directors and Supervisors on page 16 for the description Information (1) Related content. Please fill in the identity as an independent director or others (if the convener, please specify).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence criteria: Members of the Remuneration Committee meet the independence criteria, including but not limited to whether the member, his/her spouse, or a relative within the second degree of kinship serves as a director, supervisor, or employee of the Company or its affiliated companies; whether the member, his/her spouse, or a relative within the second degree of kinship (or through a third party) holds shares in the company and the percentage of such shares; whether the member serves as a director, supervisor, or employee of a company with a specific relationship with the Company, as defined in Article 6, Paragraph 1, Subsections 5 to 8 of the Regulations for the Establishment and Exercise of Functions of the Remuneration Committee; and the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last 2 years.

2. Operation of the Remuneration Committee

(1) The Company's Remuneration Committee consists of four members.

- (2) The term of the current members is from August 9, 2022 to May 26, 2025. The number of Remuneration Committee meetings held from the beginning of the term up to the publication date of the prospectus was: three (A) (two in 2024 and one in 2025). The attendance by the members was as following:

Title	Name	No. of meetings attended in person (B)	Number of proxy attendance	Attendance expected (A)	Actual attendance rate (%) (B/A) (Note)	Remarks
(convener)	Hung-Lung Huang	2	0	100	2	Independent Director Hung-Lung Huang passed away on December 27, 2024.
Member	Chin-Feng Kuo	2	0	100	2	Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024
Member	Lung-Fa Hsieh	3	0	100	3	
Member	Kuo-Hua Chang	3	0	100	3	

Other mandatory disclosures:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and duration of the board meeting, the content of the motions, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions should be disclosed. If the remuneration approved by the board deviates from the recommendations of the Remuneration Committee, the deviation and the reason for it should be stated. No such situation occurred.

2. For decisions made by the Remuneration Committee, if a member has objections or reservations with a recorded or written statement, the date, session, content of the proposal, all members' opinions, and the handling of the members' opinions by the Remuneration Committee should be stated: No such situation occurred.

The summary of the main communications and resolutions in 2024 are as follows:

Remuneration Committee	Proposal description and follow-ups	Resolution	The Company's response to the opinions of the members:
5th meeting of the 5th board March 7, 2024	I. Proposal of 2023 employee and director remuneration distribution. II. The adjustment of the 2024 managerial officers' salary as compared to some employees.	Approved by all attending members	Submitted to the Board and approved by all attending directors
6th meeting of the 5th term November 6, 2024	I. Review the Company's regulation governing the directors and managerial officers' remunerations.	Approved by all attending members	Submitted to the Board and approved by all attending directors
7th meeting of the 5th term February 24, 2025	I. 2024 distribution of remunerations to employees and directors. II. The partial amendment to GM-22 Director's Remuneration Payment Act. III. Approved the Report of Payment of Remuneration to Directors by the Company in 2024. IV. Proposal of partial amendments to the "Articles of Incorporation."	Approved by all attending members	Submitted to the Board and approved by all attending directors

Note:

1. If a Remuneration Committee member left the committee before the end of the fiscal year, indicate the date in the Remarks column. Their in-person attendance rate (%) should be calculated using the number of Remuneration Committee meetings held and the number of meetings attended in person during their tenure on the committee.

2. If a by-election for Remuneration Committee members was held before the end of the fiscal year, the names of the new and old committee members should be entered into the table, along with a note indicating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated using the number of Remuneration Committee meetings held and the number attended in person during each member's actual time on the committee.

(V) Membership and operation information of the Corporate Governance and Sustainable Development Committee:

Title	Name	Main expertise	Remarks
Director (Chairman)	Jui-Tse Lin	Demonstrating competence in corporate governance, operation management, industrial development, and decision-making.	
Director	Hao-Chen Lin	Expertise in business management, marketing, and financial accounting	
Independent director	Lung-Fa Hsieh	Operational judgment, business management, crisis management, and legal expertise	
Independent director	Chin-Feng Kuo	Possessing expertise in accounting, finance, and business administration	Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024

- (1) Term of office of the current committee members: August 9, 2022, to May 26, 2025. From the beginning of the current term up to the date of publication of the prospectus, the Corporate Governance and Sustainability Committee has held three meetings (two in 2023 and one in 2024).

(A) Attendance record:

Title	Name	No. of meetings attended in person (B)	Number of proxy attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
(convener)	Jui-Tse Lin	3	0	100	
Member	Hao-Chen Lin	3	0	100	
Member	Lung-Fa Hsieh	3	0	100	
Member	Chin-Feng Kuo	2	0	100	Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024

- (2) The summary of the main communications and resolutions in 2024 are as follows:

Term/Date	Proposal description and follow-ups	Resolution	Remarks
5th meeting of the 1st term March 7, 2024	1. Implementation of ethical corporate management. 2. Implementation results of the 2023 Committee on Corporate Governance and Sustainable Development .	Approved by all attending members	
6th meeting of the 1st term November 6, 2024	I. Request the Company to invest a total of NT\$2 million in February, May, August, and November 2025 for one blood donation event each. II. The Company is advised to invest a total budget of NT\$2.5 million in January 2025 to hold year-end winter condolences and care activities. 3. Requesting the Company to invest a total	Approved by all attending members	

	<p>expense of NT\$500,000 to hold a Family Day in 2025.</p> <p>IV. The Company is requested to invest a total of less than NT\$2 million as public welfare donations in 2025.</p>		
<p>7th meeting of the 1st term February 24, 2025</p>	<ol style="list-style-type: none"> 1. Implementation of ethical corporate management. 2. Implementation results of the 2024 Committee on Corporate Governance and Sustainable Development. 	<p>Approved by all attending members</p>	

(VI) Implementation status of sustainable development promotion and deviation and reason for “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”.

Assessment criteria	Implementation (Note 1)			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		The Company has established the Corporate Governance and Sustainable Development Committee, with the general manager as the convener, responsible for coordinating the Company's sustainable development policy and reviewing the implementation results, and reporting to the Board of Directors at least once a year. Report of implementation results on February 24, 2025.	No material deviation.
II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality? (Note 2)	V		Regarding the environment, the Company has completed the 2023 carbon inventory in accordance with ISO 14064-1, reviewed and initiated the Company's carbon reduction plan, and planned the 2024 carbon inventory of the subsidiaries. The Company prioritizes occupational safety by emphasizing workplace environment management, implementing maintenance plans for equipment safety, providing regular and timely employee education and training, and conducting daily fire inspections. Additionally, the Company values service and product safety, maintaining close communication channels with its customers, regularly adjusting to customer satisfaction, and purchasing product liability insurance in accordance with the law. For corporate social responsibility, the Company organizes regular blood donation activities, donates to disadvantaged groups, and supports schools at all levels in Changhua County to promote character education. In terms of corporate governance, the company has formed the Corporate Governance and Sustainable Development Committee to make sure that its operations adhere to legal requirements, safeguard its intellectual property and equity interests, organize director training programs and purchase directors' liability insurance to enhance the Board of Directors' competency, and create a range of interest-based	No material deviation.

Assessment criteria	Implementation (Note 1)			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies“.
	Yes	No	Summary	
<p>III. Environmental issues</p> <p>(I) Has the company implemented an appropriate environmental management system based on industry characteristics?</p> <p>(II) Is the company committed to using more efficient energy and renewable materials with minimal environmental impact?</p> <p>(III) Has the company assessed the potential risks and opportunities posed by climate change for its current and future operations and taken appropriate measures to address them?</p>	V		<p>communication channels with related parties.</p> <p>The Company is dedicated to risk assessment and management in all of the group's companies, as well as to its long-term operations.</p> <p>The Company's automotive components business has obtained ISO 9001 and ISO 16949 certifications; its biotechnology plant has obtained ISO 22000, FSSC and Haccp certifications; and its laboratory has obtained ISO 17025 certification in 2024.</p> <p>The Company also takes inventory of the Group's carbon footprint in accordance with the ISO14064-1 standard.</p> <p>To reduce the environmental impact, the Company installs sensing lights throughout its factory areas, recycles process wastewater, and adds recycled raw materials in appropriate proportions to products. Water-saving recycling equipment has been installed and is expected to begin operations in 2025. By then, the recycled water will have been used in the production process, reducing water consumption, and wastewater discharge.</p> <p>Qualified commercial waste disposal vendors are contracted to remove and treat all commercial waste. To use green energy, install solar power equipment on the factory roof.</p> <p>The Company promptly monitors air conditioner temperature control, encourages paperless endeavors, lowers energy waste, and plants trees. At the same time, the Group's carbon footprint is inventoried in accordance with the ISO 14064-1 standard, initiating carbon reduction. The Company also advocates energy conservation through the Company's employee energy conservation and carbon reduction activities to raise employees' awareness of environmental protection and energy conservation. Furthermore, waste generated during the manufacturing process is classified into different types, and various recycling and reuse methods are used to improve resource life cycles.</p>	No material deviation.
(IV) Did the company collect data on greenhouse gas emissions, water consumption volume, and total waste weight	V		The greenhouse gas emission of each plant of the Y.C.C. Parts MFG Co., Ltd. in the last 2 years is illustrated as follows:	No material deviation.

Assessment criteria	Implementation (Note 1)			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies“.																																												
	Yes	No	Summary																																													
over the last two years and develop policies to reduce greenhouse gas emissions, reduce water consumption, or manage other wastes?			<table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 Tons</th> <th>Scope 2 Tons</th> <th>Scope 3 Tons</th> <th>Discharge per unit of product Ton/NT\$ million of revenue</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td colspan="3">Under inventory</td> <td>-</td> </tr> <tr> <td>2023</td> <td>594.488</td> <td>8486.8093</td> <td>18265.0323</td> <td>13.3318 (including Scope 3)</td> </tr> <tr> <td>2022</td> <td>906.8731</td> <td>7772.0069</td> <td>-</td> <td>4.2948 (excluding Scope 3)</td> </tr> </tbody> </table> <p>The emission mainly comes from the upstream and the electricity used in the production process of the Company. In the direction of energy saving and carbon reduction, the goal is to use an appropriate amount of recycled materials for products, reduce process waste, and reduce the emissions per unit of product.</p> <p>The water consumption of each plant of the Y.C.C. Parts MFG Co., Ltd. in the last 2 years is illustrated as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption (tonnes)</th> <th>Increase/decrease ratio (%)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>98,342</td> <td>28.93%</td> </tr> <tr> <td>2023</td> <td>76,273</td> <td>-23.19%</td> </tr> </tbody> </table> <p>The Company is currently expanding the installation of a water recycling system and increasing the percentage of recycled water used to achieve energy conservation.</p> <p>The total weight of waste by each plant of the Y.C.C. Parts MFG Co., Ltd. in the last 2 years is illustrated in the table below:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Domestic waste (tonnes)</th> <th>Change from the previous period (tonnes)</th> <th>Increase/decrease ratio (%)</th> <th>Output per unit of product Ton/NT\$ million of revenue</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>9.4</td> <td>0.68</td> <td>7.79%</td> <td>0.004</td> </tr> <tr> <td>2023</td> <td>8.72</td> <td>2.35</td> <td>36.89%</td> <td>0.004</td> </tr> </tbody> </table>	Year	Scope 1 Tons	Scope 2 Tons	Scope 3 Tons	Discharge per unit of product Ton/NT\$ million of revenue	2024	Under inventory			-	2023	594.488	8486.8093	18265.0323	13.3318 (including Scope 3)	2022	906.8731	7772.0069	-	4.2948 (excluding Scope 3)	Year	Water consumption (tonnes)	Increase/decrease ratio (%)	2024	98,342	28.93%	2023	76,273	-23.19%	Year	Domestic waste (tonnes)	Change from the previous period (tonnes)	Increase/decrease ratio (%)	Output per unit of product Ton/NT\$ million of revenue	2024	9.4	0.68	7.79%	0.004	2023	8.72	2.35	36.89%	0.004	
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	Yes	No	Summary					
			Year	Sludge (tons)	Change from the previous period (tonnes)	Increase/decrease ratio (%)	Discharge per unit of product Ton/NT\$ million of revenue	
			2024	89.83	12.77	16.57%	0.046	
			2023	77.06	-78.25	-50.38%	0.037	
			<p>Note: Waste management is carried out in accordance with the Industrial Waste Declaration and Management of the Environmental Protection Administration, Executive Yuan.</p> <p>Strictly implement waste sorting to reduce the amount of waste, and continue to promote various waste reduction measures and resource reuse, and aim to reduce the waste by 5% every year.</p>					

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.								
	Yes	No	Summary									
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		<p>The Company recognizes and voluntarily adheres to internationally recognized human rights standards, including the Universal Declaration of Human Rights (UDHR), the Ten Principles of the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work, the Convention on the Rights of the Child (CRC), and the UN Children's Rights and Business Principles (CRBP). Accordingly, the Company has established the “Y.C.C. Parts MFG. Co., Ltd. Human Rights Management Policy,” which has been published on the Company’s official website</p> <p>The Company conducts regular annual reviews by focusing on major social issues, conducting surveys, evaluating suppliers, and holding labor–management meetings. These efforts aim to assess potential group-level and individual human rights risks that may arise from the Company's operations, value chain, and related business activities. Based on these assessments, the Company formulates personnel-related risk control plans and continuously monitors and improves the effectiveness of their implementation.</p> <p>The Company's human rights management policies and specific plans are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific plan</th> </tr> </thead> <tbody> <tr> <td>Prohibition of child labor, prohibition of forced labor, and compliance with labor laws and regulations</td> <td>Implement the prohibition of child labor, forced labor, and human trafficking, and comply with relevant laws and regulations such as the Labor Standards Act.</td> </tr> <tr> <td>Signed agreement on human rights terms with suppliers</td> <td>Signing of agreements, requiring suppliers to comply, and evaluating suppliers on a regular basis.</td> </tr> <tr> <td>Providing a safe and healthy work environment Help employees maintain physical and mental health and work-life balance</td> <td>The Company actively utilizes and optimizes various management systems (such as ISO 9001, ISO 22000, FSSC, and ISO 1702) and regularly provides appropriate education and training – covering topics such as the prevention of occupational and fire-related hazards, and accident response procedures aimed at reducing risk levels. These efforts help enhance awareness and knowledge of occupational safety laws and regulations. The Company provides regular free health checkups and has on-site nurses to offer employee care and support. Physicians are also regularly stationed at</td> </tr> </tbody> </table>	Human Rights Management Policy	Specific plan	Prohibition of child labor, prohibition of forced labor, and compliance with labor laws and regulations	Implement the prohibition of child labor, forced labor, and human trafficking, and comply with relevant laws and regulations such as the Labor Standards Act.	Signed agreement on human rights terms with suppliers	Signing of agreements, requiring suppliers to comply, and evaluating suppliers on a regular basis.	Providing a safe and healthy work environment Help employees maintain physical and mental health and work-life balance	The Company actively utilizes and optimizes various management systems (such as ISO 9001, ISO 22000, FSSC, and ISO 1702) and regularly provides appropriate education and training – covering topics such as the prevention of occupational and fire-related hazards, and accident response procedures aimed at reducing risk levels. These efforts help enhance awareness and knowledge of occupational safety laws and regulations. The Company provides regular free health checkups and has on-site nurses to offer employee care and support. Physicians are also regularly stationed at	No material deviation.
Human Rights Management Policy	Specific plan											
Prohibition of child labor, prohibition of forced labor, and compliance with labor laws and regulations	Implement the prohibition of child labor, forced labor, and human trafficking, and comply with relevant laws and regulations such as the Labor Standards Act.											
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Providing a safe and healthy work environment Help employees maintain physical and mental health and work-life balance	The Company actively utilizes and optimizes various management systems (such as ISO 9001, ISO 22000, FSSC, and ISO 1702) and regularly provides appropriate education and training – covering topics such as the prevention of occupational and fire-related hazards, and accident response procedures aimed at reducing risk levels. These efforts help enhance awareness and knowledge of occupational safety laws and regulations. The Company provides regular free health checkups and has on-site nurses to offer employee care and support. Physicians are also regularly stationed at											

			the workplace to provide medical and health consultations. The Company has obtained “Healthy Workplace Certification” and organizes employee outings, family days, physical fitness activities, and arts and cultural classes.	
		Gender Equal Workplace	The Company implements an unpaid parental leave system, and provides employees with family care leave, menstrual leave, maternity leave, paternity leave, and breastfeeding rooms, and is committed to creating a working environment free of harassment and discrimination.	
		Implementation of employee benefits	Employees’ salaries are reviewed regularly, and performance bonuses and welfare funds are allocated based on the Company’s operational performance. In addition, the “Y.C.C. Parts MFG. Co., Ltd. Employee Shareholding Association” was established to help employees with long-term savings, ensuring financial stability and quality of life in retirement or in the event of loss of working ability.	
		Set up grievance channels to protect employees' rights	The Company has established a variety of open channels for grievance, including anonymous reporting, to help employees resolve issues of personal rights or unfair treatment in the workplace, and reduce communication barriers.	
(II) Has the Company established and implemented reasonable employee welfare measures (including salary/remuneration, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/remuneration?	V	<p>The Company has established an Employee Welfare Committee responsible for planning and implementing various employee welfare programs. In accordance with the Labor Standards Act, the Company has formulated work rules and internal management regulations that cover wages, working hours, leave, pension payments, and compensation for occupational accidents. Employee benefits include regular free health checkups, employee trips, free arts and cultural courses, physical fitness classes, family days, birthday allowances, wedding allowances, funeral allowances, and travel subsidies. The Company also regularly reviews employee salaries. In 2024, the salary adjustment rate was 2.5%, and performance bonuses and profit sharing were issued based on operational performance. In 2024, a total of NT\$753,981 was allocated to employee welfare programs. Additionally, the Company established the “Y.C.C. Parts MFG. Co., Ltd. Employee Shareholding Association” to support employees in long-term savings, ensuring financial stability and quality of life in retirement or in the event of loss of work capacity. The amount allocated to the association in 2024 was NT\$9,799,324.</p> <p>The Company also values diversity and equality in the workplace, implements equal pay and equal promotion opportunities for men and women for equal work, and female managers account for 28.57%. In addition, the number of employees with disabilities far exceeds the legal limit, and the Company provides them with disability-friendly working positions and environmental facilities.</p>		No material deviation.
(III) Does the Company provide employees with a safe and healthy working	V	<p>Working environment: Third-party professionals are commissioned to monitor the on-site operating environment every March and September each year. The data detected can be used to control the on-site environment. Relevant data is also</p>		No material deviation.

<p>environment, and implement regular safety and health education for employees?</p>		<p>reported to the Occupational Health and Safety Administration for future reference, the operating environment is strictly controlled, and equipment is maintained regularly and in a timely manner. The Company has established safety and health inspection standards, and conducts safety and health inspections of the factory areas every Monday, Wednesday, and Friday/5S checks the list of defects and requests the unit supervisor to complete the improvement within the improvement period. The suggestions for improvement from the inspection are reviewed in the monthly report meeting. Installation of AED equipment in the office building.</p> <p>Safety education: Each year, the company conducts a 4-hour fire safety seminar (including hands-on training) in March and September to enhance employees' fire safety knowledge and response skills. Additionally, in March and September of each year, the company provides one hour of education and training on labor safety, health, and 5S for all employees.</p> <p>Health: The Company organizes regular health examinations, appoints nurses to provide employees with care and care mechanisms, and regularly hires physicians on-site to provide employees with medical and health consultations. The Company has obtained the "Healthy Workplace Certification".</p> <p>In 2024, there was one case of occupational injury, and the number of people was one (injury caused by employees commuting to and from work), which accounted for 0.36% of all employees.</p> <p>After a thorough review and improvement measures, the Company immediately revised the self-inspection items, installed protective nets around the machines, strengthened employee education and training, and activated supervisors to care for the physical and mental status of employees to ensure the safety of employees during work and on the way to and from work.</p>	
<p>(IV) Has the Company established effective career competency development training programs for employees?</p>	<p>V</p>	<p>The Company has established a comprehensive education and training plan, which includes orientation training for new recruits and on-the-job development training based on the professional needs of respective departments, performance interviews at least once a month, and flexible adjustments so that employees can receive appropriate training at different times and the effective development of career competencies.</p>	<p>No material deviation.</p>
<p>(V) Does the company comply with the relevant laws and international standards with regard to customer health and safety, customer privacy, and marketing and labeling of products and services, and set up pertinent policies and grievance procedures to protect the rights and interests of consumers or customers'?</p>	<p>V</p>	<p>The Company conducts the marketing and labeling of related products in accordance with relevant laws and regulations as well as international standards, signs confidentiality agreements with employees, protects customer information, investigates customer feedback on a regular basis, provides complaint pipelines, and establishes and implements procedures for handling customer complaints.</p>	<p>No material deviation.</p>
<p>(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection,</p>	<p>V</p>	<p>The Company has established supplier management guidelines. Before dealing with suppliers, the Company will assess whether relevant information is illegal or not. All suppliers should sign a "supplier agreement" and a "social responsibility commitment". Suppliers are requested to comply with pertinent national and local laws and regulations with regard to labor rights, human rights protection, and environmental protection, which must not be violated.</p> <p>In 2024, a total of 245 agreements and commitments were signed and requested.</p>	<p>No material deviation.</p>

<p>occupational safety and health, or labor rights, and what is the status of their implementation?</p> <p>V. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?</p>		<p>The Company has established the "Supplier Evaluation Regulations" for key suppliers. Based on the three aspects of supplier quality, delivery time and service, the Company evaluates suppliers on a yearly basis and establishes a list of qualified suppliers.</p> <p>Construction contractors must also sign the Contractor Safety Management Regulations, Construction Safety Instructions, Safe Work Rules, implement safety and operational safety, and submit a Contractor Construction Safety and Health Application prior to construction in compliance with the relevant regulations of the Occupational Safety and Health Act and the Safety Management Best Practice Principles of the factory.</p> <p>V The Company will prepare the Sustainability Report in accordance with the schedule prescribed by the competent authority and with reference to the internationally accepted reporting guidelines or indices.</p>	<p>No material deviation.</p>
<p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies, please describe any deviation from the principles in the Company's operations: The Company's sustainable development policy is specifically implemented in individual management regulations, the internal control system, and related supervision regulations. There were no material deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies</p> <p>VII. Other information useful to the understanding of the implementation of sustainable development:</p> <p>(I) In keeping with the traditional virtue of empathy – "sharing the hunger and drowning of others as if they were one's own" – the Company organizes annual winter relief donation activities before the Lunar New Year. In 2024, based on the registered lists of low- and middle-income households provided by local township offices, the Company distributed NT\$819,000 in cash assistance and NT\$487,800 in gift certificates according to household population size. The beneficiaries included 372 individuals in Lukang Township, 188 in Fuxing Township, 16 in Niupu Village of Changhua City, 78 in Xianxi Township, 68 in Fanlu Township, 23 in Puxin Township, and 68 in Sanyi Township. These efforts aimed to help underprivileged families enjoy a warm and joyful New Year. The Company raised NT\$1,419,200 in gift vouchers for a blood donation event and raised 3,548 bags of blood.</p> <p>(II) To promote education and fulfill corporate social responsibilities, the Company donated NT\$10,000,000 to the "Changhua County Shi-Yun Lin Cultural Education Foundation" in 2022. In 2023, the Company donated an additional NT\$600,000 to the Changhua County Shi-Yun Lin Cultural Education Foundation to support the Foundation's promotion of moral education in public schools throughout Changhua County. That year, a total of 8 schools received subsidies, and scholarships were awarded. In 2024, the Company donated another NT\$1,000,000 to the same Foundation to further expand its support for moral education initiatives. A total of 16 schools received subsidies totaling NT\$900,000, and scholarships were awarded. Additionally, NT\$150,000 was allocated to support the Yuanjing Elementary School soccer team's participation in an overseas competition. The Company also donated NT\$660,000 to the International Medical Science Research Foundation to support the advancement of medical science.</p> <p>(III) Labor safety: The Company has made "zero occupational safety issues and zero accidents" its most important objective for occupational safety and health, and implemented the operations below:</p> <ol style="list-style-type: none"> 1. Dust collection equipment is installed on the production lines to ensure the safety of on-site employees. 2. Every March and September, a third-party professional is hired to implement on-site environment monitoring in areas such as the "electroplating line", "spraying line", and "printing area" of the factory. The detected data allows for control of the on-site environment. Additionally, the relevant data has been reported to the Occupational Safety and Health Administration for reference. 3. In addition to inspections before, during, and after operations, third-party professional institutions are also commissioned to conduct maintenance and service of specific items in the case of equipment, such as forklifts, stationery cranes, and small boilers, among other things. This ensures that the equipment is fully utilized and eliminates any 			

potential operational risks.

4. Personnel education and training, including four hours of firefighting safety lectures (including practical training) in March and September each year, to increase employees' firefighting knowledge and response to fires, labor safety and health, and 5S education and training for all employees for one hour each in March and September each year, to increase knowledge of occupational safety laws.
5. Occupational safety and health performance: the Company has established safety and health inspection standards and conducts safety and health inspections in the factory areas every Monday, Wednesday, and Friday, with the Safety and Health/5S inspection deficiency notice issued immediately, requiring the unit heads to complete the improvement by the deadline. Various recommended improvements from the inspection are discussed at the monthly meetings.

(IV) Gender equality: The company hires people without distinction based on gender, religion, race, nationality, or any other factor. Statistics are also used to calculate the gender ratio.

Category of job	Male	Female
General employees	68.78%	31.22%
Management	71.43%	28.57%

Note 1: If "Yes" is selected for the implementation, please explain specifically the important policies, strategies and measures adopted and the implementation. If "No" is selected for the implementation, please refer to the "Deviation and Reason for Corporate Governance Best Principles for TWSE/TPEX-Listed Companies" for an explanation on the deviations and reasons. In addition, explain the future plans for related policies, strategies, and measures employed.

Note 2: The environmental, social, and corporate governance issues that significantly affect the Company's investors and other stakeholders are referred to as materiality issues.

(VII) Information on climate of TWSE/TPEX listed companies

1. Implementation of climate-related information

Item	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company has included climate change in the scope of the Board of Directors' duties and established the "Corporate Governance and Sustainable Development Committee" with the General Manager as the convener responsible for supervising the strategy and progress of climate-related issues. The management of the Company has implemented and enforced risk identification, greenhouse gas inventory, goal formulation, and carbon reduction and improvement planning through the "Corporate Governance and Sustainable Development Implementation Team" in accordance with the "Corporate Sustainable Development Roadmap" for TWSE/TPEX-listed companies. The Company will continue to monitor the impact of extreme global weather and propose countermeasures for the impact on the Company's operating costs.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>Short term (1–3 years):</p> <p>Risks: The extreme weather has delayed the supply chain and increased the transportation cost.</p> <p>Opportunities: The energy efficiency improvement and low-carbon market transformation will help to develop the demand for green and sustainable products, which in turn helps to drive revenue growth.</p> <p>Medium term (3–10 years):</p> <p>Risks: Carbon pricing and emission regulations increase operating costs.</p> <p>Opportunities: Development of energy-saving and carbon-reducing technologies and transformation of green and sustainable products and raw materials as the basis for future operations and R&D directions. Acquire market leadership.</p> <p>Long-term (over 10 years):</p> <p>Risks: Climate change has changed the natural resource supply and the risk distribution of the operating base.</p> <p>Opportunities: In response to the transformation of policies and the international carbon reduction cooperation mechanism, the Company can deepen the integration of the ESG value chain.</p>

<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>Impact of extreme weather:</p> <ol style="list-style-type: none"> 1. Due to extreme climate conditions, lower-than-expected summer rainfall has extended the drought period in the Panama Canal, reducing its shipping capacity and increasing the Company's transportation time and costs for shipments to the U.S. 2. Globally, extreme weather events are causing environmental disruptions and driving up the cost of raw materials, which may lead to higher operating costs for the Company. <p>Transformation and Action:</p> <ol style="list-style-type: none"> 1. In response to the implementation of carbon fees and carbon reduction requirements across the supply chain, the Company must allocate a budget for renewable energy initiatives and equipment upgrades, increase the maintenance frequency of electrical cabinet systems, and coordinate with customers to adjust lead times. 2. To offset declining revenue, the Company plans to expand into green industries. It is projected that between 2025 and 2026, the Company will invest in carbon reduction and recycling technologies, as well as the establishment of new green business units.
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Company is currently under the studying process according to the sustainable development roadmap for TWSE/TPEX listed companies.</p>
<p>5. If the scenario analysis is used to assess the resilience to the climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts shall be stated.</p>	<p>The Company has not yet used scenario analysis to assess its resilience to climate change risks.</p>
<p>6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</p>	<p>In response to the management of climate risks, the Company promotes relevant environmental management measures, and encourages all employees to participate in the implementation of energy saving and carbon reduction, and effectively improve the Company's various resources. The specific measures are as follows: The Company aims to effectively improve energy consumption efficiency, implement energy conservation and carbon reduction, greenhouse gas reduction, water consumption, and other waste reduction actions, and set the goal of reducing by 3% in the current year and the previous year.</p> <p>Plan content:</p> <ol style="list-style-type: none"> 1. Posters and slogans are displayed in the lighting and air-conditioning areas. The lights are turned off whenever they are not needed. 2. Continue to refine the electronic document signing system. 3. The Company set the temperature of the office at 26–28 degrees C to avoid excessive energy consumption. 4. Develop automated equipment for energy saving and improving process yield and technology.
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>The Company has not yet used the internal carbon pricing as the planning tool.</p>

8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has not yet set any climate-related goals.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	In 2023, the Company entrusted Feng Chia University to conduct the greenhouse gas survey and self-inventory of the main production sites. The greenhouse gas emissions of the site were counted, but it has not yet been certified by an external third party. It will be gradually processed in accordance with the “Sustainable Development Roadmap for TWSE/GTSM Listed Companies.”

1-1 Greenhouse gas inventory and assurance for the last 2 years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions in the last two years (Metric tons of CO2e), intensity (tons of CO2e/NT\$ million), and data coverage.		
	2023	
	Emissions (tons of CO2e)	Intensity (tons of CO2e/NT\$ million)
Scope 1 Direct greenhouse gas emission	594.488	0.483
Scope 2 Direct greenhouse gas emission	8,486.809	5.828
Total	8,091.297	6.311

2024: under inventory

Note 1: Direct emissions (Scope 1, i.e. emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e. emissions resulting from the generation of purchased electricity, heat, or steam consumed by the Company), and other indirect emissions (Scope 3, i.e. emissions generated by the Company’s activities but originating from sources not owned or controlled by the Company).

Note 2: The scope of data for direct emissions and energy indirect emissions shall be compiled in accordance with the timeline specified in Article 10, Paragraph 2 of these Guidelines. Disclosure of other indirect emissions (Scope 3) may be made voluntarily.

Note 3: Greenhouse gas inventory standards refer to the Greenhouse Gas Protocol or ISO 14064-1 as issued by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity may be calculated per unit of product, service, or revenue. However, at a minimum, the data calculated based on revenue (expressed in NT\$ million) must be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status in the last two years up to the date of publication of the annual report, including the scope of assurance, the assurance organization, the assurance standards, and the assurance opinions.
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None

Note 1: The Company shall comply with the timeline stipulated in Article 10, Paragraph 2 of these Guidelines. If the Company is unable to obtain a complete greenhouse gas assurance opinion by the publication date of the annual report, it shall disclose the statement: “Complete assurance information will be provided in the sustainability report.” If the Company does not prepare a sustainability report, it shall disclose: “Complete assurance information will be disclosed on the Market Observation Post System (MOPS),” and include the full assurance information in the following year’s annual report.

Note 2: The assurance institution must comply with the relevant requirements established by the Taiwan Stock Exchange Corporation and the Taipei Exchange regarding sustainability report assurance providers.

Note 3: For recommended disclosure content, please refer to the best practice reference examples available on the Corporate Governance Center website of the Taiwan Stock Exchange.

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

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
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The Company will gradually achieve the goals in accordance with the “Sustainable Development Roadmap for TWSE/GTSM Listed Companies”.

Note 1: The process shall be carried out in accordance with the timeline specified in Article 10, Paragraph 2 of these Guidelines.

Note 2: The base year shall be the year in which the boundary of the consolidated financial statement is used to complete the greenhouse gas inventory. For example, according to the provision in Article 10, Paragraph 2, companies with paid-in capital exceeding NT\$10 billion are required to complete the inventory for the 2024 fiscal year by 2025; therefore, the base year is 2024. If the Company completes its inventory earlier than required, the earlier year may be used as the base year. Additionally, base year data may be calculated using either a single year or the average of multiple years.

Note 3: For recommended disclosure content, please refer to the best practice reference examples available on the Corporate Governance Center website of the Taiwan Stock Exchange.

(VIII) Implementation Status of Ethical Corporate Management and Deviation and reason for the “Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies”.

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
<p>I. Establishment of ethical management policies and solutions</p> <p>(I) Has the company established an ethical management policy that has been approved by its Board of Directors? Have the policies, practices, and the commitment of the Board of Directors and top management level to actively implement the management policy been explicitly disclosed in external documents?</p>	V		<p>The Company established and published the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the law, which were approved by the Board of Directors and are still being tracked and revised. The Board of Directors and top management have actively fulfilled their commitment to the ethical management policy, while internal management has effectively implemented the policy and signed the Directors' Declaration.</p>	No material deviation.
<p>(II) Has the Company established an assessment mechanism for the risk of unethical conduct, regularly analyze and evaluate, within a business context, the business activities with a higher risk of unethical conduct; and developed a program to prevent unethical conduct with a scope no less than that prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	V		<p>The unethical conduct listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" are explicitly covered by the company's "Ethical Corporate Management Best-Practice Principles”. The Company has taken steps to preserve operational policies of integrity by putting preventative measures into place and supporting educational initiatives.</p> <p>The Company has implemented mechanisms and plans to address the risk of unethical behavior in accordance with the law. On a regular basis, assessments and tracking are conducted.</p>	No material deviation.
<p>(III) Does the company clearly stipulate the operating procedures, codes of conduct, and punishment and appeal system in the plans for preventing unethical conducts? Are the aforementioned plans implemented and reviewed on a regular basis?</p>	V		<p>The Company has implemented mechanisms and plans to address the risk of unethical behavior in accordance with the law. On a regular basis, assessments and tracking are conducted.</p> <p>The Company has established the necessary guidelines and communicated them to all employees. The company has established a grievance channel and system, which it reviews and revises on a regular basis. In the event of a violation, appropriate disciplinary measures will be taken.</p>	No material deviation.

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
<p>II. Enforcement of business integrity</p> <p>(I) Does the company evaluate the ethics records of those with whom it does business and include clauses addressing ethical conduct in business contracts?</p> <p>(II) Has the company established a dedicated unit to promote ethical management within the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent and monitor unethical behavior?</p>	V		<p>Before transacting with suppliers, the Company will assess its ethics records and include ethical management in their contracts. Suppliers will refuse to deal with any violations discovered.</p> <p>1. Regarding the promotion of ethical corporate management, the Company has appointed the Corporate Governance and Sustainable Development Committee as the dedicated unit for ethical corporate management. The President serves as the convener and assists the Board of Directors and the management in formulating and supervising the implementation of ethical corporate management policies according to the duties and scope of each unit's work and prevention of unethical conduct, of which the dedicated unit informed the Board of Directors on February 24, 2025 about its implementation.</p> <p>2. Relevant implementation in 2024:</p> <p>A. Education and training: Provide appropriate courses based on the characteristics of the industry, legal knowledge, service rules, and codes of conduct required for job duties. Employees of each unit receive at least 2 training sessions. In the courses, case studies are used to strengthen one of the three lines of defense Concept and implementation, and joint management and prevention of unethical practices.</p> <p>B. Compliance advocacy: The Company promotes compliance education for all employees by compiling and communicating the Ethical Corporate Management Best-Practice Principles, key regulations on the handling of material internal information, and confidentiality obligations regarding the Company’s intellectual property rights. Through instructional videos and case discussions, employees are informed of the key compliance matters to be observed during business operations.</p> <p>C. Annual quiz: A quiz is conducted after the education and training courses are completed. The scope of the quiz covers the Ethical Corporate Management Best-Practice Principles, the Operational Procedures for Ethical Management, and the</p>	<p>No material deviation.</p> <p>No material deviation.</p>

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
(III) Has the company established policies to prevent conflicts of interest, provided appropriate communication and complaint channels, and properly implemented these policies?	V		<p>Guidelines for Conduct to instantly review the effectiveness of the education and training. In 2024, the focus of the test was on the ethical management of business activities, prohibition of unethical behavior and damage to the interests of stakeholders.</p> <p>D. Regular audits: Risk assessments of corruption-related issues are conducted on the operations of all business locations. The self-assessments by the business management unit every six months and the self-assessments of legal compliance are used to achieve effective control and implementation. The audit is conducted independently by the audit unit to ensure the operation of the overall mechanism and jointly manage and prevent unethical behaviors. Relevant regulations have been made and announced to all employees to incorporate ethical management into employee performance evaluation. No corruption or anti-competitive behavior occurred in 2024.</p> <p>E. Whistleblowing system and whistleblower protection: The Ethical Corporate Management Best-Practice Principles and the Ethical Corporate Management Procedures and Code of Conduct establish a clear whistleblowing mechanism to actively prevent unethical behavior and encourage both internal and external parties to report any unethical or improper conduct. The Company has also formulated the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct to safeguard the rights of whistleblowers, including the confidentiality of their identities. Whistleblowing channels and responsible units have been published on the Company’s website, and reports concerning unethical behavior by employees are accepted and handled accordingly. No unethical practices occurred in 2024.</p> <p>The Company has established the "Ethical Corporate Management Best-Practice Principles" and the "Procedures for Ethical Corporate Management and Guidelines for Conduct”, which govern conflict-of-interest prevention. The established company offers reporting channels and has established "Procedures for the Handling of Reported Cases</p>	No material deviation.

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
			of Illegal, Unethical, or Dishonest Conduct”. The aforementioned regulations were announced on the Company's website.	
(IV) Has the company established effective accounting and internal control systems to ensure ethical corporate management? Does the internal audit unit monitor the results of unethical conduct risk assessments and develop audit plans to ensure system compliance and prevent unethical behavior, or does it hire outside accountants to perform the audits?	V		To uphold ethical management, the company has established an effective accounting and internal control system. Internal auditors regularly request risk assessments from unit heads, with integrity processes designated as the primary audit item in the annual audit plan to enhance preventive measures. The actual implementation of the audit plan is reported to the Board of Directors. Additionally, certified public accountants (CPAs) review the implementation of the company's internal control system every year. The results of the internal audit and the audit conducted by the appointed CPAs this year revealed no significant breaches of ethical business conduct.	No material deviation.
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		The company regularly organizes ethical management training and evaluations for all unit supervisors. In 2024, the company planned two training sessions.	
III. The Implementation Status of the Company’s Whistleblowing System				
(I) Has the company established specific whistleblowing and reward procedures, created easily accessible whistleblowing channels, and designated appropriate personnel to handle whistle-blower complaints?	V		The Company has established channels for whistleblowing and has formulated the “Guidelines for Handling Reports of Illegal, Unethical, and Dishonest Conduct”. The channels for reporting and the unit receiving the report have been announced on the Company's website: Spokesperson and Deputy Spokesperson: Receive complaints from shareholders, investors, and other stakeholders. Tel: 04-7810781#415 Email: ycc888@yccco.com.tw; Audit supervisor: Accepting reports from employees, customers, suppliers, and contractors. Tel: 04-7810781 #421 Email: ycc777@yccco.com.tw No whistleblowing was received in 2024.	No material deviation.

Assessment criteria	Implementation status			Deviation and reason for the “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies”.
	Yes	No	Summary	
(II) Has the company established standard operation procedures for investigating all complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		The Company has established the "Guidelines for Handling Reports of Illegal, Immoral, or Unethical Conduct”, which contain procedures and measures to protect whistleblowers. Anyone can make reports or appeals anonymously through this channel. There was no such occurrence in 2024.	No material deviation.
(III) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		The Company will maintain the confidentiality of whistleblowers during the whistle-blowing process, and there will be no punishment for whistleblowing. The Company takes a confidential and strict stance toward employees who report any violation or fraud and participate in the investigation process. The Company protects relevant employees from unfair retaliation or treatment, and the relevant operating procedures are provisioned in "the Guidelines for Handling Reports of Illegal and Unethical Conduct”.	No material deviation.
IV. Enhanced information disclosure Does the company disclose the content and promotion effectiveness of the "Ethical Corporate Management Best-Practice Principles" on its website and the Market Observation Post System (MOPS)?	V		Currently, the relevant information is disclosed through the public information platform of the Securities and Futures Bureau.	No material deviation.
V. If the Company has established its own ethical management best-practice principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe the current practices and any deviations from the Best-Practice Principles: The Company has established the “Codes of Ethical Management”, which was approved by the Board of Directors, and announced on the Company's website. All employees, managers, and board members are required to comply with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, with no material deviation.				
VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (such as the company’s review and amendment of its ethical corporate management best practice principles): The Company will continue to monitor and amend the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with regulations and current circumstances, while also providing education and training.				

(IX) Corporate Governance Principles and related regulations:

The Company has established pertinent regulations, including the “Corporate Governance Best Practice Principles”, “Ethical Code of Conduct”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Election of Directors”, “Rules of Procedure for Board of Directors Meetings”, “Rules

Governing the Scope of Powers of Independent Directors”, “Remuneration Committee Charter”, and "Rules for Performance Evaluation of the Board of Directors" among other regulations. These regulations can be found on the MOPS under the "Corporate Governance" section. These regulations have been uploaded to the MOPS "Corporate Governance" section and are available for inquiry.

(X) Other important information that will provide a better understanding of the status of the company's implementation of corporate governance may also be disclosed:

The Company's board of directors participates in various domestic and international business investigations and continuing education courses, as well as directors' attendance at the board of directors; in addition, the Company has established an internal control system, audit system and self-assessment procedures with solid controlling functions. The recusal of conflicts of interest in the board meetings is implemented concretely.

(XI) Implementation of the company's internal control system will disclose the following:

1. Declaration of Internal Control

Y. C. C. PARTS MFG. CO., LTD.
Declaration of Internal Control System

Date: February 24, 2025

Based on the self-assessment of the Company's internal control policies as of 2024, the following declarations are made:

- I The Company recognizes that the establishment, implementation and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. The purpose is to provide reasonable and reasonable information on the effect and efficiency of operations (including profitability, performance, and security of assets), the reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations. guarantee.
- II The internal control system has its innate limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and situation, the effectiveness of the internal control system may increase with time. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
- III The Company judges the effectiveness of the design and implementation of its internal control system based on the items for judging the effectiveness of the internal control system specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). According to the management control process of "Regulations" and the internal control system is classified into five elements: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. Supervision operations. Each component includes several items. Please refer to the "Regulations" for details.
- IV The Company has adopted the abovementioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
- V Based on the assessment result referred to above, the Company believes that the Company's internal control system (including the supervision and management of its subsidiaries) as of December 31, 2024 includes: The reporting is reliable, timely, transparent, and complies with the relevant regulations. The design and implementation of the internal control system are effective and can reasonably ensure the achievement of the above objectives.
- VI This statement shall form an integral part of the Company's annual report and the prospectus, and shall be disclosed to the public. The Company shall be held liable under Articles 20, 32, 171, and 174 of the Securities and Exchange Act for any violation of laws such as fraud or concealment of the above-mentioned disclosure.
- VII This Declaration was approved at the meeting of the Company's Board of Directors on February 24, 2025. None of the seven directors attending the meeting held any dissenting opinions.

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

Chairman: Hehan Investment Co., Ltd. Signature and seal

General Manager: Jui-Tse Lin Signature and seal

2. CPAs' review report: None.

(XII) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent year or during the current year as of the printing date of the annual report.

1. Important resolutions adopted at the 2024 shareholders' meeting

Time	Material resolution
General Shareholders' Meeting – May 30, 2024 9:30	<p>One. Ratifications</p> <p>I. To Approve 2023 Business Report and Financial Statements. Implementation status: the relevant books and statements have been submitted to the competent authority for reference and announced and reported pursuant to the Company Act and other relevant laws and regulations.</p> <p>II. To Approve 2023 Earnings Distribution Implementation: cash dividends of NT\$3 per share have been distributed pursuant to the resolution approved by the shareholders' meeting. Base date of cash dividend distribution: August 27, 2024 Date of cash dividend distribution: September 12, 2024</p> <p>Two. Discussion</p> <p>I. Motion: Partial amendments to the “Articles of Incorporation”. Implementation status: As the approval of the competent authority was not obtained for the new business items, it is proposed to revoke part of the provisions of the Company's Articles of Incorporation for new business items in 2024 in the 2025 shareholders' meeting.</p> <p>II. To Release Non-Compete Restrictions on the Company’s Directors and their Representatives Implementation status: the implementation was completed in accordance with the resolution adopted at the shareholders' meeting.</p>

2. Important resolutions of the board of directors between March 7, 2024 – February 24, 2025:

Title	Time	Material resolution
Regular meeting/the 13th term/8th meeting	March 7, 2024 13:50	<p>I. Approved proposal of 2023 employee and director remuneration distribution.</p> <p>II. Approved the Company’s 2023 Business Report and Financial Statements.</p> <p>III. Approved the Company’s 2023 earning distribution proposal.</p> <p>IV. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>V. Approved the Company’s 2023 assessment of the attesting CPAs’ independence and competence.</p> <p>VI. Approved the Company’s 2023 Statement of Internal Control System.</p> <p>VII. Approved the proposal of partial amendments to “Articles of Incorporation”.</p> <p>VIII. Approved the request to relieve all new directors from the non-compete restrictions.</p> <p>IX. Approved the matters related to the convention of the 2024 regular shareholders’ meeting.</p> <p>X. Approved the partial amendments to the “GM-16 Rules of Procedure for Board of Directors Meetings” and “GM-17 Management for Board of Directors Meeting Operation”.</p> <p>XI. Approved the proposal of partial amendments to "GM-37 Audit Committee Charter".</p> <p>XIII. Approved the motion of the Company's loaning of funds to the subsidiary Ventec International Group Limited (SAMOA) for new loans and repayment of old funds.</p>

Title	Time	Material resolution
		<p>XIV. Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.</p> <p>XV. Approved to apply for renewing contracts with financial institutions.</p> <p>XVI. Approved the Company's 2024 salary adjustment for managers and some employees.</p> <p>XVII. Approved the Company's proposal to increase the capital of the subsidiary, UNITED SKILLS CO, LTD, by the Company in the amount of NT\$100 million.</p>
Regular meeting/the 13th term/9th meeting	May 8, 2024 at 1:50 pm	<p>I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Approved the Company's 2024 Q1 financial statements.</p> <p>III. Approved the partial amendments to the "Procedures for Handling Material Inside Information" of the Company.</p> <p>IV. Approved the proposal for lending funds to meet business needs and effectively utilize funds.</p> <p>V. Approved the cancellation of cash capital increase for investments in Mainland China.</p> <p>VI. Approved the application for financing facilities from financial institutions.</p>
Regular meeting/the 13th term/10th meeting	May 30, 2024 at 10:32 am	<p>I. Approved the motion to cease production at the subsidiary.</p>
Regular meeting/the 13th term/11th meeting	August 8, 2024 at 11:00 am	<p>I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Approved the Company's 2024 Q2 financial statements.</p> <p>III. Approved the renewal of the directors and supervisors' liability insurance.</p> <p>IV. Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.</p> <p>V. Approved the Company's loaning of funds to subsidiaries.</p> <p>VI. Approval of the motion of the Company to reinvest in China and establish the Xiamen Branch in China through Solomon Samoa Holdings Co., Ltd.</p>
Regular meeting/the 13th term/12th meeting	November 6, 2024 at 12:14 am	<p>I. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>II. Approved the Company's 2024 Q3 financial statements.</p> <p>III. Approved the revision of some provisions of "GM-24 Procedures for Dealings with Related Parties, Specific Companies and Group Companies."</p> <p>IV. Approved the Company's 2025 audit plan.</p> <p>V. Approved the 2025 "Summary of Business Plan".</p> <p>VI. Approved the Company's concrete promotion plan for sustainable development in 2025.</p> <p>VII. Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.</p> <p>VIII. Approved the cancellation of the remaining NT\$52</p>

Title	Time	Material resolution
		<p>million quota for capital increase in the subsidiary, United Skills Co., Ltd., previously approved by the Board of Directors on March 7, 2024.</p> <p>IX. Approved the addition of the Company's "Sustainable Information Management Operating Regulations."</p> <p>X. Approved the revision of certain provisions of the Company's CR-100 Financing Revolving Policy and the corresponding amendment to the AR-100 Financing Revolving Operations Audit.</p> <p>XI. Approval of whether to transfer overdue accounts receivable of the Company to other receivables.</p>
Regular meeting/the 13th term/13th meeting	February 24, 2025 at 12:00 p.m.	<p>I. Approved the proposal of 2024 employee and director remuneration distribution.</p> <p>II. Approved the 2024 Business Report and Financial Statements.</p> <p>III. Approved the Company's 2024 earning distribution proposal.</p> <p>IV. Approved to ratify the derivative trading pursuant to Article 20 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p> <p>V. Approved the Company's 2025 assessment of the attesting CPAs' independence and competence</p> <p>VI. Approved the Company's 2024 Statement of Internal Control System.</p> <p>VII. Approved the definition and scope of the Company's entry-level employees.</p> <p>VIII. Approved the proposal of partial amendments to "Articles of Incorporation".</p> <p>IX. Approved the full re-election of directors of the Company.</p> <p>X. Approved the period and venue to accept shareholders' proposals and the nomination of director candidates for the 2025 shareholders' meeting.</p> <p>XI. Approved the proposal for approving the Board of Directors to nominate and review the list of director candidates (independent directors included).</p> <p>XII. Approved the request to relieve all new directors from the non-compete restrictions.</p> <p>XIII. Approved the matters related to the convention of the 2025 regular shareholders' meeting.</p> <p>XIV. Approved the partial amendment to GM-22 Director's Remuneration Payment Act.</p> <p>XV. Approved the Report of Payment of Remuneration to Directors by the Company in 2024.</p> <p>XVI. Approved the appointment of Remuneration Committee members.</p> <p>XVII. Approved the motion for loaning new funds to the subsidiary Ventec Holding and repaying the old ones.</p> <p>XVIII. Approved the proposal of loaning new funds to the subsidiary, Changshu Fute, with new loans and repayment of old funds.</p> <p>XIX. Approved to apply for renewing contracts with financial institutions.</p> <p>XX. Approved the change of certified public accountants in</p>

Title	Time	Material resolution
		response to the internal rotation of PwC Taiwan.

(XIII) During the most recent year or during the current year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclosing the principal content thereof: None.

III. Information on the professional fees of the attesting CPAs

(I) Professional fees of the attesting CPAs

Amount unit: NT\$ thousand

Name of CPA firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Wang, Yu-Chuang Liu, Mei-Lan	January 1, 2024– December 31, 2024	2,590	220	2,810	

The natures and dollar amounts of the aforementioned non-audit fees are: (1) Information checklist for reviewing payroll of non-management permanent employees for NT\$20 thousand (2) translation of financial statements to English for NT\$200 thousand.

(II) Proportion of non-audit fees is more than 25% of the audit fees: none.

(III) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

IV. Information on replacement of certified public accountant: None.

V. The company's Chair, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the CPA firm of its certified public accountant or at an affiliated enterprise of such CPA firm: None.

VI. Any transfers of shares and changes in equity pledge by a director, supervisor, managerial officer, or shareholder with a shareholding ratio of more than 10% in the most recent year or current year as of the printing date of the annual report.

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders
Unit: shares

Title (Note 1)	Name	2024		As of March 31, 2025	
		No. of shares held Increase (decrease)	Increase (decrease) in shares pledged	No. of shares held Increase (decrease)	Number of pledged shares Increase (decrease)
Director and Chair	Hehan Investment Co, Ltd	-	-	-	-
	Rep: Hao-Chen Lin	-	-	-	-
Director and President and Corporate Governance Officer	Daqun International Co, Ltd	-	-	-	-
	Rep: Jui-Tse Lin	-	-	-	-
Director	Ziqun International Co, Ltd	-	-	-	-
	Rep: Jo-Ning Huang	-	-	-	-
Director and Vice President and Chief Financial Officer and Accounting	Songqun Investment and Development Ltd.	-	-	-	-
	Representative: Shu-Mei Liu	-	-	-	-

Officer					
Director	Haoqun Investment and Development Ltd.	-	-	-	-
	Rep: Shih-Yun Lin	-	-	-	-
Independent director	Hung-Lung Huang	-	-	-	-
Independent director	Chin-Feng Kuo	-7,000	-	-	-
Independent director	Lung-Fa Hsieh	-	-	-	-
Independent director	Kuo-Hua Chang	-	-	-	-
Deputy General Manager	Chieh-Chang Tian	-	-	-	-
Deputy General Manager	Jia-Rong Chen	-	-	-	-

Note 1: Major shareholders should be recognized and listed separately if they own more than 10% of the company's total shares.

Note 2: The counterparty of the equity transfer or equity pledge is not a related party.

Note 3: Independent Director Hung-Lung Huang passed away on December 27, 2024.

Note 4: Independent Director Chin-Feng Kuo resigned from the position as of December 31, 2024.

(II) Information on transfers of shares: None.

(III) Information on equity Pledge: None.

VII. Relationship among the top ten shareholders

March 31, 2025

Unit: shares, %

Name (Note 1)	Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship with the spouse or relative within the 2nd degree (Note 3)		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relation	
Haoqun Investment and Development Ltd.	11,791,000	15.907%	-	-	-	-	-	-	
Rep: Hao-Chen Lin	1,194,305	1.611%	-	-	-	-	Yi-Hung Lin Shih-Yun Lin Jui-Tse Lin	Father Mother Older brother	
Songqun Investment and Development Ltd.	10,731,000	14.477%	-	-	-	-	-	-	
Rep: Jui-Tse Lin	1,372,810	1.852%	-	-	-	-	Yi-Hung Lin Shih-Yun Lin Hao-Chen Lin Jo-Ning Huang	Father Mother Younger brother Spouse	
Hehan Investment Co, Ltd	7,586,503	10.234%	-	-	-	-	-	-	
Rep: Shih-Yun Lin	1,100,055	1.484%	1,307,215	1.763%	-	-	Yi-Hung Lin Hao-Chen	Spouse Son Son	

								Lin Jui-Tse Lin		
Ruhan Investment Co, Ltd	5,964,420	8.046%	-	-	-	-	-	-	-	
Huangview Investment Co, Ltd	5,791,500	7.813%	-	-	-	-	-	-	-	
Pei-Rong Chen	1,600,000	2.158%								
Jui-Tse Lin	1,372,810	1.852%	-	-	-	-	-	Yi-Hung Lin Shih-Yun Lin Hao-Chen Lin Jo-Ning Huang	Father Mother Younger brother Spouse	
Tien-Tsai Ke	1,323,000	1.784%								
Yi-Hung Lin	1,307,215	1.763%	1,100,055	1.484%	-	-	-	Shih-Yun Lin Jui-Tse Lin Hao-Chen Lin	Spouse Son Son	
Macrowill Investment Company Limited	1,262,295	1.702%	-	-	-	-	-	-	-	

Note 1: It is advised that the top ten shareholders be listed. The names of the representative and institutional shareholders for corporate shareholders ought to appear separately on the list.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding in the company's own name, spouse, minor children, or in the name of another party.

Note 3: The shareholders listed in the preceding paragraph include both juridical persons and natural persons, and the relationship between them shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers.

VIII. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company: None.

Three. Capital Raising

I. Capital and outstanding shares

(I) Sources of Capital

1. Sources of Capital

Unit: thousand shares; NT\$ thousand

Year/Month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Paid in properties other than cash	Other
75.03	1,000	1	1,000	1	1,000	Incorporation capital: NT\$1,000 thousand.	None	Note 1
75.06	1,000	5	5,000	5	5,000	Cash capital increase of NT\$4,00 thousand.	None	Note 2
78.11	1,000	10	10,000	10	10,000	Cash capital increase of NT\$5,000 thousand.	None	Note 3
83.11	1,000	50	50,000	50	50,000	Cash capital increase of NT\$40,000 thousand.	None	Note 4
85.09	1,000	83	83,000	83	83,000	Cash capital increase of NT\$33,000 thousand.	None	Note 5
87.12	1,000	158	158,000	158	158,000	Cash capital increase of NT\$25,000 thousand. Surplus to a capital increase of NT\$50,000 thousand.	None	Note 6
88.12	1,000	199.9	199,900	199.9	199,900	Cash capital increase of NT\$41,900 thousand.	None	Note 7
90.01	10	19,990	199,900	19,990	199,900	Altered the amount per share for the shares of a capital increase in December 1999	—	Note 8
92.07	10	29,340	293,400	29,340	293,400	Cash capital increase of NT\$93,500 thousand.	None	Note 9
93.01	10	40,000	400,000	40,000	400,000	Cash capital increase for NT\$106,600 thousand.	None	Note 10
93.12	10	45,000	450,000	45,000	450,000	Cash capital increase of NT\$50,000 thousand.	None	Note 11
94.10	30	48,000	480,000	48,000	480,000	Cash capital increase of NT\$30,000 thousand.	None	Note 12
96.07	32	49,000	490,000	49,000	490,000	Cash capital increase of NT\$10,000 thousand.	None	Note 13
96.11	32	80,000	800,000	56,125	561,250	Cash capital increase of NT\$71,250 thousand.	None	Note 14
99.08	24	80,000	800,000	57,125	571,250	Cash capital increase of NT\$10,000 thousand.	None	Note 15
100.09	10	80,000	800,000	60,267	602,669	Surplus to capital increase for NT\$31,419 thousand.	None	Note 16
101.04	29.5	80,000	800,000	65,926	659,259	Cash capital increase of NT\$56,590 thousand.	None	Note 17
104.01	10	80,000	800,000	75,926	759,259	Cash capital increase of NT\$100,000 thousand.	None	Note 18
104.11	10	80,000	800,000	74,139	741,389	Cancellation of treasury shares	None	Note 19
111.01	10	80,000	800,000	74,124	741,239	Cancellation of treasury shares	None	Note 20

Note 1: Approved with Letter Qi-Wu-Chian-San-Zhi No.56194, dated March 7, 1986.

Note 2: Approved with Letter Qi-Wu-Chian-San-Bin-Zhi No.75327, dated June 25, 1986.

Note 3: Approved with Letter Qi-Ba-Chian-San-Zhi No.363670, dated November 16, 1989.

Note 4: Approved with Letter Ba-San-Chian-San-Geng-Zhi No.463090, dated November 16, 1994.

Note 5: Approved with Letter Ba-Wu-Chian-San-Bin-Zhi No.231507, dated September 16, 1996.

Note 6: Approved with Letter Jing-(087)-Shang-Zhi No.142757, dated December 31, 1998.

Note 7: Approved with Letter Jing-(088)-Shang-Zhi No.143799, dated December 4, 1999.

- Note 8: Approved with Letter Jing-(089)-Shang-Zhi No.148719, dated January 4, 2001.
 Note 9: Approved with Letter Jing-Shou-Shang-Zhi No. 09232382540, dated July 22, 2003
 Note 10: Approved with Letter Jing-Shou-Shang-Zhi No.09331501460, dated January 6, 2004.
 Note 11: Approved with Letter Jing-Shou-Shang-Zhi No.09333257360, dated December 27, 2004.
 Note 12: Approved with Letter Jing-Shou-Shang-Zhi No.09433067060, dated October 31, 2005.
 Note 13: Approved with Letter Jing-Shou-Shang-Zhi No.09632475230, dated July 24, 2007.
 Note 14: Approved with Letter Jing-Shou-Shang-Zhi No.09601288690, dated November 23, 2007.
 Note 15: Approved with Letter Jing-Shou-Shang-Zhi No.09901189960, dated August 24, 2010.
 Note 16: Approved with Letter Jing-Shou-Shang-Zhi No.10001219470, dated September 27, 2011.
 Note 17: Approved with Letter Jing-Shou-Shang-Zhi No.10101084510, dated May 10, 2012.
 Note 18: Approved with Letter Tai-Zheng-Shang-Yi-Zhi No.10400041711, dated March 11, 2015.
 Note 19: Approved with Letter Jin-Guan-Zheng-Jiao-Zhi No.1040049645, dated November 27, 2015.
 Note 20: Approved with Letter Jing-Shou-Shang-Zhi No.11101010350, dated January 21, 2022.

2. Type of share Unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares (Note 1)	Unissued shares	Total	
Registered common shares	74,123,875	25,876,125	100,000,000	

Note 1: Shares of a listed company

3. Information Relating to the Shelf Registration System: None.

- (II) List of major shareholders: List all shareholders with a stake of 5% or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list March 31, 2025

Unit: shares, %

Name of major shareholders	No. of shares held	Shareholding ratio
Haoqun Investment and Development Ltd	11,791,000	15.907
Songqun Investment and Development Ltd	10,731,000	14.477
Hehan Investment Co, Ltd	7,586,503	10.235
Ruhan Investment Co, Ltd	5,964,420	8.047
Huangview Investment Co, Ltd	5,791,500	7.813
Pei-Rong Chen	1,600,000	2.158
Jui-Tse Lin	1,372,810	1.852
Tien-Tsai Ke	1,323,000	1.784
Yi-Hung Lin	1,307,215	1.763
Macrowill Investment Company Limited	1,262,295	1.702

(III) Company's dividend policy and implementation thereof

1. The dividend policy adopted in the company's articles of incorporation

Articles 26 and 27 of the Company's Articles of Incorporation established the following method for distributing employee and director remunerations and dividends:

If the Company is profitable, it will pay out between 1% and 3% in remuneration to staff members. Staff members of controlling and subsidiary companies who satisfy certain requirements will receive shares or cash, as decided by the Board of Directors. The Company may permit the Board of Directors to set aside a maximum of 3% of the previously mentioned profit for the directors' and supervisors' remuneration. The remuneration to employees, directors, and supervisors shall be submitted to the shareholders' meeting for review.

However, profits must first be taken to offset cumulative losses, if any, then used for the appropriation of remuneration to employees, directors, and supervisors based on the preceding percentage.

According to the Company's articles of incorporation, net earnings should be used first to offset any prior-year deficits and pay any income taxes. Of the remaining balance, 10% is to be

appropriated as a legal reserve, but only if the accumulated legal capital reserve equals the Company's paid-in capital. The amounts are then appropriated or reversed to special reserves in accordance with applicable laws and regulations. The Board will decide how to distribute the remaining profit, if any, as well as the accumulated undistributed surplus. If the dividend is distributed in the form of new shares, the Shareholders' Meeting must resolve the matter prior to its distribution.

The Company may distribute cash dividends and report to the Shareholders' Meeting, after such matter has been approved by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members.

When distributing dividends, the Company takes into consideration factors including future development plans, investment environment, capital needs and domestic and foreign competitions, and shareholders' returns. The shareholders' dividends shall be no less than 40% of that year's distributable amount, with cash dividends accounting for more than 20%. Such matter is approved by the Board of Directors and submitted to the Shareholders' Meeting for resolution.

2. The dividend distributions proposed at the most recent shareholders' meeting

The 2024 earning distribution proposal was resolved and approved by the Board on February 24, 2025, as follows:

	2024	Unit: NT\$
Beginning undistributed earnings		1,361,033,268
Add: Current period net profit	371,611,032	
Remeasurement of the defined benefit plan recorded in retained earnings	1,298,025	
The sum of the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings	372,909,057	
Less: Legal reserve (10%)		(37,290,906)
Less: Reversal (appropriation) of special reserve		13,421,491
Current distributable earnings		1,710,072,910
Allocation:		
Cash dividends (NT\$3 per share)		(222,371,625)
Ending undistributed earnings		1,487,701,285

Note 1: Priority is given to the 2024 earnings in terms of the current year's earnings distribution.

Note 2: The distributable cash dividends are rounded off to the nearest NTD. The Chair is authorized to have dedicated personnel adjust the fractional-cent amount.

Note 3: The legal reserve shall be appropriated based on "the sum of the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings" in accordance with Jing-Shang-Zi Letter No. 1082432410.

3. If a material change in dividend policy is expected, provide an explanation: None.

(IV) Impacts of business performance and earnings per share on the current stock dividend distribution:

N/A (The Company is not required to disclose its financial forecast for 2024.)

(V) Profit-sharing remuneration of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor profit-sharing remuneration, as set forth in the company's articles of incorporation.

Please refer to the "(III) Company's dividend policy and implementation status 1" for the description.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing remuneration, for calculating the number of shares to be distributed as employee profit-sharing remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

(1) The remuneration of employees and directors comply with Article 26 of the Articles of

Incorporation and Letter (96)Ji-Mi-Zhi No. 52 by Accounting Research and Development Foundation, "Accounting Treatment of Employee Profit-Sharing and Directors' and Supervisors' Remuneration" to be estimated, and recognized as expenses and liabilities based on their nature.

- (2) If there is any discrepancy between the resolution of the subsequent shareholders' meeting and the estimated amount in the financial statements, it is regarded as a change in the estimate and accounted as the annual profit or loss at the year of the resolution adopted by the shareholders' meeting.
3. Information on the employee remuneration distribution proposal approved by the Board
The Company's 2024 employees' and directors' remunerations have been recorded as expenses, as required by the letter of ARDF. On February 24, 2025, upon the resolution of the Board of Directors, the provided distribution is outlined below and is subject to the report at the shareholders' meeting on May 29, 2025:
 - (1) The employees' remuneration of NT\$8,891,671 and the directors' remuneration of NT\$5,927,781 will be distributed.
 - (2) The amount of employees' share dividends distributed and its ratio to the total net profit after-tax of the current period, and the total amount of employee bonuses: No employee share dividend is distributed.
 - (3) After considering the distribution of employees' remuneration and directors and supervisors' remuneration, the estimated earnings per share is NT\$5.01.
 - (4) The difference between the said distribution proposed and the estimated expenses in 2024 is NT\$0.
4. The earnings of the previous year were used to distribute employees' bonuses and the remuneration of directors and supervisors:
The Company's 2023 employees' profit sharing and directors' remunerations have been provided as expenses, as required by the letter of ARDF. On March 7, 2024, upon the resolution of the Board of Directors, the provided distribution is as below, which is subject to the report to the shareholders' meeting on May 30, 2024:
 - (1) Distributed the employee bonuses of NT\$8,425,006 and directors' remunerations of NT\$5,841,338.
 - (2) The amount of employees' share dividends distributed and its ratio to the total net profit after-tax of the current period, and the total amount of employee bonuses: No employee share dividend is distributed.
 - (3) After considering the distribution of employees' remuneration and directors and supervisors' remuneration, the estimated earnings per share is NT\$5.88.
 - (4) The difference between the said distribution proposed and the estimated expenses in 2023 is NT\$0.

(VI) Status of a company repurchasing its own shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Global depository receipts: None.

V. Issuance of employee stock warrants and new restricted employee shares: None.

VI. Merger and acquisition activities (including mergers, acquisitions, and demergers: None.

VII. Capital Allocation Plans and Implementation Status:

(I) As of the quarter preceding the printing date of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

(II) As of the quarter preceding the printing date of the annual report, with respect to the implementation of each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: N/A

Four. Overview of Business Operations

I. Business activities

(I) Scope of Business:

1. The Company's major lines of business

- (1) Manufacturing, processing, and trading of various machinery (automobiles, motorbikes, bicycles).
- (2) Acting as an agent for domestic and foreign manufacturers of the aforementioned products for quotations, bidding, and distribution.
- (3) Import and export of products mentioned in the preceding paragraph.
- (4) Operation and investment of the businesses as mentioned in the preceding paragraph.
- (5) Surface treatment
- (6) Industrial plastic product manufacturing industry
- (7) Automation equipment design, planning and manufacturing.

2. Major products and relative weight thereof Unit: NT\$ thousand

Name of product	2024		2023	
	Net operating revenue	Operation weight	Net operating revenue	Operation weight
Motor parts	1,912,309	98.98%	2,039,056	99.41%
Others	19,782	1.02%	12,153	0.59%
Total	1,932,091	100.00%	2,051,209	100.00%

3. Current products (services)

- (1) Auto parts, other parts, among other products.
- (2) Designing, planning, and manufacturing factory-wide automation equipment.

4. New products (services) planned to be developed

- (1) Development of various appearance parts of automobiles.
- (2) Application and development of Industrial Internet of Things.

(II) Overview of the Industry

1. Current status and development of the industry

The Taiwan Transportation Vehicle Manufacturers Association ("TTVMA") reports that there are currently 2,800 auto parts manufacturers in Taiwan that are involved in the production and sale of related products. Of these, approximately 300 are suppliers of original equipment manufacturers (OE parts) for both domestic and international markets, but many of them also manufacture aftermarket products (AM) for export. Year after year, Taiwan's auto parts manufacturing industry has seen consistent revenue growth. It experienced its first decline of 7.72% in 2009 as a result of the global financial crisis. It made a huge comeback in 2010. There was a notable upturn in 2010. Because of Taiwan's small automotive market, Taiwanese manufacturers of parts and components have always regarded expanding their export market as their primary business goal. In recent years, although the domestic market for complete vehicle sales has experienced fluctuations, the export value of automotive parts has continued to grow annually as industry competitiveness has increased. In 2022, exports reached a record high of NT\$237.3 billion, representing a growth of approximately 7.47%. However, due to the economic downturn and persistently high inventory levels, the export value from January to December 2023 declined by 10.91% to NT\$2,254 million.

Table of Taiwan's exports of auto parts in dollars.

Unit: NT\$100 million

Year	24/1-10	2023	2022	2021	2020	2019	2018	2017	2016	2015
Amount	1,883	2,254	2,373	2,208	1,927	2,148	2,147	2,149	2,113	2,145
Growth rate	1.74%	-10.91%	7.47%	14.58%	-10.26%	0.02%	-0.11%	1.70%	-1.47%	3.26%

Sources: import and export statistics of customs, compiled by the TTVMA.

According to Industrial Technology Research Institute statistics, Taiwan's production value of exported AM crash parts and components accounts for 60-70% of the global total. AM crash parts and components such as bumpers, sheet metal, rearview mirrors, and rubber/plastic parts make up 85% of the global market, with bumpers accounting for up to 90%.

Taiwanese AM parts manufacturers are primarily export-oriented. Taiwanese AM parts, particularly crash parts (the most frequently replaced items following a car accident, such as front and rear bumpers, lights, radiator grilles, doors and hoods, and other sheet metal parts), are well accepted in the international market.

The Company's main products - front and rear bumpers and radiator grilles are the most easily damaged parts after a car crash. Before the US economy fully recovers, consumers are unwilling to replace more expensive parts from the original makers, and help the market of automobile after-sales maintenance.

Some of our products have passed CAPA (Certified Automotive Parts Association) certification, and with strict quality, making our products more competitive.

The auto parts industry in Taiwan has a complete supply chain, most of which belong to small and medium-sized enterprises. The industry has the advantages of small-quantity with a large variety and flexible manufacturing. In recent years, manufacturers have continuously invested in research and development, improved production processes, and introduced smart manufacturing. They have international competitiveness and the potential to enter the supply chain of international automakers. Manufacturers excel at precision machining and rubber/plastic injection molding, and a sizable proportion of them focus on the aftermarket for parts. They enter the international automakers' OEM system by investing overseas in factory establishment, network construction, marketing bases, international technical cooperation, and joint ventures to position themselves in the global market. Taiwanese manufacturers have achieved significant success in terms of after-sales service and OEM.

Taiwan's export performance has rebounded. In 2024, exports will reach US\$475.07 billion, an annual increase of 9.9%, setting the second highest record in history. Exports to the United States grew by 46.1%, and exports to ASEAN increased by 15.1%, both reaching record heights. However, exports to Japan, Europe, and dry ports fell by 17.8%, 8.6%, and 1.1%, respectively. As a result, exports to the U.S. rose to 23.4% of total exports, the highest in 24 years; exports to inland ports dropped to 31.7%, the lowest in 23 years. The strengths of Taiwan are the after-sales maintenance parts, such as lights and bumpers. Benefiting from the continuous increase in the vehicle parc in the US, and Taiwan's bulk of crash parts exported have passed the US CAPA certification, the sales to the US have continued to increase. After the U.S.-China trade war, although the pandemic has been under control in China, issues such as labor wages and environmental protection regulations remain, triggering the auto parts industry to withdraw production bases from China, and the overall supply chain restructuring will focus on regionalization and localization more.

2. Development trends of products

- (1) To meet the development trend of increasing public demand for automobile safety standards, the Company has introduced a specialty digital control welding machine, to stabilize product quality by increasing the number of bonding points between the main bodies and reinforcing components.
- (2) In line with global environmental protection trends, our products' main raw materials are PP (environmental label No. 5) and ABS (environmental label No. 7). These two materials can be recycled and reused, avoiding the use of non-recyclable raw materials that harm the environment.

3. Competition

Taiwan is currently the largest exporter in the AM market. Because the Company's flexible production outperforms its competitors, it actively develops product completeness and strives to meet customer satisfaction at all times. Quality, delivery, and cost control are also important indicators of the Company's efforts, and it will continue to increase the number of product certifications to gain a competitive advantage.

(III) Overview of the company's technologies and its research and development work

1. Overview of R&D:

The Company is a professional manufacturer of plastic automotive parts, producing products of consistent quality. The quality is under control, as are the physical and chemical properties of the products, such as impact resistance and tensile strength, which are essential for product quality assurance. Not only must our products perform the functions of assembled vehicles, but they must also be able to withstand various weather conditions and pass internationally recognized tests to ensure that the quality and performance of our products are comparable to those of the original manufacturers. Also, we continue to improve our automated process to reduce labor costs and mitigate the impact of the low birth rate. Through equipment optimization and the introduction of new processes, we expect to be able to increase capacity and improve production yields. In the next three years, according to our short- and medium-term plans, we will be purchasing new equipment and upgrading existing equipment in our plants to equip with automation, IOT, big data collection, and AI, so as to equip our production line with intelligent technology and functions, moving forwards Industry 4.0. And in October 2019, the R&D center was formally established.

Currently, an automatic storage system has been implemented to save labor and space, increase the coverage of production line automation, improve process efficiency, stabilize quality, and effectively control raw material consumption.

2. Technical levels of operated businesses

The company is a professional auto parts manufacturer. Our products not only perform the basic functions of assembled vehicles, but they also meet the requirements to withstand various weather conditions. Therefore, in addition to meeting the quality requirements of ISO, its physical properties such as impact resistance and tensile strength are also important. As a result, the company is actively introducing the CAPA certification system for products. All CAPA-certified products must pass through CAPA-approved laboratories. Their physical properties are comparable to those of the original manufacturers after a series of tests conducted in accordance with internationally recognized ASTM testing methods. In addition, test items approved by TAF are available, such as polymer and composite materials, tensile testing, impact testing, plastic electroplating film thickness, tensile testing, impact testing. Approved items continue to be added in succession.

3. R&D Plans

- (1) In October 2019, the R&D center was officially established. Actively participate in the R&D and patent positioning of automation equipment and process improvements.
- (2) Continue to improve the process and introduce automation equipment to increase the quality and yield of each process in order to meet the goal of high yield and productivity.
- (3) Import mold flow analysis to improve the mold mechanism and reduce molding time.
- (4) Continue to increase the number of CAPA certifications.

4. Study of future development policies:

- (1) The most recent computer-aided technology has been integrated into the mold development process to accelerate the mold-making process and enable the rapid release of products to the market in order to capitalize on the best financial and business opportunities.
- (2) The innovation of product raw material formula takes the core value of eco-friendliness, and the Company is committed to researching and developing new materials that meet high environmental protection requirements and high performance, in order to obtain the greatest benefits of products in terms of innovative production and manufacturing.
- (3) To address the labor shortage caused by declining domestic birth rates, production lines are fully automated, reducing the demand for workforce in the early stages while producing high-efficiency and high-quality products.
- (4) Internally, the efficiency of production management is strengthened through continuous internal improvement processes, to optimize the production process and product quality on an ongoing basis, reduce production costs and optimize product quality.
- (5) To allow the swift verification of various quality items, the laboratory was established to conduct instant quality monitoring of the physical properties such as impact resistance

and tensile strength as well as the related chemical properties of the product body, and to conduct quality improvement activities with efficient production processes. To make the Company's various quality data more credible, it is actively planning the international certification of ISO 17025 for the internal laboratory.

5. R&D personnel and their experiences and educational background (parent-only) Unit: persons; year

Education \ Year	2020	2021	2022	2023	2024	As of May 9, 2025
Postgraduate degree	4	5	7	9	9	11
Bachelor's degree	8	6	7	4	3	3
Senior/vocational high school	0	1	1	0	0	0
Total	12	12	15	13	12	12
Average years of service	3	2.67	1.8	2.15	2.92	3.07

(Y.C.C (combined)) unit: person, per year

Education \ Year	2020	2021	2022	2023	2024	As of May 9, 2025
Postgraduate degree	4	5	7	9	9	11
Bachelor's degree	14	14	14	7	5	5
Senior/vocational high school	0	2	2	0	0	0
Total	18	21	23	16	14	14
Average years of service	2.7	2.19	2.04	2.03	2.08	2.17

6. R&D expenses invested in the five recent years

Unit: NT\$ thousand, %

Item \ Year	2020	2021	2022	2023	2024
Parent-only R&D expenses (A)	22,060	29,595	53,029	59,655	63,787
Parent-only net revenue (B)	1,264,279	1,134,285	1,259,707	1,456,959	1,526,367
(A)/(B) weight %	1.74	2.61	4.21	4.09	4.18
Item \ Year	2020	2021	2022	2023	2024
Consolidated R&D expenses (A)	31,247	37,564	70,601	69,766	70,066
Consolidated net revenue (B)	2,120,901	1,918,100	2,020,758	2,051,209	1,932,091
(A)/(B) weight %	1.47	1.96	3.49	3.40	3.63

7. Technologies or products successfully developed in the five most recent years:

- (1) Automatic protection device for assembling/digging holes.
- (2) Ergonomic, efficient and easy-to-maintain fixture design.
- (3) Improvement and introduction of automated assembly, grinding, painting, and mass production processes.
- (4) Introduce the automatic positioning and cutting device for woven fabrics to save ineffective man-hours and waste of woven fabrics.
- (5) Introduce the automatic welding and assembly technology of the Ultrasonic spare parts to

optimize the welding precision and intelligence.

(6) Introduce the robotic laser cutting and digging technology to eliminate the incidence of burrs and increase output efficiency.

(7) Manufacturing and introduction of automatic assembly nut equipment according to different accessories.

(8) The total number of CAPA product certifications continued to increase, and product development items were added.

(IV) Long- and short-term business development plans

1. Short-term business development plans (competitive edges)

(1) Enhance the Company's standing and broaden its customer base by engaging in international trade shows.

(2) The stable quality is in line with customers' requirements.

(3) Establish an independent training system

(4) Strengthen automated production equipment to increase productivity.

(5) Accelerate products' passage of the CAPA certification system, improve customers' confidence in products, and increase sales.

(6) Establish a complete mold development system to shorten the time to market.

2. Long-term business development plans

(1) Build automatic warehouse equipment for inventory.

(2) Expand new factory buildings to increase production capacity.

(3) Increase product mix and increase market share.

(4) Expand the market to achieve global sales.

(5) Establish a wastewater recycling plant.

II. Analysis of the market as well as the production and marketing situation

(I) Geographic areas where the main products are sold

1. Market analysis Unit: NT\$ thousand

Area for sales \ Year		2023		2024	
		Amount	%	Amount	%
Domestic sales (Note 2)		595,250	40.86	635,112	41.62
Export sales	Americas	818,672	56.19	856,664	56.12
	Asia	28,975	1.98	22,934	1.50
	Europe	2,171	0.15	1,842	0.12
	Africa	11,891	0.82	9,815	0.64
	Oceania	0	0	0	0
	Subtotal	861,709	59.14	891,255	58.38
Total		1,456,959	100.00	1,526,367	100.00

Note 1: The table above contains Y.C.C.-only information.

Note 2: Domestic sales include indirect export sales which are sold to domestic trading companies.

Area for sales \ Year		2023		2024	
		Amount	%	Amount	%
Taiwan		597,075	29.10	637,867	33.02
Americas		826,316	40.28	858,073	44.41
Asia		554,608	27.04	372,170	19.26
Europe		61,319	3.00	54,166	2.80
Africa		11,891	0.58	9,815	0.51
Total		2,051,209	100.00	1,932,091	100.00

Note: The table above is the consolidated information.

2. Market share

According to statistics from the Customs Administration, the total export value of auto parts – specifically bumpers and their components – was NT\$11,685,251 thousand in 2023 and NT\$12,602,601 thousand in 2024. Based on these figures, the Company's share of the domestic

export market for the same period was approximately 7.37% and 7.07%, respectively.

3. Demand and supply conditions for the market in the future, and the growth potential

As the demands for automobiles in emerging markets, such as China, India, Brazil, Russia, and ASEAN have been increasing year by year, the market scale has very promising prospects of development in emerging regions. It is mentioned in the article “View the Development of Auto AM from the Sheet Metal Structure Parts” published in the journal, Mechanical Industry, issue 280, that roughly 40% of total expenses spent by the owner of a car, from purchase to scrapping, are used for after-service. Upon the end of the warranty, any car accident goes to the service markets of maintenance and insurance companies. The auto parts required for the aftermarket inherently grows simultaneously. It is obvious that in the future, with more than 1 billion vehicle parked around the world, the AM market will create a huge business opportunity. The aging of the vehicle population will continue, and opportunities for after-sales maintenance will increase, because the supply of new cars is limited and demand is also under pressure.

Insurers have successively developed CAPA (Certified Automotive Parts Association) to seek high-quality AM parts suppliers. Meanwhile, they have added instructions on the contracts to explain the insurance claim settlement method, with differential rates adopted to increase the insurance premium rate for designated OEM parts. This approach will lead to an increase in demand for certified AM parts from insurers, providing new opportunities for the future growth of the AM market.

With favorable conditions such as flexible production, diversified development, and industrial clustering effects, Taiwan's auto parts industry continues to hold a competitive edge that other nations cannot match. Regardless of market share or customer satisfaction, the company has already established a position among its peers after 38 years of growth and effort. In the future, we will continue to develop new product items, obtain product certifications from various countries, and actively expand potential markets, to strive to move towards the goal of global positioning and marketing, as well as increasing market share.

Demands for Taiwanese manufacturers of AM automotive parts and components have been increasing as they have both quality certifications and reasonable prices. Comparing to the continued sluggishness in the consumption power of the new car market, which unfavorable to Taiwanese OEMs and OES manufacturers of related auto parts, the number of existing cars retained in the US continues to grow, which is in turn beneficial to Taiwanese manufacturers in the supply chain of related parts of the automotive after market (AM)

PwC released the "Digital Auto Report 2020: Navigating through a post-pandemic world," estimated that in a survey, that the number vehicle parc in EU (number of cars registered locally) will decline slightly (an estimated is decreased by 0.5% per year). In 2020, EU was still the market with the largest vehicle parc in the world (302 million units). By 2035, the number of vehicles parked in the EU will drop to 281 million, after 350 million in China (estimated annual growth of 3.9%) and 332 million (annual growth of 1.1%) in the US. The momentum driving the growth of the total number of vehicles in the US and China include the demand for economic liquidity after the outbreak of the pandemic, the tendency of enterprises to build new fleets with high annual mileage, and the replacement of old cars with new ones. Hsu, Chien-Yen, CPA of PwC Taiwan for the automotive and parts industry services, analyzed that when the direction of vehicle development is gradually inclining to smart applications and electric vehicles, Taiwan will benefit from the advantages of the information and communication industry and with its unique advantages established in the automotive electronic components, to become a key player in the international automobile manufacturing supply chain. According to the Ministry of Economic Affairs, the production value of the automobile industry in Taiwan shows that the total production value of the automobile industry in Taiwan has reached NT\$836.6 billion from January to December 2023, which accounts for about 4.75% of the total output value of Taiwan's manufacturing industry and declined by 9.63%. It is an extremely important industry in Taiwan.

According to the survey, the U.S. automotive aftermarket is expected to reach US\$494.01 billion by 2028, with an estimated annual growth rate of 3.08%. The United States is the world's largest automotive after-sales service (AM) market and the largest exporter of Taiwan's auto parts industry, accounting for more than 50% of Taiwan's auto parts exports. In response to the increase

in auto maintenance fees and loan interest rates in the U.S. in recent years, coupled with the increase in average vehicle age, the AM parts and components insurance claims can be settled, driving the demand for automotive AM maintenance parts.

In Taiwan's auto industry, aftermarket (AM) providers play an important role in the international supply chain, and control about 90% of the global supply. In recent years, the U.S. insurance company, State Farm, has expanded the adoption of AM insurance coverage, and the benefits have continued to increase.

According to IEK data, the increasing age and mileage of vehicles in the U.S. will stimulate the demand for vehicle maintenance and repair, which is expected to benefit the AM market of auto parts and components.

With the global increase in car ownership, extension of vehicle service life, and rising environmental awareness, the demand in the AM industry is increasing year by year.

One of the main driving forces for the growth of the automotive AM parts and components market comes from the average age of vehicles. As the average vehicle age rises, the demand for regular vehicle maintenance and replacement of various auto parts (including tires, lubricants and other parts) also increases. According to S&P Global Mobility, the average age of vehicles in the U.S. market is 12.6 years. It is estimated that more than 110 million vehicles are in the golden period of after-sales service (between 6 and 14 years), accounting for nearly 38% of vehicles on the road. And it is expected to continue to increase to 40% by 2028.

Therefore, the current priority is given to the maintenance of old cars over the purchase of new cars, which has brought steady demand for the after-sales maintenance market. Yet even in good times, demand for replacement parts remains at a level that makes auto parts retailers a reliable defensive business in any economy.

4. Competitive edges

- (1) Diversify products, enhance market competitiveness, and provide high-quality products to meet customer needs.
- (2) Vertically integrated manufacturing capabilities from design, mold development, molding, assembly, and packaging.
- (3) Introduce the most advanced models, strictly control product quality, and increase competitiveness and market share.
- (4) Raw material quality control, stable supply of raw materials and continuous costdown policy.
- (5) Improvement and introduction of process automation equipment to reduce the impact of human and human factors.
- (6) Continuously train the ability of development design and mold development personnel, and the number of molds in the whole plant has a competitive advantage in the industry.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors

- I. The product category is diversified and complete, and it is equipped with high-efficiency, high-professional, and high-quality products, and is committed to providing customers with highly competitive products.
- II. The Company has been deeply involved in the market for many years, and is the pioneer of a well-known domestic AM factory, and is deeply recognized, supported, trusted and affirmed by customers at home and abroad, and continues to improve and optimize in this field.
- III. The cumulative quantity of CAPA-certified products continues to increase year by year, which helps to highlight the quality level of the Company and is beneficial to product sales expansion.
- IV. Maintain long-term and good partnerships with high-quality raw material suppliers, and the supply relationship and raw material source are stable.

(2) Negative factors and response to such factors

- I. Because of the market's price-cutting competition, product prices are still falling. Profitability will be impacted if costs are not effectively controlled or markets are not expanded.

Response to such factors

- a. Grasp market development trends and accommodate the market demands, and develop new products in a timely manner, for improving customer satisfaction and product competitiveness.
- b. Continue to increase product items to expand market customer bases and increase sales revenue.
- c. Improve the manufacturing process and combine with automated production, continue to strengthen the skills of employees, and enhance the efficiency and quality of production capacity, so that production can achieve greater economies of scale, thereby reducing production costs.

II. Shortages of labor and rising labor costs

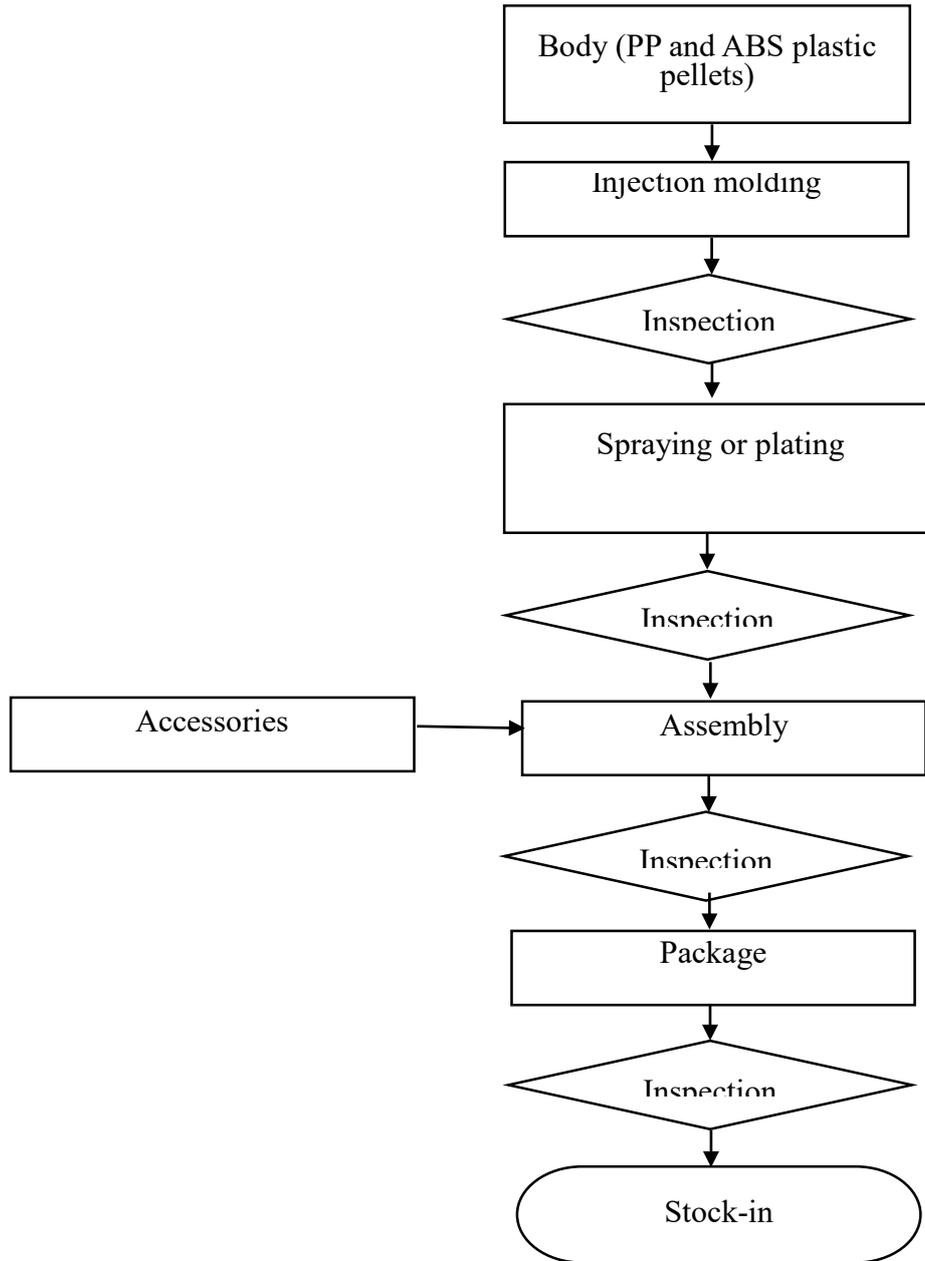
Response to such factors

- a. Streamline manpower and improve skills, improve manpower quality and efficient production.
- b. Combining automated equipment and manufacturing processes.

(II) Usage and manufacturing processes for the company's main products.

1. Key usages of main products

Main product	Main usage
Bumpers	For the overall appearance of a vehicle and maintaining driving safety.
Radiator grilles	Improving aesthetics and allowing air to flow into the engine compartment for cooling.



(III) Supplies of major raw materials

Main raw materials	Supplier	Supply situation
ABS pellets	TAITA CHEMICAL COMPANY, LIMITED	Stable source with good quality
PP pellets	Formosa Chemicals & Fibre Corporation.	Stable source with good quality
PP pellets	Formosa Plastics Mart	Stable source with good quality

(IV) List of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. List all suppliers accounting for 10% or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage, and the reason for increases or decreases Unit: NT\$ thousand

Item	2023				2024				Q1 2025			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Title (Note)	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1	Others (percentage of annual net purchases lower than 10%)	789,769	100%	None	Others (percentage of annual net purchases lower than 10%)	463,868	100%	None	Others (percentage of annual net purchases lower than 10%)	104,060	100%	None
	Net purchase	789,769	100%		Net purchase	463,868	100%		Net purchase	104,060	100%	

List all customers accounting for 10% or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each, and the reason for increases or decreases Unit: NT\$ thousand

Item	2023				2024				Q1 2025			
	Title (Note)	Amount	Percentage of annual net sales	Relationship with the issuer	Title (Note)	Amount	Percentage of annual net sales	Relationship with the issuer	Title (Note)	Amount	Percentage of annual net sales	Relationship with the issuer
1	Group A	466,840	22.76%	None	Group A	567,766	29.39%	None	Group A	156,373	31.60%	None
2	Others (percentage of annual net sales lower than 10%)	1,584,369	77.24%	None	Others (percentage of annual net sales lower than 10%)	1,364,325	70.61%	None	Others (percentage of annual net sales lower than 10%)	338,434	68.40%	None
	Net sales	2,051,209	100%		Net sales	1,932,091	100%		Net sales	494,807	100%	

III. The number of employees employed for the 2 most recent fiscal years

Year		2023	2024	As of May 9, 2025
Number of employees	Managerial Officers	31	28	23
	Direct personnel	221	186	168
	Indirect personnel	151	109	110
	Total	403	323	301
Average age		37.52	37.52	39.26
Average years of service (Note 1)		4.56	4.56	4.7
Ratio of education distribution (Note 2)	PhD	0.65%	0.4%	1.75%
	Master's degree	1.045%	2.25%	5.94%
	Bachelor's degree	31.97%	51.02%	38.11%
	Senior high school	22.36%	16.71%	27.62%
	Below senior high school	43.98%	29.62%	26.58%

Note 1: International laborers are not included in the average years of service.

Note 2: International laborers are not included in education distribution.

IV. Contribution to environmental protection

(I) Any losses suffered by the company in the most recent year and as of the printing date of the annual report due to environmental pollution incidents (including any remuneration paid) and the total amount of disposition:

Date of punishment	Reference number of the penalty document	Violation of laws and regulations	Contents of violation	Penalty details
May 9, 2024	30-113-040012	Paragraph 2, Article 21 of the Water Pollution Control Act	The installation of the designated wastewater treatment personnel was required to be completed by April 15, 2024; however, it was not completed by the deadline.	A fine of NT\$22,200 was imposed.

(II) Possible expenses that could be incurred in the future and measures being or to be taken.

V. Labor-management relations

(I) List any employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefit plans

(1) Establish the Employee Welfare Committee pursuant to laws, to contribute the employee welfare funds on schedule, and be responsible for the planning and implementation of various welfare affairs, such as gift money for three major festivals, birthday gift money, wedding and funeral subsidies, injury and disaster allowances, discounts in contracted

merchants, employee travel, and recreational activities.

- (2) Free meals, free uniforms, annual regular health examinations, providing children's education subsidies and after-school care space, setting up breastfeeding rooms, organizing family days, and implementing health promotion programs.
- (3) Performance bonuses depending on operating conditions, and the profit-sharing system.
- (4) To seek employee benefits, assist employees with long-term savings, enjoy retirement with dignity, and enable employees to hold the Company's shares, for sharing the gains from earnings and rising share price, as well as for the solid development of the Company's equity on a firm foundation, the employees have voluntarily formed the "Employee Shareholding Association of Y. C. C. PARTS MFG. CO., LTD.". It is agreed to deliver the reward allocated by the Company to the Wealth Management and Trust Department of President Securities Co, Ltd, to manage and utilize benefits for all employees, ensuring their stability and improving their quality of life in the event of employee retirement or loss of ability to work.

2. Continuing education and training system

- (1) Orientation: when new recruits report to work, they must receive an orientation to understand the Company's regulations and culture in advance.
- (2) On-the-job training: before the end of a year, each department submits the education and training plan for the next year based on the department's personnel training needs. After being aggregated and submitted by the Management Department, these will serve as the basis of the Company's education and training programs.
- (3) External training: the personnel of specific units may apply for external training and education if required by their jobs (such as professional certificate training, and dedicated training), and the certificates or reports are submitted after the training as the reference for education and training.
- (4) Education and training: to establish a safe and healthy working environment, safety and health management is implemented, with regular employee firefighting education and training held, and regular inspections of related equipment.

The Company's education and promotions of safety in the most recent three years

Year	Times for education and training per person	Hours of education and training per person
2022	583	739
2023	550	349
2024	620	566

3. Retirement system and its implementation

- (1) The Company established the Labor Retirement Reserve Fund Supervision Committee in July 1997, and formulated the committee's charter and labor retirement procedures. to contribute the retirement reserve fund to be deposited in the specific account for the labor retirement reserve fund with the Trust Department of the Bank of Taiwan.
- (2) Since July 1, 2005, the Company has contributed 6% of the total salary to the employee's individual account with the Labor Insurance Bureau on a monthly basis, pursuant to the Labor Pension Act.

4. The agreement between labor and management, and various measures adopted to protect various rights and interests of employees.

- 1) The Company's implementation complies with various labor-related laws and regulations, to handle labor and health insurance for workers, and contribute pensions, to protect employees' rights and interests.
- (2) The Company values the safety and health of employees, and regularly invites doctors to the factory to provide medical and health-related consultations for employees. The health lectures are held from time to time, public accident liability insurance is purchased, and AED devices are installed in factory areas and the office building.
- (3) All operations of the Company comply with the Labor Standards Act, so up to now, there have been no labor disputes. The employees may reflect on issues they encounter both in

work and personal lives at any time through the Company's formal and informal communication channels, so that both parties better understand each other, build consensus, and create a win-win situation.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. During the two most recent fiscal years and up to the annual report publication date, there has been none of material labor dispute or labor negotiation.

VI. Cyber security management

- (I) The Company has an information security management unit in place, evaluating and reviewing information security policies, approving various information security matters, promoting security policies, reviewing corrective and preventive measures, and responding to information security crisis incidents, to prevent incidents like damage, theft, leakage, tampering, misuse, and infringement.

1. The Company's cyber security policies and guidelines are as following:

- (1) To effectively implement information security management, the Company's Audit Office executes a computer cycle for regular annual audits to implement corporate internal control security.
- (2) PwC Taiwan conducts annual audits to ensure the security of corporate information operations.
- (3) The information related to the Company's business activities must comply with the information security management regulations, to ensure the confidentiality of the information and protect the confidential information of the Company and individuals.
- (4) 3. Outsourced manufacturers shall comply with the provisions of this policy and related procedures, and shall not use without authorization, or misuse the Company's various information assets.
- (5) Improve information security protection capabilities to achieve the goal of sustainable business operations.

2. The specific management programs for cyber security are as follows:

- (1) The Company employs application security firewalls, anti-virus software, three data backup methods, and other information security protection mechanisms to prevent illegal intrusions into the Company, resulting in trade secrets and the risk of leakage of personal information.
- (2) The information unit shall strengthen the employees' awareness regarding the information security crisis, and regularly promotes information security precautions (eg only software with legal copyrights may be used, avoid downloading software from unknown sources online).
- (3) The access of the data center is under control, requiring identifiable ID cards for access, to achieve the purpose of security control. The external people must be accompanied by the information personnel, and leave the records of access, to visit the data center.
- (4) Limit the number of people going online and require authentication to access the Internet. The old operating system computers or servers with security concerns are being replaced gradually.
- (5) Review the monitoring records of information security equipment and the records of abnormal conditions.

3. Resources input into cyber security management

- (1) New purchase of an application firewall totaling NT\$117,558 in 2024.
- (2) Designate one information security supervisor and one information security officer.
- (3) In 2024, six information security promotion to employees were conducted.
- (4) Three meetings were held with the information security vendor in 2024 to discuss ways to improve the Company's information security.
- (5) In 2024, the Company evaluated which cybersecurity equipment or software could provide

real-time monitoring and alerting of security risks.

(II) List any losses suffered by the company in the most recent year and as of the printing date of the annual report due to significant cyber security incidents, possible impacts, and coping measures:

The Company has established a comprehensive network and computer information security management system, to maintain the security of information and computer systems within the Company. As of the most recent year and the printing date of the annual report, no major hacker attack was encountered, and thus no loss due to major cyber security incidents. However, to protect the Company's operating data from being hacked, we continue to strengthen the relevant information security measures, such as continuing to conduct phishing email drills to improve employees' awareness of email security. We also plan to enhance the local network management and control, divide the networks for the office and factory, to prevent computer virus spread across the factory areas. The effectiveness of information security management measures can only be ensured through continuous testing, evaluation of network and system architecture, and refinement of security management measures.

VII. Major contracts

The supply and sales contracts, technical cooperation contracts, construction contracts, long-term borrowing contracts, and other important contracts that are effectively valid, but due within a year, and enough to affect the investors' rights and interests, are as follows:

Nature of contract	Counterparty	Starting and end date of the contract	Key content	Restrictive clauses
Long-term secured borrowings	Bank of Taiwan	January 6, 2016~January 6, 2021	Mortgage loan	None
Investments from returning Taiwanese companies	Bank of Taiwan	January 3, 2020~December 26, 2026	Mortgage loan	None
Investments from returning Taiwanese companies	Bank of Taiwan	December 26, 2019~December 26, 2026	Credit loans	None
Investments from returning Taiwanese companies	Bank of Taiwan	September 19, 2020~December 26, 2029	Mortgage loan	None

Five. Financial Status, Review, and Analysis of Operating Results, and Risks

I. Financial status:

(I) The main reasons and impacts of material changes in the company's assets, liabilities, or equity in the most recent two years:

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	1,518,914	1,749,753	(230,839)	(13.19)
Property, factory, and equipment	2,916,174	2,873,418	42,756	1.49
Intangible assets	3,115	3,758	(643)	(17.11)
Other assets	674,687	791,771	(117,084)	(14.79)
Total assets	5,112,890	5,418,700	(305,810)	(5.64)
Current liabilities	590,038	849,847	(259,809)	(30.57)
Non-current liabilities	329,726	526,892	(197,166)	(37.42)
Total liabilities	919,764	1,376,739	(456,975)	(33.19)
Equity attributable to owners of the parent	4,109,854	3,945,875	163,979	4.16
Share capital	741,239	741,239	0	0.00
Capital surplus	1,193,369	1,193,349	0	0.00
Retained earnings	2,255,868	2,105,330	150,538	7.15
Other equity interest	(80,622)	(94,043)	13,421	(14.27)
Non-controlling interests	83,272	96,086	(12,814)	(13.34)
Total equity	4,193,126	4,041,961	151,165	3.74

The reasons and impacts of significant changes (changes of 20% or more between two consecutive periods and changes in amounts greater than NTD10 million) are analyzed and described below.

1. Current liabilities decreased year-on-year was mainly due to amortization of income tax.
2. The decrease in non-current liabilities was mainly due to the amortization of long-term borrowings.
3. Total liabilities decreased year-on-year mainly due to the amortization of income tax and long-term borrowings.

(II) Future response plans for material impacts: None.

II. Financial performance: the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the company's financial operations as well as measures to be taken in response

(I) Comparison and analysis of financial performance Unit: NT\$ thousand

Item \ Year	2024	2023	Amount increase (decreased)	Change %
Net operating revenues	1,932,091	2,051,209	(119,118)	(5.81)
Operating costs	1,241,874	1,361,742	(119,868)	(8.80)
Gross profit	690,217	689,467	750	0.11
Operating expenses	327,592	287,604	39,988	13.90
Net operating profit	362,625	401,863	(39,238)	(9.76)
Non-operating income and expenses	113,596	142,346	(28,750)	(20.20)
Profit before tax	476,221	544,209	(67,988)	(12.49)
Income tax expenses	121,186	111,745	9,441	8.45
Net profit of the year	355,035	432,464	(77,429)	(17.90)
Total comprehensive income in the current year	373,517	448,784	(75,267)	(16.77)
The main reasons for and impact of major changes in items (changes by 20% or more and the amount of change of more than NT\$10 million in the previous period) are explained as follows:				
1. Non-operating income and expenses decreased compared to the same period of last year, mainly due to the suspension of subsidiary, CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD., during the year.				

(II) The sales volume forecast and the basis therefore, describe the effect upon the company's financial operations as well as measures to be taken in response: with the continuous growth of the demands in the aftermarket, the Company will continue to develop more complete product items and actively expand new markets. The sales amount in the coming year shall be able to maintain the trend of continuous growth.

III. Cash flow: describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year.

(I) Analysis of the change in cash flows in the most recent fiscal year

Unit: NT\$ thousand

Item \ Year	2024	2023	Ratio of increase (decrease) (%)
Cash flow ratio (%)	128.93	94.80	34.13%
Cash flow adequacy ratio(%)	121.58	155.36	-33.78%
Cash reinvestment ratio (%)	6.66	7.59	-0.93%

Description: The increase in cash flow ratio is primary due to the subsidiary's repayment of short-term bank borrowings in 2024, which resulted in a reduction in current liabilities.

(II) Remedial measures of insufficient cash: none

(III) Liquidity analysis for the coming year

Unit: NT\$ thousand

Beginning balance of cash①	Expected net cash flow from operating activities for the whole year②	Expected net cash flow from investing and financing activities③	Expected cash surplus (deficit) amount① +② - ③	Financing of expected cash deficits	
				for the next year	Financing plan
561,073	500,000	(600,000)	461,073	—	—

Analysis of changes in cash flows:

1. Operating activities: It is expected that the net cash inflow from operating activities will be NT\$500,000 thousand throughout the year.
2. Investment and financing activities: The Company continued to purchase fixed assets such as machinery and equipment for new business units, repaid bank loans and issued cash dividends. As a result, the net cash outflow from investment and financing activities was NT\$600,000 thousand.

IV. Material capital expenditures in the last year and impacts on the financial position and business performance: None.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(I) The Company follows the “Guidelines for Governing the Acquisition and Disposal of Assets by Publicly Issued Companies” established by the competent authority, which sets out the “Regulations Governing the Acquisition and Disposal of Assets” as the basis for the Company to engage in investment or significant capital outlays, in order to grasp the relevant business and financial conditions.

(II) Main reasons for profit or loss in the latest year's investment and improvement plan: As shown below

(III) Investment plan for the next year: As shown below

Investee Company	Investment Gain (Loss) Recognized in 2024 (in thousands of NTD)	Primary Reason for Gain or Loss	Improvement Plan	Investment Plan for the Coming Year
RISE BRIGHT HOLDINGS LTD.	(170,835)	Affected by losses from its investees.	None	None
CHINA FIRST HOLDINGS LTD.	(138,868)	Affected by losses from its investees.	None	None
UNITED SKILLS CO., LTD.	5,486	Stable operational status.	None	None
CHANG JIE TECHNOLOGY CO., LTD.	(30,022)	China's economy has not effectively recovered since the pandemic, compounded by competition from peers.	Strengthen the management of the investee company.	None
LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.	(5,713)	China's economy has not effectively recovered since the pandemic, compounded by competition from peers.	Strengthen the management of the investee company.	None
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	(133,030)	Note 1	Note 1	Note 1

Note 1: The board of directors approved the suspension of operations at its subsidiary, CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD., on May 30, 2024

In the future, our company will continue to carefully evaluate investment plans to enhance our competitiveness and adapt to changes in the international market

VI. Analysis and assessment of risks

(I) The Impacts of Changes in Interest and Exchange Rates and Inflation on the Company's Profit and Loss and Future Coping Measures

1. Interest rate fluctuations

The Company's interest expenditure in 2024 and 2023 were NT\$12,011 thousand and NT\$17,269 thousand, respectively, accounting for 0.62% and 0.84% of the operating revenue of each year, or accounting for 2.52% and 3.17% of the pre-tax net profit, respectively. Therefore, changes in interest rates have no significant impacts on the Company. In the future, the Company will adjust the fund utilization in a timely manner depending on changes in financial interest rates, to reduce the impacts of changes in interest rates on the Company's profit and loss.

2. Exchange rate fluctuation

The Company's foreign currency sales are mainly denominated in USD. The Company's exchange gains and losses from exchange rate changes in 2024 and 2023 were exchange losses of NT\$97,317 thousand and exchange gains of NT\$60,398 thousand, accounting for 26.84% and 15.03% of the annual operating profit, respectively. Therefore, changes in the exchange rate of TWD to USD have a certain degree of impact on the Company. To cope with the risks of exchange rate changes on the Company's profit and loss, the Company will closely monitor the information related to exchange rate fluctuations, grasp exchange rate movement in real time, and adjust foreign currency assets and liabilities in a timely manner based on the global macroeconomy, exchange rates, and future capital needs, to avoid the risk of exchange rate changes and reduce the impact of exchange rate changes on the Company's profit and loss.

3. Inflation

According to the wholesale price index and the consumer price index for December 2024, announced by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rates were 2.11%, respectively, and there has been no risk of significant inflation. The Company has not sustained any major impact due to inflation, and the Company's quotations to customers and suppliers are mostly adjusted with the market movements, hence no major impact is expected.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions. The main reasons for the profits/losses generated thereby, and response measures to be taken in the future.

1. Based on prudent principles and pragmatic business philosophy, the Company does not engage in high-risk, high-leverage investments except for the development of its own business.
2. As of the most recent year and the printing date of the annual report, every endorsement/guarantee, and loaning of funds have been announced and reported pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. In addition, the Company has the "Operational Procedures for Loaning Funds to Others, and Endorsements/Guarantees" as the basis of related operations.
3. The main purpose of the Company's derivative trading is to avoid the risk generated by exchange rate changes, to which the foreign currency deposits are exposed, and it is handled pursuant to the Company's "Operational Procedures for Acquisition or Disposal of Assets".

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. Future R&D plans

- (1) Mold development for main products.
- (2) Design and development of various appearance parts and other products.
- (3) Integrate all production processes of soft and hard capsule products.
- (4) Establish a laboratory and obtain TAF certification.

2. Estimated R&D Expenditures

The amount of the Company's estimated investment in research and development expenses is budgeted gradually based on the development progress of new products and technologies. In the future, as turnover grows, annual research and development expenses will be gradually increased to support future research and development plans and enhance the Company's market competitiveness. In 2025, it is estimated that NT\$85,240 thousand will be invested in research and development.

(IV) Impacts of Important Domestic and International Policies and Legal Changes on the Company's Finance Businesses and Coping Measures

Apart from adhering to pertinent domestic and international laws and regulations, the company also keeps an eye on how these policies are developing both domestically and internationally, as well as any changes to them. By consulting with relevant experts, the company can quickly take appropriate action to mitigate the effects of policy changes on its operations.

(V) Impacts of Technological and Industrial Changes on the Company's Finance Businesses and Coping Measures

The company is a professional auto parts manufacturer. Changes in technology have no effect on production materials or processes. In addition to continuing to develop various molds to meet market demands, the Company maintains stable but flexible financial management to meet the challenges of changing technologies and industries while maintaining a competitive advantage. Thus, changes in technology and industry have had no significant impact on the Company. Our company has an information security management unit that promptly updates information security information and regularly reviews our cybersecurity policy. We also entrust an external IT security provider to establish network security measures, ensuring the effectiveness of our policies and the confidentiality of our information. In 2024, there were no cybersecurity incidents that impacted the company's finances or operations.

(VI) Impacts of Changes in Corporate Image on Corporate Crisis Management and Coping Measures

The Company has adhered by the principle of ethical and professional operations, valuing market and product development, strengthening internal management, and prioritizing product quality and customer satisfaction. So far, no incidents that could jeopardize the corporate image have occurred.

(VII) Expected Benefits of Mergers and Acquisitions, Possible Risks, and Coping Measures: None.

(VIII) Expected Benefits of Factory Expansion, Possible Risks, and Coping Measures

The Company has built warehouses for semi-finished products and finished products in order to accommodate the improvement of efficiency and production capacity, as well as enhance the overall planning and storage location, to address the issue of insufficient storage space for finished products.

To meet the company's needs for the best overall planning, new molds are developed along with an increase in molding and spraying equipment that corresponds to the processes of new products. To meet customer demand, the Company has expanded its production lines and output, added storage space, and increased production capacity. This has resulted in a more seamless production process, bringing overall productivity and management efficiency to the forefront.

(IX) Risks Associated with Purchases or Concentration of Sales and Coping Measures

1. Purchases

Formosa Chemicals & Fibre Corporation is currently the company's largest raw material supplier. Its purchase ratio exceeds 10%, making it a long-term partner with strong ties to the Company who supplies products of consistent quality. Taiwan currently has a large number of plastic pellet suppliers, including YMC and Formosa Plastics Corporation. The company reserves the right to change suppliers at any time, so the risk of an excessive concentration of goods causing supply issues is not a concern.

2. Sales

The Company's product sales are mainly in the after market (referred to as the AM market).

The sales ratio of one customer, A Group, in the last two years was higher than 10%. The Company has worked with A Group for a long time with good relationships and solidified an existing customer base; the sales amounts from remaining customers are relatively scattered, and there is no major risk.

- (X) Effects upon and risks to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being taken or to be taken: None.
- (XI) Impacts of Changes in Governance on the Company, Risks, and Coping Measures: As of the most recent year and the printing date of the annual report: N/A (no changes in governance).
- (XII) For litigation or non-litigation incidents, specify major litigation, non-litigation, or administrative disruption incidents involving the Company, its directors, supervisors, general managers, in-charges, and top ten shareholders with holding ratios greater than 10% or their companies, whose outcomes may have material impacts on shareholders' equity or security prices. The disputed facts, target amounts, litigation start dates, main parties involved in the litigation, and handling situation as of the printing date of the annual report should be disclosed. None.
- (XIII) Other material risks and countermeasures: None.

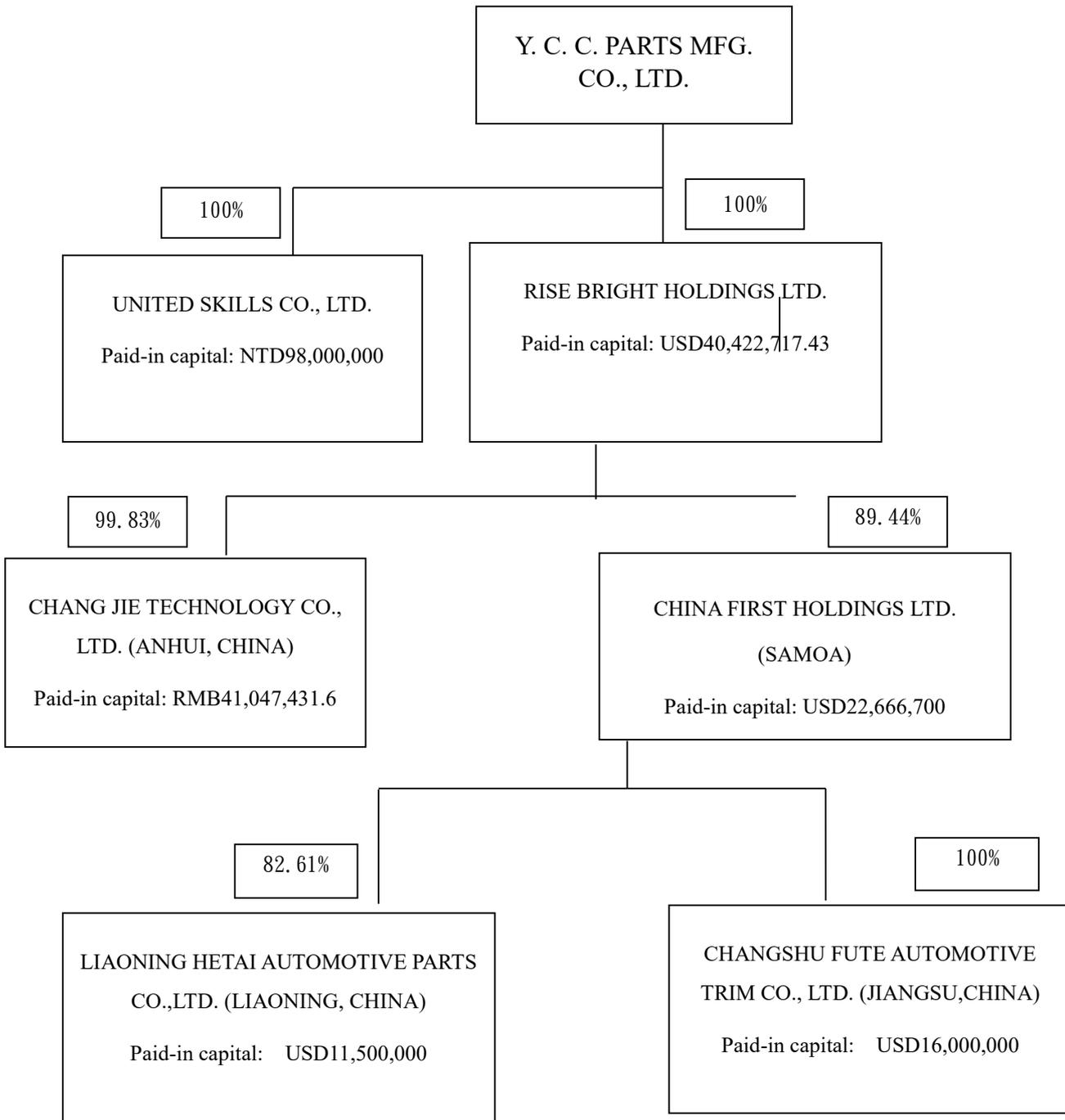
VII. Other important matters: None.

Six. Special Disclosures

I. Information on Affiliates

(I) Consolidated business report of affiliates

1. Organization chart of affiliates



2. Basic information of affiliates

December 31, 2024;unit:thousand

<u>Company name</u>	<u>Date of incorporation</u>	<u>Address</u>	<u>Paid-in capital</u>	<u>Main business activities or products</u>
<u>RISE BRIGHT HOLDINGS LTD. (SAMOA)</u>	<u>April 28, 2015</u>	<u>Offshore office, PO Box 1225, Apia, Samoa</u>	<u>USD40,423</u>	<u>Holding company</u>
<u>UNITED SKILLS CO., LTD.</u>	<u>August 17, 2015</u>	<u>No.8, Xingye Rd, Neighborhood 25, Lukang Township, ChangHua County</u>	<u>NTD98,000</u>	<u>Wholesale and retail of health supplements, online shopping and mail order</u>
<u>CHINA FIRST HOLDINGS LTD. (SAMOA)</u>	<u>October 16, 2003</u>	<u>Offshore office, PO Box 217, Apia, Samoa</u>	<u>USD22,667</u>	<u>Holding company</u>
<u>CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.</u>	<u>November 15, 2004</u>	<u>No. 8, Nanxin Road, Changkun Industrial Park, Southeast Development Zone, Changshu City, Jiangsu Province</u>	<u>USD16,000</u>	<u>Injection molding and surface spraying of automotive airbag caps, production and sales of various automotive decorative parts, electronic and plastic components, among other business items.</u>
<u>LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.</u>	<u>July 29, 2015</u>	<u>No. 1289, Yuanyi Road, Taiwan Industrial Parking, Tieling City Liaoning Province</u>	<u>USD11,500</u>	<u>Airbag parts (including the air-filling system), injection molding and surface coating of airbag caps, interior and exterior decorative parts, and electronic equipment systems.</u>
<u>CHANG JIE TECHNOLOGY CO., LTD.</u>	<u>November 19, 2019</u>	<u>No. 19, Shipai Avenue, Huaining County, Anqing City, Anhui Province</u>	<u>RMB41,047</u>	<u>Injection molding and surface spraying of automotive airbag caps, production and sales of various automotive decorative parts, and automated production equipment for spraying.</u>

3. Shareholders of the companies presumed to have a relationship of control and affiliation: None.

4. Information of the directors, supervisors and general managers of the affiliates

December 31, 2024

<u>Company name</u>	<u>Title</u>	<u>Name or name of a legal Representative</u>	<u>Shareholding</u>	
			<u>Shares (thousand shares)</u>	<u>Shareholding ratio (%)</u>
<u>RISE BRIGHT HOLDINGS LTD. (SAMOA)</u>	<u>Director</u>	<u>LIN SHI HYUNG</u>	<u>=</u>	<u>100%</u>
<u>UNITED SKILLS CO., LTD.</u>	<u>Chairman</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Supervisor</u>	<u>HUANG JO NING</u> <u>LIN YI HUNG</u> <u>LIN SHI HYUNG</u> <u>LIN HAO CHEN</u> <u>LIN RUEI-ZE</u> <u>LIU SHU MEI</u>	<u>9,800</u>	<u>100%</u>
<u>CHINA FIRST HOLDINGS LTD. (SAMOA)</u>	<u>Director</u> <u>Director</u> <u>Director</u>	<u>LIN SHIH YUNG</u> <u>LIN YI HUNG</u> <u>LIN RUEI-ZE</u>	<u>=</u>	<u>89.44%</u>
<u>CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.</u>	<u>Chairman</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Supervisor</u>	<u>LIU SHU MEI</u> <u>LIN YI HUNG</u> <u>LIN SHI HYUNG</u> <u>LIN HAO CHEN</u> <u>LIN RUEI-ZE</u> <u>HUANG JO NING</u>	<u>=</u>	<u>89.44%</u>

Company name	Title	Name or name of a legal Representative	Shareholding	
			Shares (thousand shares)	Shareholding ratio (%)
<u>LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.</u>	<u>Chairman</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Supervisor</u>	<u>LIU SHU MEI</u> <u>LIN YI HUNG</u> <u>LIN SHI HYUNG</u> <u>LIN RUEI-ZE</u> <u>LIN WEI GONG</u> <u>LIN HAO CHEN</u>	=	73.89%
CHANG JIE TECHNOLOGY CO., LTD.	<u>Chairman</u> <u>Director</u> <u>Director</u> <u>Director</u> <u>Supervisor</u> <u>Supervisor</u> <u>Supervisor</u>	<u>LIN SHI HYUNG</u> <u>LIN YI HUNG</u> <u>LIN RUEI-ZE</u> <u>LIN HAO CHEN</u> <u>LIU SHU MEI</u> <u>HUANG JO NING</u> <u>TIAN CHIEH CHANG</u> <u>JHONG YUN LONG</u>	=	99.83%

5. Operation overview of affiliates

December 31, 2024; Unit NT\$ thousand

Company name	Paid-up capital	Total assets	Total liabilities	Net worth	Operating revenue	Net operating profit	Current profit and loss (after tax)
<u>RISE BRIGHT HOLDINGS LTD. (SAMOA)</u>	1,235,358 (US40,423)	424,720 (US12,955)	126,164 (US3,848)	298,556 US9,106	24,028 (US748)	-314 (-US10)	-170,835 (-US5,320)
UNITED SKILLS CO., LTD.	98,000	134,802	30,398	104,404	6,727	-4,745	5,486
CHINA FIRST HOLDINGS LTD. (SAMOA)	1,158,673 (US22,667)	318,002 (US9,700)	246 (US8)	317,756 (US9,692)	1,523 (US47)	-449 (-US14)	-155,264 (-US4,835)
<u>CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.</u>	483,600 (US16,000)	285,841 (RMB63,640)	220,491 (RMB49,090)	65,350 (RMB14,550)	66,779 (RMB14,972)	-64,984 (-RMB14,569)	-148,737 (-RMB33,346)
<u>LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.</u>	347,588 (US11,500)	414,343 (RMB92,250)	137,063 (RMB30,516)	277,280 (RMB61,734)	335,308 (RMB75,175)	-8,286 (-RMB1,858)	-7,732 (-RMB1,733)
<u>CHANG JIE TECHNOLOGY CO., LTD.</u>	176,406 (RMB41,047)	167,401 (RMB37,270)	48,226 (RMB10,737)	119,175 (RMB26,533)	10,254 (RMB2,299)	-30,647 (-RMB6,871)	-30,073 (-RMB6,742)

(II) Consolidated Financial Statements of Affiliates: Description: The companies that should be incorporated in the consolidated financial statements of affiliated companies are the same as those that should be incorporated in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10 recognized by the Financial Supervisory Commission. In addition, the related information that must be disclosed in the consolidated financial report of affiliated companies has been fully disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, the Company only issued a statement on the first page of the consolidated financial statements of

parent and subsidiary companies and shall not prepare separate consolidated financial statements of affiliated companies or issue a statement for the consolidated financial statements of affiliated companies.

(III) Affiliation Reports: Not Applicable.

II. Private placements of securities in the most recent year and as of the printing date of the annual report:None.

III.. Other supplementary information: None.

Seven: Any event which has a material impact on shareholders' equity or securities prices, as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, in the most recent year and as of the printing date of the Annual Report: None.

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

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.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Y.C.C. PARTS MFG. CO. LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2024 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Y.C.C. PARTS MFG. CO. LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, Additionally, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Y.C.C. PARTS MFG. CO. LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Y.C.C. PARTS MFG. CO. LTD.

By

(Name of Chairman), Chairman

February 24, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Y.C.C. Parts Mfg. Co., Ltd. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(29); and for details of operating revenue, please refer to Note 6(20). The Group is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

The sales revenue recognition involves the use of several manual judgements and procedures. As a result, the timing of sales revenue recognition may be inappropriate. Therefore, we included the cut-off of sales revenue recognition as one of the key areas of focus for this year.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding and evaluating the operating procedures and internal controls over sales revenue, and assessing the effectiveness on how the management controls the timing of recognizing sales revenue.

2. Examined the transaction documents to ensure that transactions had been recorded in the proper period for a certain period around the balance sheet date.

Assessment of allowance for inventory valuation loss

Description

For the accounting policy of inventory assessment, please refer to Note 4(14); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5; and for details of allowance for inventory valuation losses, please refer to Note 6(5). The Group is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT\$ 355,508 thousand and NT\$ 46,714 thousand, respectively.

The Group is primarily engaged in manufacturing and trading automobile parts. Inventories that are over a certain age and separately recognised as impaired inventories are stated at the lower of cost and net realisable value. Those inventory items separately identified as obsolete and damaged are corroborated against supporting documents in recognising valuation losses. Considering that the Group's inventories were material to its financial statements, and the determination of net realisable value as at balance sheet date involved judgements and estimates, we identified the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtained an understanding of the nature of the Group's business and industry and assessed the reasonableness of provision policies in the determination of allowance

- for inventory valuation losses.
2. Reviewed the Group's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
 3. Obtained the Group's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report in accordance with the Group's policy.
 4. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Y.C.C. Parts Mfg. Co., Ltd. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Yu-Chuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2025

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
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 561,073	11	\$ 550,670	10
1110	Financial assets at fair value through profit or loss - current	6(2)	136,325	3	135,445	2
1136	Current financial assets at amortised cost	6(3)	29,167	1	125,890	2
1150	Notes receivable, net	6(4)	24,909	-	37,971	1
1170	Accounts receivable, net	6(4)	417,199	8	499,189	9
1200	Other receivables		3,226	-	10,072	-
130X	Inventories	6(5)	308,794	6	357,322	7
1470	Other current assets		38,221	1	33,194	1
11XX	Current Assets		<u>1,518,914</u>	<u>30</u>	<u>1,749,753</u>	<u>32</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	127,432	2	128,299	2
1535	Non-current financial assets at amortised cost	6(3) and 8	300	-	300	-
1600	Property, plant and equipment	6(7) and 8	2,916,174	57	2,873,418	53
1755	Right-of-use assets	6(8) and 8	145,486	3	150,100	3
1760	Investment property, net	6(9) and 8	94,006	2	94,441	2
1780	Intangible assets		3,115	-	3,758	-
1840	Deferred income tax assets	6(26)	94,464	2	109,196	2
1900	Other non-current assets	6(10)	212,999	4	309,435	6
15XX	Non-current assets		<u>3,593,976</u>	<u>70</u>	<u>3,668,947</u>	<u>68</u>
1XXX	Total assets		<u>\$ 5,112,890</u>	<u>100</u>	<u>\$ 5,418,700</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ -	-	\$ 35,786	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	2,952	-
2130	Current contract liabilities	6(20)	8,800	-	22,267	-
2150	Notes payable		116,187	3	178,448	3
2170	Accounts payable		63,949	1	101,114	2
2200	Other payables	6(13)	165,158	3	182,257	3
2230	Current income tax liabilities	6(26)	93,206	2	188,160	4
2320	Long-term liabilities, current portion	6(14)	136,815	3	133,167	2
2399	Other current liabilities, others	6(8)	5,923	-	5,696	-
21XX	Current Liabilities		<u>590,038</u>	<u>12</u>	<u>849,847</u>	<u>15</u>
Non-current liabilities						
2540	Long-term borrowings	6(14)	311,489	6	446,846	8
2560	Current tax liabilities-non-current	6(26)	969	-	56,283	1
2570	Deferred income tax liabilities	6(26)	1,378	-	-	-
2600	Other non-current liabilities	6(8)(15)	15,890	-	23,763	1
25XX	Non-current liabilities		<u>329,726</u>	<u>6</u>	<u>526,892</u>	<u>10</u>
2XXX	Total Liabilities		<u>919,764</u>	<u>18</u>	<u>1,376,739</u>	<u>25</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(17)	741,239	14	741,239	14
Capital surplus						
3200	Capital surplus	6(18)	1,193,369	24	1,193,349	22
Retained earnings						
3310	Legal reserve	6(19)	427,883	8	383,999	7
3320	Special reserve		94,043	2	109,142	2
3350	Unappropriated retained earnings		1,733,942	34	1,612,189	30
Other equity interest						
3400	Other equity interest		(80,622)	(2)	(94,043)	(2)
31XX	Equity attributable to owners of the parent		<u>4,109,854</u>	<u>80</u>	<u>3,945,875</u>	<u>73</u>
36XX	Non-controlling interests		<u>83,272</u>	<u>2</u>	<u>96,086</u>	<u>2</u>
3XXX	Total equity		<u>4,193,126</u>	<u>82</u>	<u>4,041,961</u>	<u>75</u>
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 5,112,890</u>	<u>100</u>	<u>\$ 5,418,700</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
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

Items	Notes	Year ended December 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(20)	\$ 1,932,091	100	\$ 2,051,209	100
5000	Operating costs	6(5)(24)(25)	(1,241,874)	(65)	(1,361,742)	(67)
5900	Net operating margin		690,217	35	689,467	33
	Operating expenses	6(24)(25)				
6100	Selling expenses		(153,741)	(8)	(146,205)	(7)
6200	General and administrative expenses		(116,430)	(6)	(113,344)	(6)
6300	Research and development expenses		(70,066)	(4)	(69,766)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	12,645	1	41,711	2
6000	Total operating expenses		(327,592)	(17)	(287,604)	(14)
6900	Operating profit		362,625	18	401,863	19
	Non-operating income and expenses					
7100	Interest income		23,287	1	34,593	2
7010	Other income	6(21)	55,898	3	52,075	2
7020	Other gains and losses	6(22)	46,422	3	72,947	4
7050	Finance costs	6(23)	(12,011)	(1)	(17,269)	(1)
7000	Total non-operating income and expenses		113,596	6	142,346	7
7900	Profit before income tax		476,221	24	544,209	26
7950	Income tax expense	6(26)	(121,186)	(6)	(111,745)	(5)
8200	Profit for the year		\$ 355,035	18	\$ 432,464	21
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(17)	\$ 1,622	-	\$ 3,972	-
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(6)	(867)	-	26,304	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(324)	-	(794)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		431	-	29,482	2
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		18,051	1	(13,162)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		18,051	1	(13,162)	(1)
8300	Total other comprehensive income for the year		\$ 18,482	1	\$ 16,320	1
8500	Total comprehensive income for the year		\$ 373,517	19	\$ 448,784	22
	Profit (loss), attributable to:					
8610	Owners of parent		\$ 371,612	19	\$ 435,661	21
8620	Non-controlling interests		(16,577)	(1)	(3,197)	-
	Total		\$ 355,035	18	\$ 432,464	21
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		\$ 386,331	20	\$ 453,938	22
8720	Non-controlling interests		(12,814)	(1)	(5,154)	-
	Total		\$ 373,517	19	\$ 448,784	22
	Basic earnings per share	6(27)				
9750	Basic earnings per share		\$ 5.01		\$ 5.88	
9850	Diluted earnings per share		\$ 5.00		\$ 5.86	

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
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											
	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained earnings			Other equity interest			Total	Non-controlling interests	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>Year 2023</u>												
		\$ 741,239	\$ 1,193,349	\$ 343,211	\$ 120,040	\$ 1,425,612	(\$ 82,602)	(\$ 26,540)	\$ 3,714,309	\$ 101,240	\$ 3,815,549	
		-	-	-	-	435,661	-	-	435,661	(3,197)	432,464	
	6(6)	-	-	-	-	3,178	(11,205)	26,304	18,277	(1,957)	16,320	
		-	-	-	-	438,839	(11,205)	26,304	453,938	(5,154)	448,784	
Appropriation and distribution of 2022 earnings												
		-	-	40,788	-	(40,788)	-	-	-	-	-	
		-	-	-	(10,898)	10,898	-	-	-	-	-	
	6(19)	-	-	-	-	(222,372)	-	-	(222,372)	-	(222,372)	
		<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>Year 2024</u>												
		\$ 741,239	\$ 1,193,349	\$ 383,999	\$ 109,142	\$ 1,612,189	(\$ 93,807)	(\$ 236)	\$ 3,945,875	\$ 96,086	\$ 4,041,961	
		-	-	-	-	371,612	-	-	371,612	(16,577)	355,035	
	6(6)	-	-	-	-	1,298	14,288	(867)	14,719	3,763	18,482	
		-	-	-	-	372,910	14,288	(867)	386,331	(12,814)	373,517	
Appropriation and distribution of 2023 earnings												
		-	-	43,884	-	(43,884)	-	-	-	-	-	
		-	-	-	(15,099)	15,099	-	-	-	-	-	
	6(19)	-	-	-	-	(222,372)	-	-	(222,372)	-	(222,372)	
	6(18)	-	20	-	-	-	-	-	20	-	20	
		<u>\$ 741,239</u>	<u>\$ 1,193,369</u>	<u>\$ 427,883</u>	<u>\$ 94,043</u>	<u>\$ 1,733,942</u>	<u>(\$ 79,519)</u>	<u>(\$ 1,103)</u>	<u>\$ 4,109,854</u>	<u>\$ 83,272</u>	<u>\$ 4,193,126</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
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 476,221	\$ 544,209
Adjustments			
Adjustments to reconcile profit (loss)			
Proceeds from disposal of property, plant and equipment	6(22)	(1,977)	(4,283)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(22)	(19,650)	(9,110)
Reversal of expected credit losses	12(2)	(12,645)	(41,711)
Impairment loss	6(7)(11)(22)	69,701	-
Depreciation expense	6(7)(24)	373,862	362,651
Depreciation expense - right-of-use assets	6(8)(24)	9,577	6,714
Investment property expense	6(9)(24)	956	943
Amortisation expense	6(24)	9,948	6,291
Interest expense	6(23)	12,011	17,269
Interest income		(23,287)	(34,593)
Government grant revenues	6(15)	(1,431)	(1,410)
Dividend income	6(21)	(8,088)	(7,132)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		5,841	(10,890)
Accounts receivable, net		94,635	76,803
Other receivables		(12,977)	(14,222)
Inventories		41,277	(59,329)
Other current assets		(5,027)	9,903
Changes in operating liabilities			
Contract liabilities - current		(13,467)	7,415
Notes payable		21,722	14,729
Accounts payable		(37,165)	(40,339)
Other payables		(3,399)	(4,692)
Other current liabilities		1,777	18,109
Net defined benefit liability		(565)	(138)
Cash inflow generated from operations		977,850	837,187
Interest received		24,015	34,863
Interest paid		(12,212)	(17,182)
Dividend received		8,088	7,132
Income taxes paid		(236,996)	(51,135)
Net cash flows from operating activities		<u>760,745</u>	<u>810,865</u>

(Continued)

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

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(28)	(\$ 3,609)	(\$ 12,263)
Proceeds from disposal of financial assets at fair value through profit or loss		19,581	17,118
Increase in financial assets at amortised cost		96,723	(125,890)
Acquisition of non-current financial assets at fair value through other comprehensive income		-	(26,748)
Acquisition of property, plant and equipment	6(28)	(433,278)	(207,107)
Proceeds from disposal of property, plant and equipment		19,533	32,505
Increase in prepayment of equipment and construction	6(28)	(35,514)	(300,326)
Acquisition of real estate investments	6(9)	-	(80,887)
Decrease in other non-current assets		(4,795)	1,279
Acquisition of intangible assets		(1,752)	(1,533)
Decrease in refundable deposits		(697)	(3,651)
Net cash flows used in investing activities		(343,808)	(707,503)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	-	35,883
Decrease in short-term borrowings	6(28)	(37,280)	(256,369)
Repayments of long-term borrowings	6(28)	(133,167)	(154,424)
Increase in deposits received	6(28)	704	381
Repayments of principal portion of lease liabilities	6(28)	(5,308)	(2,663)
Cash dividends paid	6(28)	(222,372)	(222,372)
Net cash flows used in financing activities		(397,423)	(599,564)
Effect of exchange rate changes on cash and cash equivalents		(9,111)	10,498
Net increase (decrease) in cash and cash equivalents		10,403	(485,704)
Cash and cash equivalents at beginning of year		550,670	1,036,374
Cash and cash equivalents at end of year		\$ 561,073	\$ 550,670

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
YEARS ENDED DECEMBER 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 and wholesale and retail of health supplements 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 February 24, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
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
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

(1) Compliance statement

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

(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:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)		Description
			December 31, 2024	December 31, 2023	
The Company	RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	Holding company and selling interior and exterior accessories of automobiles	100.00%	100.00%	
The Company	UNITED SKILLS CO., LTD. (UNITED SKILLS)	Wholesale and retail of health supplements, online shopping and mail order	100.00%	100.00%	(Note 1)
RISE BRIGHT	CHINA FIRST HOLDINGS LTD. (CHINA FIRST)	Holding company and selling interior and exterior accessories of automobiles	89.44%	89.44%	
RISE BRIGHT	CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	Producing and selling interior and exterior accessories of automobiles	99.83%	99.83%	
CHINA FIRST	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU FUTE)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	

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

Note 1 : The Company passed a resolution by the Board of Directors to invest NT\$100,000 thousand in its subsidiary UNITED SKILLS in installments on March 7, 2024. As of December 31, 2024, the Company increased its capital NT\$48,000 thousand and the change in registration was completed. However, on November 6, 2024, the Board of Directors resolved to cancel the remaining investment plan for the capital increase as the subsidiary, United Skills Co., Ltd. has no capital needs in the short-term.

Note 2 : In order to simplify the organizational structure, CHANSHU FUTE used November 30, 2023 as the merger base date to absorb and merge with CHANSHU XINXIANG.

C. Subsidiaries not included in the consolidated financial statements

None.

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

None.

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

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operations.
- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be 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.

(6) Cash equivalents

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

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs.

Except for the same types of inventory, the item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Property, plant and equipment

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

Buildings and structures	10 ~ 20 years
Machinery and equipment	1 ~ 15 years
Molding equipment	2 ~ 12 years
Transportation equipment	2 ~ 10 years
Furniture equipment	2 ~ 5 years
Other equipment	2 ~ 20 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the

amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Land use right is depreciated on a straight-line basis over its contract of 50 years signed with the government of Changshu City, Jiangsu Province, People's Republic of China; buildings and structures are depreciated on a straight-line basis over its estimated useful life of 20 years.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(19) Impairment of non-financial assets

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

(20) Borrowings

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

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends to shareholders are recognized as liabilities in the financial report when the Board of Directors of the Company decides to distribute, and stock dividends 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.

(29) Revenue recognition

Sales of goods

- A. The Group manufactures and sells automobiles parts products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Goods are often sold with sales discounts and allowances based on future estimated sales volume. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 30 to 120 days after the delivery date. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

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

Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(31) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(32) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As net realisable value of inventories is estimated at the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated selling expenses, the estimates are based on current market conditions and historical sales experience of similar products and the result of the estimates might be significantly influenced by changes in market conditions.

As of December 31, 2024, the carrying amount of inventories was \$308,794.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 243	\$ 231
Checking accounts and demand deposits	232,202	312,716
Time deposits	<u>328,628</u>	<u>237,723</u>
	<u>\$ 561,073</u>	<u>\$ 550,670</u>
Interest rate range		
Time deposits	<u>0.55%~5.00%</u>	<u>5.64%~5.72%</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.

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

Items	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 102,273	\$ 104,823
Valuation adjustment	33,660	30,622
Total	\$ 135,933	\$ 135,445
Financial assets (liabilities) held for trading		
Foreign exchange swap contracts	\$ 392	(\$ 2,952)
Total financial assets at fair value through profit or loss	\$ 136,325	\$ 135,445
Total financial liabilities at fair value through profit or loss	\$ -	(\$ 2,952)

- A. The Group recognized financial assets and liabilities at fair value through profit or loss of \$19,650 and \$9,110 for the years ended December 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:

	December 31, 2024	
<u>Derivative financial assets (liabilities)</u>	Contract amount (Notional principal)	Contract period
Foreign exchange swap contracts	USD 900 thousand	2024.12.06 ~ 2025.01.06
	December 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

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 and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits maturing over three months	\$ 29,167	\$ 125,890
Non-current items:		
Restricted time deposits	\$ 300	\$ 300

- A. As at December 31, 2024 and 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 \$29,467 and \$126,190, 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>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 25,117	\$ 38,179
Less: Allowance for uncollectible accounts	(208)	(208)
	<u>\$ 24,909</u>	<u>\$ 37,971</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 427,188	\$ 521,330
Less: Allowance for uncollectible accounts	(9,989)	(22,141)
	<u>\$ 417,199</u>	<u>\$ 499,189</u>

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

	<u>December 31, 2024</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 25,117	\$ 349,057
1 to 60 days	-	69,032
61 to 120 days	-	4,566
121 to 180 days	-	253
181 to 240 days	-	538
Over 241 days	-	3,742
	<u>\$ 25,117</u>	<u>\$ 427,188</u>
	<u>December 31, 2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
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>\$ 521,330</u>

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

- B. As at December 31, 2024 and 2023, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balances of accounts receivable and notes receivable from contracts with customers amounted to \$598,967 and \$27,225, respectively.
- C. As at December 31, 2024 and 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 were \$24,909 and \$37,971 as well as \$417,199 and \$499,189, respectively.
- D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 109,018	(\$ 22,147)	\$ 86,871
Work in progress	50,643	(3,155)	47,488
Semi-finished goods	9,987	(4,205)	5,782
Finished goods	184,291	(17,207)	167,084
Merchandise	1,569	-	1,569
Total	<u>\$ 355,508</u>	<u>(\$ 46,714)</u>	<u>\$ 308,794</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>

The cost of inventories recognised as expense for the period :

	Years ended December 31,	
	2024	2023
Cost of goods sold	\$ 1,212,319	\$ 1,368,454
Unallocated fixed overheads	38,226	19,699
Loss on scrapping inventory	253	8,496
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories	(8,791)	(29,713)
Loss (gain) on physical inventory	(133)	(5,194)
	<u>\$ 1,241,874</u>	<u>\$ 1,361,742</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 years ended December 31, 2024 and 2023.

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

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 128,535	\$ 128,535
Valuation adjustment	(1,103)	(236)
Total	<u>\$ 127,432</u>	<u>\$ 128,299</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 \$127,432 and \$128,299, as at December 31, 2024 and 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>Years ended December 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	(\$ 867)	\$ 26,304
Dividend income recognised in profit or loss held at end of period	<u>\$ 3,988</u>	<u>\$ 3,262</u>

- C. As at December 31, 2024 and 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 \$127,432 and \$128,299, respectively.
- D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

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(7) Property, plant and equipment

	Year ended December 31, 2024					Ending balance
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	
Cost						
Land	\$ 956,365	\$ 77,700	\$ -	\$ -	\$ -	\$ 1,034,065
Buildings and structures	1,614,968	67,615	(1,338)	22,436	15,363	1,719,044
Machinery and equipment	1,355,693	30,392	(128,930)	69,314	18,488	1,344,957
Molding equipment	2,308,680	77,433	(18,567)	53,962	1,132	2,422,640
Transportation equipment	35,101	-	(1,996)	-	87	33,192
Furniture equipment	3,022	51	(151)	-	29	2,951
Other equipment	223,208	17,426	(16,208)	12,096	1,376	237,898
Unfinished construction and equipment under acceptance	288,386	79,908	-	(27,759)	1,920	342,455
	<u>\$ 6,785,423</u>	<u>\$ 350,525</u>	<u>(\$ 167,190)</u>	<u>\$ 130,049</u>	<u>\$ 38,395</u>	<u>\$ 7,137,202</u>
Accumulated Depreciation						
Buildings and structures	(\$ 968,179)	(\$ 77,239)	\$ 1,338	\$ -	(\$ 4,876)	(\$ 1,048,956)
Machinery and equipment	(904,107)	(102,234)	119,330	-	(8,324)	(895,335)
Molding equipment	(1,849,061)	(167,957)	11,290	-	(700)	(2,006,428)
Transportation equipment	(28,898)	(2,287)	1,996	-	(66)	(29,255)
Furniture equipment	(2,616)	(304)	146	-	(22)	(2,796)
Other equipment	(159,144)	(23,841)	15,532	-	(688)	(168,141)
	<u>(\$ 3,912,005)</u>	<u>(\$ 373,862)</u>	<u>\$ 149,632</u>	<u>\$ -</u>	<u>(\$ 14,676)</u>	<u>(4,150,911)</u>
Accumulated Impairment						
Machinery and equipment	\$ -	(\$ 64,422)	\$ -	\$ -	(\$ 396)	(\$ 64,818)
Other equipment	-	(5,279)	-	-	(20)	(5,299)
	<u>\$ -</u>	<u>(\$ 69,701)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 416)</u>	<u>(\$ 70,117)</u>
Total	<u>\$ 2,873,418</u>					<u>\$ 2,916,174</u>

	Year ended December 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	3,230	-	2,154	(8,163)	1,614,968
Machinery and equipment	1,345,856	39,317	(105,828)	86,282	(9,934)	1,355,693
Molding equipment	2,136,767	74,029	(25,336)	123,905	(685)	2,308,680
Transportation equipment	35,281	-	(538)	403	(45)	35,101
Furniture equipment	3,485	126	(572)	-	(17)	3,022
Other equipment	189,283	34,217	(7,773)	8,243	(762)	223,208
Unfinished construction and equipment under acceptance	<u>328,357</u>	<u>52,005</u>	<u>(493)</u>	<u>(90,232)</u>	<u>(1,251)</u>	<u>288,386</u>
	<u>\$ 6,613,141</u>	<u>\$ 202,924</u>	<u>(\$ 140,540)</u>	<u>\$ 130,755</u>	<u>(\$ 20,857)</u>	<u>\$ 6,785,423</u>
Accumulated Depreciation						
Buildings and structures	(\$ 896,986)	(\$ 72,561)	\$ -	(\$ 1,094)	\$ 2,462	(\$ 968,179)
Machinery and equipment	(860,554)	(101,062)	82,879	(29,868)	4,498	(904,107)
Molding equipment	(1,706,235)	(163,248)	20,201	(173)	394	(1,849,061)
Transportation equipment	(26,864)	(2,605)	538	-	33	(28,898)
Furniture equipment	(2,825)	(374)	571	-	12	(2,616)
Other equipment	(144,862)	(22,801)	8,131	-	388	(159,144)
	<u>(3,638,326)</u>	<u>(\$ 362,651)</u>	<u>\$ 112,320</u>	<u>(\$ 31,135)</u>	<u>\$ 7,787</u>	<u>(3,912,005)</u>
Total	<u>\$ 2,974,815</u>					<u>\$ 2,873,418</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 equipment under acceptance.

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:

Years ended December 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>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 128,289	\$ 127,514
Transportation equipment (Business vehicles)	17,197	22,586
	<u>\$ 145,486</u>	<u>\$ 150,100</u>

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 4,188	\$ 4,036
Transportation equipment (Business vehicles)	5,389	2,678
	<u>\$ 9,577</u>	<u>\$ 6,714</u>

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$0 and \$18,925, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 257	\$ 101
Expense on short-term lease contracts	<u>\$ 194</u>	<u>\$ 368</u>
Expense on leases of low-value assets	<u>\$ 785</u>	<u>\$ 1,048</u>

F. As of December 31, 2024 and 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>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities - current	<u>\$ 5,272</u>	<u>\$ 5,308</u>
Lease liabilities - non-current	<u>\$ 12,083</u>	<u>\$ 17,355</u>

G. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$6,544 and \$4,180, respectively.

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

(9) Investment property

Year ended December 31, 2024						
	Beginning balance	Additions	Decreases	Net exchange differences	Ending balance	
Cost						
Land	\$ 80,887	\$ -	\$ -	\$ -	\$ 80,887	
Land use right	4,151	-	-	161	4,312	
Buildings and structures	16,048	-	-	625	16,673	
	<u>\$ 101,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786</u>	<u>\$ 101,872</u>	
Accumulated Depreciation						
Land use right	(\$ 560)	(\$ 128)	\$ -	(\$ 22)	(\$ 710)	
Buildings and structures	(6,085)	(828)	-	(243)	(7,156)	
	<u>(6,645)</u>	<u>(\$ 956)</u>	<u>\$ -</u>	<u>(\$ 265)</u>	<u>(7,866)</u>	
Total	<u>\$ 94,441</u>				<u>\$ 94,006</u>	
Year ended December 31, 2023						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	\$ -	\$ 80,887	\$ -	\$ -	\$ -	\$ 80,887
Land use right	4,240	-	-	(22)	(67)	4,151
Buildings and structures	17,411	-	-	(3,265)	1,902	16,048
	<u>\$ 21,651</u>	<u>\$ 80,887</u>	<u>\$ -</u>	<u>(\$ 3,287)</u>	<u>\$ 1,835</u>	<u>\$ 101,086</u>
Accumulated Depreciation						
Land use right	(\$ 449)	(\$ 126)	\$ -	\$ 4	\$ 11	(\$ 560)
Buildings and structures	(6,489)	(817)	-	1,094	127	(6,085)
	<u>(6,938)</u>	<u>(\$ 943)</u>	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ 138</u>	<u>(6,645)</u>
Total	<u>\$ 14,713</u>					<u>\$ 94,441</u>

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

	Years ended December 31,	
	2024	2023
Rental income from investment property	<u>\$ 4,073</u>	<u>\$ 3,667</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 956</u>	<u>\$ 943</u>

- B. The fair value of the investment property held by the Group, which is the land, as at December 31, 2024 and 2023 was 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 December 31, 2024 and 2023 were \$27,630 and \$10,187, 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 4.2~4.35% and 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 2.5 years. As CHANGSHU FUTE pledged the buildings and structures as collateral to the Shanghai Pudong Development Bank for its loans, it will terminate the agreement early with DAQIAOJIXIE and JIANGSU JIASHENGYU and pay the relevant compensation if the bank exercises its rights to the pledged collateral and disposes it. In January 2024, due to the expiration of the lease and the cancellation of the pledge by CHANGSHU FUTE and the bank, the lease contract was re-signed. The lease period was for one year. If the lease expired and there was no notice of non-renewal from both parties, the lease would be considered as renewed.
- D. The Group acquired land located in the Yutengping section of Sanyi Township, Miaoli County in September 2023, and it is expected to be used for sustainable development.
- E. The future aggregate minimum lease payments receivable are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not later than one year	\$ 8,921	\$ 3,784
Later than one year but not later than five years	8,921	-
	<u>\$ 17,842</u>	<u>\$ 3,784</u>

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

(10) Other non-current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments for business facilities and construction	\$ 204,297	\$ 298,832
Guarantee deposits paid	7,046	7,743
Others	1,656	2,860
	<u>\$ 212,999</u>	<u>\$ 309,435</u>

(11) Impairment of non-financial assets

- A. Due to strategic operational adjustments, the subsidiary of the Group in Changshu fully ceased production starting June 2024, leading to the recoverable amount of property, plant, and equipment being lower than their book value. The Group has adjusted their book value to the recoverable amount and recognized an impairment loss of 69,701 thousand yuan. The aforementioned recoverable amount was measured based on the fair value of individual assets. For details of impairment loss recognition, please refer to Note 6 (7).
- B. The aforementioned impairment loss was recognized in the current period's profit and loss under other operating segments.

(12) Short-term borrowings

December 31, 2024: None.

Type of borrowings	December 31, 2023
Secured borrowings	\$ 35,786
Interest rate range	4.35%

(13) Other payables

	December 31, 2024	December 31, 2023
Salaries and bonus payable	\$ 56,672	\$ 53,647
Machinery and equipment payable	43,211	56,453
Transportation fee payable	9,182	5,745
Employees' compensation payable	8,892	8,425
Directors' remuneration payable	5,928	5,841
Others	41,273	52,146
	\$ 165,158	\$ 182,257

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(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2024</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	\$ 24,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	177,430
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	184,000
Secured borrowings	From September 19, 2019 to December 15, 2029	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 51 installments with a 3-year grace period on principal only	63,238
			<u>\$ 448,668</u>
Less: Current portion			(136,815)
Less: Discount on government grants			(364)
			<u>\$ 311,489</u>
Interest rate range			<u>1.38%~1.91%</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 is 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>

(15) Government grants

As of December 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 \$1,431 and \$1,410, respectively, for the years ended December 31, 2024 and 2023.

(16) 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) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 16,308	\$ 16,431
Fair value of plan assets	(16,342)	(14,658)
Net defined benefit liability	<u>(\$ 34)</u>	<u>\$ 1,773</u>

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

	<u>2024</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	\$ 16,431	(\$ 14,658)	\$ 1,773
Interest expense (income)	185	(166)	19
	<u>16,616</u>	<u>(14,824)</u>	<u>1,792</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,314)	(1,314)
Change in financial assumptions	(183)	-	(183)
Experience adjustments	(125)	-	(125)
	<u>(308)</u>	<u>(1,314)</u>	<u>(1,622)</u>
Pension fund contribution	-	(204)	(204)
Balance at December 31	<u>\$ 16,308</u>	<u>(\$ 16,342)</u>	<u>\$ 34</u>

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 20,037	(\$ 14,153)	\$ 5,884
Interest expense (income)	225	(161)	64
	<u>20,262</u>	<u>(14,314)</u>	<u>5,948</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(141)	(141)
Change in financial assumptions	-	-	-
Experience adjustments	(3,831)	-	(3,831)
	<u>(3,831)</u>	<u>(141)</u>	<u>(3,972)</u>
Pension fund contribution	-	(203)	(203)
Balance at December 31	<u>\$ 16,431</u>	<u>(\$ 14,658)</u>	<u>\$ 1,773</u>

(d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.38%	1.13%
Future salary increases	2.50%	2.50%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 178)	\$ 183	\$ 179	(\$ 175)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 151)	\$ 156	\$ 151	(\$ 147)

The sensitivity analysis above is based on other condition that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to \$212.
 - (g) As of December 31, 2024, the weighted average duration of that retirement plan is 4.5 years.
- 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 years ended December 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 \$11,798 and \$14,063 for the years ended December 31, 2024 and 2023, respectively.

(17) Share capital

A. As of December 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:

	<u>2024</u>	<u>2023</u>
	<u>Number of thousand shares</u>	<u>Number of thousand shares</u>
At January 1 and December 31	\$ 74,124	\$ 74,124

(18) Capital surplus

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Used to offset deficits,</u>		
<u>distributed as cash</u>		
<u>dividends or transferred to</u>		
<u>share capital (Note 1)</u>		
Additional paid-in capital in		
excess of par-ordinary share	\$ 1,163,298	\$ 1,163,298
Difference between		
consideration and carrying		
amount of subsidiaries		
acquired	\$ 2,125	\$ 2,125
Assets received as donations	\$ 20	\$ -
<u>Used to offset accumulated</u>		
<u>deficits only (Note 2)</u>		
Changes in ownership interests		
in subsidiaries	\$ 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.

(19) 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 attendance 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 May 30, 2024. The appropriations of 2022 earnings had been resolved at the shareholders' meeting on May 31, 2023. Details are summarized below:

	Years 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 reversed	(15,099)		(10,899)	
Cash dividend	222,372	\$ 3.00	222,372	\$ 3.00

G. The appropriations of 2024 earnings have been approved by the Board of Directors during their meeting on February 24, 2025. Details are summarised below:

	Year ended December 31	
	2024	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 37,291	
Special reserve (reversed) appropriated	(13,421)	
Cash dividend	222,372	\$ 3.00

H. Refer to Note 6 (25) for further information relating to employees' compensation and directors' remuneration.

(20) 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:

	Year ended December 31, 2024			
	Y.C.C.	LIAONING HETAI	Other	Total
Auto parts	\$ 1,478,186	\$ 334,084	\$ 100,039	\$ 1,912,309
Others	13,055	-	6,727	19,782
	<u>\$ 1,491,241</u>	<u>\$ 334,084</u>	<u>\$ 106,766</u>	<u>\$ 1,932,091</u>

	Year ended December 31, 2023			
	Y.C.C.	LIAONING HETAI	Other	Total
Auto parts	\$ 1,395,149	\$ 368,724	\$ 275,183	\$ 2,039,056
Others	12,153	-	-	12,153
	<u>\$ 1,407,302</u>	<u>\$ 368,724</u>	<u>\$ 275,183</u>	<u>\$ 2,051,209</u>

B. Contract liabilities

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities - advance sales receipts	\$ 8,800	\$ 22,267	\$ 14,852

For the years ended December 31, 2024 and 2023, revenue recognized that were included in the contract liability balance at the beginning of the period amounted to \$22,252 and \$11,920, respectively.

(21) Other income

	Years ended December 31,	
	2024	2023
Rent income	\$ 8,225	\$ 7,132
Dividend income	8,088	8,665
Revenue for government grants (Note)	2,885	3,968
Other income	36,700	32,310
	<u>\$ 55,898</u>	<u>\$ 52,075</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 (15) for details.

(22) Other gains and losses

	Years ended December 31,	
	2024	2023
Gains on disposal of property, plant and equipment	\$ 1,977	\$ 4,283
Foreign exchange gains	97,317	60,398
Gains on financial assets and liabilities at fair value through profit or loss	19,650	9,110
Impairment loss	(69,701)	-
Other losses	(2,821)	(844)
	<u>\$ 46,422</u>	<u>\$ 72,947</u>

(23) Finance costs

	Years ended December 31,	
	2024	2023
Interest expense	\$ 12,011	\$ 17,269

(24) Expenses by nature

	Years ended December 31,	
	2024	2023
Employee benefit expense	\$ 300,674	\$ 320,285
Depreciation charges on property, plant and equipment	373,862	362,651
Depreciation charges on right-of-use assets	9,577	6,714
Depreciation charges on investment property	956	943
Amortisation	9,948	6,291
	<u>\$ 695,017</u>	<u>\$ 696,884</u>

(25) Employee benefit expense

	Years ended December 31,	
	2024	2023
Wages and salaries	\$ 246,044	\$ 263,003
Labour and health insurance fees	19,881	20,871
Pension costs	11,817	14,276
Other personnel expenses	22,932	22,135
	<u>\$ 300,674</u>	<u>\$ 320,285</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 years ended December 31, 2024 and 2023, the accrued employees' compensation and directors' remuneration were as follows:

	Years ended December 31,	
	2024	2023
Employees' compensation	\$ 8,892	\$ 8,425
Directors' remuneration	5,928	5,841
	<u>\$ 14,820</u>	<u>\$ 14,266</u>

For the years ended December 31, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 1.8% and 1.5% as well as 1.20% and 1.0%, 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 108,598	\$ 127,582
Prior year income tax over estimation	(3,714)	(13,026)
Total income tax for the current period	<u>104,884</u>	<u>114,556</u>
Deferred income tax balance :		
Origination and reversal of temporary differences	<u>16,302</u>	(2,811)
Total deferred income tax	<u>16,302</u>	(2,811)
Income tax expense	<u>\$ 121,186</u>	<u>\$ 111,745</u>

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

	Years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	(\$ <u>324</u>)	(\$ <u>794</u>)

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B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 64,966	\$ 74,300
Expenses disallowed by tax regulation	561	94
Tax exempt income by tax regulation	(5,865)	(4,325)
Temporary differences not recognized as deferred tax assets	32,109	(5,256)
Taxable loss not recognised as deferred tax assets	33,216	52,821
Change in assessment of realisation of deferred tax assets	(87)	7,137
Prior year income tax overestimation	(3,714)	(13,026)
Income tax expense	<u>\$ 121,186</u>	<u>\$ 111,745</u>

D. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Deferred tax assets:					
Allowance for inventory valuation and obsolescence losses	\$ 11,159	(\$ 3,763)	\$ -	\$ 237	\$ 7,633
Allowance for bad debts	3,549	(2,756)	-	106	899
Unrealised exchange loss	5,474	(5,474)	-	-	-
Defined benefit plan	729	(37)	(324)	-	368
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	-	80,563
Others	<u>7,722</u>	<u>(2,894)</u>	<u>-</u>	<u>173</u>	<u>5,001</u>
	<u>\$ 109,196</u>	<u>(\$ 14,924)</u>	<u>(\$ 324)</u>	<u>\$ 516</u>	<u>\$ 94,464</u>
Deferred tax liabilities:					
Unrealised exchange profit	\$ -	(\$ 1,378)	\$ -	\$ -	(\$ 1,378)
	<u>\$ 109,196</u>	<u>(\$ 16,302)</u>	<u>(\$ 324)</u>	<u>\$ 516</u>	<u>\$ 93,086</u>

	2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Deferred tax assets:					
Allowance for inventory valuation and obsolescence losses	\$ 12,410	(\$ 1,119)	\$ -	(\$ 132)	11,159
Allowance for bad debts	7,213	(3,592)	-	(72)	3,549
Unrealised exchange loss	3,696	1,778	-	-	5,474
Losses on valuation of financial instruments at fair value through profit or loss	-	590	-	-	590
Defined benefit plan	1,551	(28)	(794)	-	729
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	-	80,563
Others	2,534	4,653	-	(55)	7,132
	<u>\$ 107,967</u>	<u>\$ 2,282</u>	<u>(\$ 794)</u>	<u>(\$ 259)</u>	<u>\$ 109,196</u>
Deferred tax liabilities:					
Gains on valuation of financial instruments at fair value through profit or loss	(\$ 513)	\$ 513	\$ -	\$ -	\$ -
	<u>\$ 107,454</u>	<u>\$ 2,795</u>	<u>(\$ 794)</u>	<u>(\$ 259)</u>	<u>\$ 109,196</u>

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E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2024				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Assessed	\$ 70,910	\$ 70,910	2028
2019	Assessed	35,075	35,075	2029
2020	Assessed	21,699	21,699	2030
2021	Assessed	59,507	59,507	2031
2022	Assessed	106,559	106,559	2032
2023	Assessed	139,551	139,551	2033
2024	Amount estimated to file	154,827	154,827	2034
		<u>\$ 588,128</u>	<u>\$ 588,128</u>	
December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Assessed	\$ 70,910	\$ 70,910	2028
2019	Assessed	35,075	35,075	2029
2020	Assessed	21,699	21,699	2030
2021	Assessed	59,507	59,507	2031
2022	Assessed	106,559	106,559	2032
2023	Amount estimated to file	211,356	211,356	2033
		<u>\$ 505,106</u>	<u>\$ 505,106</u>	

F. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 491,551</u>	<u>\$ 310,196</u>

G. The Company's and domestic subsidiaries' income tax returns through 2022 have been assessed and approved by the Tax Authority.

H. As of December 31, 2024, relevant information of current income tax liabilities and non-current income tax liabilities is as follows:

	December 31, 2024		December 31, 2023	
	Income tax payable		Income tax payable	
	Current (within one year)	Non-current (over one year)	Current (within one year)	Non-current (over one year)
2021	\$ -	\$ -	\$ 11,999	\$ 3,789
2022	37,055	969	37,055	52,494
2023	-	-	139,106	-
2024	56,151	-	-	-
	<u>\$ 93,206</u>	<u>\$ 969</u>	<u>\$ 188,160</u>	<u>\$ 56,283</u>

(27) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 371,612</u>	<u>74,124</u>	<u>\$ 5.01</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 371,612	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	183	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 371,612</u>	<u>74,307</u>	<u>\$ 5.00</u>

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 435,661	74,124	\$ 5.88
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 435,661	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	162	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 435,661	74,286	\$ 5.86

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.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Year ended December 31, 2024</u>	
Purchase of property, plant and equipment	\$	350,525
Add: Opening balance of notes payable		105,428
Opening balance of payable on equipment and construction		56,453
Less: Ending balance of notes payable	(	21,445)
Ending balance of payable on equipment and construction	(	43,211)
Transfer of inventory to property, plant and equipment	(	7,251)
Other (Note)	(	7,221)
Cash paid during the period	\$	<u>433,278</u>

	<u>Year ended December 31, 2024</u>	
Transfer of property, plant and equipment	\$	130,049
Add: Ending balance of prepayment for equipment		204,297
Less: Opening balance of prepayment for equipment	(	298,832)
Cash paid during the period	\$	<u>35,514</u>

	<u>Year ended December 31, 2023</u>	
Purchase of property, plant and equipment	\$	202,924
Add: Opening balance of notes payable		102,954
Opening balance of payable on equipment and construction		65,309
Less: Ending balance of notes payable	(	105,428)
Ending balance of payable on equipment and construction	(	56,453)
Transfer of inventory to property, plant and equipment	(	2,199)
Other (Note)		-
Cash paid during the period	\$	<u>207,107</u>

	<u>Year ended December 31, 2023</u>	
Transfer of property, plant and equipment	\$	130,755
Add: Ending balance of prepayment for equipment		298,832
Less: Opening balance of prepayment for equipment	(	129,261)
Cash paid during the period	\$	<u>300,326</u>

Note: The notes receivable derecognised to pay for the equipment.

B. Investing activities with partial cash payments :

	<u>Year ended December 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>Year ended December 31, 2023</u>	
Purchase of financial assets at fair value through profit or loss	\$	10,880
Add: Opening balance of securities payables (shown as other payables)		1,383
Cash paid during the period	\$	<u>12,263</u>

(29) 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	\$ 580,013	\$ 1,176	\$ 22,663	\$ -	\$ 639,638
Changes in cash flow from financing activities	(37,280)	(133,167)	704	(5,308)	(222,372)	(397,423)
Changes in other non-cash items	-	-	-	-	222,372	222,372
Impact of changes in foreign exchange rate	1,494	1,458	(30)	-	-	2,922
At December 31, 2024	<u>\$ -</u>	<u>\$ 448,304</u>	<u>\$ 1,850</u>	<u>\$ 17,355</u>	<u>\$ -</u>	<u>\$ 467,509</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
Changes in cash flow from financing activities	(220,486)	(154,424)	381	(2,663)	(222,372)	(599,564)
Changes in other non-cash items	-	-	-	18,633	222,372	241,005
Impact of changes in foreign exchange rate	(5,449)	(1,595)	(26)	-	-	(7,070)
At December 31, 2023	<u>\$ 35,786</u>	<u>\$ 580,013</u>	<u>\$ 1,176</u>	<u>\$ 22,663</u>	<u>\$ -</u>	<u>\$ 639,638</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	The corporate representative of the company's director is its chairman.
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	The corporate representative of the company's director is its director.
HE HAN INVESTMENT CO.,LTD	The corporate representative of the company's director is its director.

(2) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 26,347	\$ 25,730
Post-employment benefits	15	56
Total	<u>\$ 26,362</u>	<u>\$ 25,786</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Property, plant and equipment	\$ 960,582	\$ 1,151,385	Short-term borrowings and long-term borrowings
Right-of-use assets	-	73,839	Short-term borrowings
Investment property	-	13,554	Short-term borrowings
Financial assets at amortised cost - non-current	300	300	Natural gas for manufacturing
	<u>\$ 960,882</u>	<u>\$ 1,239,078</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

As of December 31, 2024 and 2023, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$223,231 and \$286,885, 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>December 31, 2024</u>	<u>December 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	\$ 136,325	\$ 135,445
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 127,432	\$ 128,299
Financial assets at amortised cost		
Cash and cash equivalents	\$ 561,073	\$ 550,670
Financial assets at amortised cost	29,467	126,190
Notes receivable	24,909	37,971
Accounts receivable	417,199	499,189
Other receivables	3,226	10,072
Guarantee deposits paid (shown as other non-current asset)	7,046	7,743
	<u>\$ 1,042,920</u>	<u>\$ 1,231,835</u>

<u>Financial liabilities</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial liabilities held for trading	\$ -	\$ 2,952
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 35,786
Notes payable	116,187	178,448
Accounts payable	63,949	101,114
Other payables	165,158	182,257
Long-term borrowings (including current portion)	448,304	580,012
Guarantee deposits received (shown as other non-current liability)	1,850	1,176
	<u>\$ 795,448</u>	<u>\$ 1,078,793</u>
Lease liabilities (including current portion)	<u>\$ 17,355</u>	<u>\$ 22,663</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:

December 31, 2024					
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$	22,994	32.79	\$	753,853
USD : RMB		103	7.30		3,369
RMB : NTD		81,152	4.48		363,401
RMB : USD		1,931	0.14		8,864
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : RMB	\$	113	7.30	\$	3,696
RMB : NTD		719	4.48		3,221

December 31, 2023

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 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	\$ 346	7.10	\$ 2,457

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 years ended December 31, 2024 and 2023, amounted to \$97,317 and \$60,398, respectively.

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

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 7,539	-
USD : RMB	1%	34	-
RMB : NTD	1%	3,634	-
RMB : USD	1%	89	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : RMB	1%	\$ 37	-
RMB : NTD	1%	32	-

Year ended December 31, 2023

Sensitivity analysis

	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	8,757	\$	-
EUR : NTD	1%		42		-
USD : RMB	1%		22		-
RMB : NTD	1%		4,251		-
RMB : USD	1%		58		-
<u>Financial liability</u>					
<u>Monetary items</u>					
USD : RMB	1%		25		-

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 years ended December 31, 2024 and 2023 would have increased/decreased by \$1,363 and \$1,354, 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 \$1,274 and \$1,283 respectively, as a result of other comprehensive income on 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 years ended December 31, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and Chinese Renminbi.

ii.If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$449 and \$617, 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 December 31, 2024 and 2023, accumulated loss allowance provided for individually assessed receivables amounted to \$0 and \$5,406, respectively. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of remaining receivables (including notes receivable). On December 31, 2024 and 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>December 31, 2024</u>							
Expected loss rate	0%~0.05%	0.05%~1.07%	1.14%~13.93%	10.67%~69.54%	8.08%~100%	100%	
Total book value	\$ 374,174	\$ 69,032	\$ 4,566	\$ 253	\$ 538	\$ 3,742	\$ 452,305
Loss allowance	(3,671)	(1,196)	(903)	(147)	(538)	(3,742)	(10,197)
	<u>\$ 370,503</u>	<u>\$ 67,836</u>	<u>\$ 3,663</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,108</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	0%~0.05%	0.03%~2.48%	1.13%~12.08%	0.58%~74.97%	9.76%~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>

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
Reversal of impairment loss	-	(12,645)	(12,645)
Effect of foreign exchange	-	493	493
At December 31	<u>\$ 208</u>	<u>\$ 9,989</u>	<u>\$ 10,197</u>
	2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 144	\$ 64,686	\$ 64,830
Provision for (reversal of) impairment loss	64	(41,775)	(41,711)
Write-offs	-	(326)	(326)
Effect of foreign exchange	-	(444)	(444)
At December 31	<u>\$ 208</u>	<u>\$ 22,141</u>	<u>\$ 22,349</u>

(c) Liquidity risk

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

ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	<u>\$ 300,000</u>	<u>\$ 523,513</u>

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

Non-derivative financial liabilities:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Notes payable	\$ 116,187	\$ -	\$ -	\$ -	\$ -	\$ 116,187
Accounts payable	63,949	-	-	-	-	63,949
Other payables	165,158	-	-	-	-	165,158
Lease liability	5,461	4,943	3,995	3,361	-	17,760
Long-term borrowings (including current portion)	141,343	146,185	40,812	79,619	57,232	465,191

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
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

(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 December 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>
December 31, 2024				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 135,933</u>	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 136,325</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 127,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,432</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>

(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 years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. For the years ended December 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:

	<u>Y.C.C.</u>	<u>December 31, 2024</u> <u>LIAONING HETAI</u>	<u>Total</u>
Operating revenue			
External Customer Revenue	\$ 1,491,241	\$ 334,084	\$ 1,825,325
Internal Customer Revenue	<u>35,126</u>	<u>1,224</u>	<u>36,350</u>
Total	<u>\$ 1,526,367</u>	<u>\$ 335,308</u>	<u>\$ 1,861,675</u>
Departmental Pre-Tax Profit and Loss	<u>\$ 644,513</u>	<u>(\$ 1,733)</u>	<u>\$ 642,780</u>
The departmental profit and loss includes :			
Interest Income	<u>\$ 38,805</u>	<u>\$ 67</u>	<u>\$ 38,872</u>
Interest Expense	<u>\$ 9,629</u>	<u>\$ 4,945</u>	<u>\$ 14,574</u>
Depreciation and Amortization	<u>\$ 300,069</u>	<u>\$ 30,189</u>	<u>\$ 330,258</u>
Impairment loss	<u>\$ 69,701</u>	<u>\$ -</u>	<u>\$ 69,701</u>
Income Tax Expense	<u>\$ 107,551</u>	<u>\$ -</u>	<u>\$ 107,551</u>
	<u>Y.C.C.</u>	<u>December 31, 2023</u> <u>LIAONING HETAI</u>	<u>Total</u>
Operating revenue			
External Customer Revenue	\$ 1,407,302	\$ 368,724	\$ 1,776,026
Internal Customer Revenue	<u>49,658</u>	<u>1,208</u>	<u>50,866</u>
Total	<u>\$ 1,456,960</u>	<u>\$ 369,932</u>	<u>\$ 1,826,892</u>
Departmental Pre-Tax Profit and Loss	<u>\$ 604,151</u>	<u>\$ 4,038</u>	<u>\$ 608,189</u>
The departmental profit and loss includes :			
Interest Income	<u>\$ 49,049</u>	<u>\$ 37</u>	<u>\$ 49,086</u>
Interest Expense	<u>\$ 10,644</u>	<u>\$ 5,669</u>	<u>\$ 16,313</u>
Depreciation and Amortization	<u>\$ 287,632</u>	<u>\$ 26,372</u>	<u>\$ 314,004</u>
Income Tax Expense	<u>\$ 111,740</u>	<u>\$ -</u>	<u>\$ 111,740</u>

(4) Reconciliation for segment income (loss)

i. The reconciliation of current period continuing operations departmental revenue is as follows:

	December 31, 2024	December 31, 2023
The Reportable Operating Segments Revenue	\$ 1,861,675	\$ 1,826,892
The Revenue from Other Departments	109,311	275,182
The Total of Operating Departments	1,970,986	2,102,074
Elimination of Interdepartmental Revenue	(38,895)	(50,865)
The Total Consolidated Operating Revenue	<u>\$ 1,932,091</u>	<u>\$ 2,051,209</u>

ii. The reconciliation of current period reportable operating segments pre-tax net income is as follows:

	December 31, 2024	December 31, 2023
The Reportable Operating Segments		
Pre-Tax Net Income	\$ 636,836	\$ 621,913
The Pre-Tax Net Loss from Other Departments	(160,615)	(77,702)
The Total of Operating Departments	476,221	544,211
Elimination of Interdepartmental Profit and Loss	-	-
The Total Consolidated Operating		
Pre-Tax Net Income	<u>\$ 476,221</u>	<u>\$ 544,211</u>

(5) Information on products

Please refer to Note 6 (20) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,513,312	\$ 2,620,498	\$ 1,444,772	\$ 2,654,442
China	388,744	744,236	588,311	768,967
Others	30,035	-	18,126	-
	<u>\$ 1,932,091</u>	<u>\$ 3,364,734</u>	<u>\$ 2,051,209</u>	<u>\$ 3,423,409</u>

Revenue was calculated based on geographic location of segments. Non-current assets were classified based on geographic location of assets, including property, plant and equipment, intangible assets and other non-current assets but excluding financial instruments, guarantee deposits paid and deferred income tax. Geographical information for the years ended December 31, 2024 and 2023 is stated as above.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Years ended December 31,	
	2024	2023
	Revenue	Revenue
A Group	\$ 384,777	\$ 387,148
B customer	182,987	198,283
	<u>\$ 567,764</u>	<u>\$ 585,431</u>

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

Loans to others

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024	Balance at December 31, 2024	Actual amount		Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
							drawn down	Interest rate					Item	Value			
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	\$ 229,495	\$ 114,748	\$ 114,748	1.4%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 410,985	\$ 1,643,942	
0	Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Other receivables	Y	25,000	25,000	25,000	0.77%	2	-	Operating capital	-	N	-	410,985	1,643,942	
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	579,489	273,172	208,947	4.00%	2	-	Operating capital	-	N	-	410,985	1,643,942	Note 5
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD.	Other receivables	Y	217,365	89,831	76,356	4.35%	2	-	Operating capital	-	N	-	410,985	1,643,942	
1	CHINA FIRST HOLDINGS LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	16,393	16,393	-	-	2	-	Operating capital	-	N	-	31,780	127,120	

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 December 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 0.14 and 32.79 on December 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\$579,489, which exceeds the capital loan limit single parties. However, after a board meeting, capital loan limit was increased, and the company actually did not exceed the limit. The maximum amount includes NT\$89,831, NT\$65,570, NT\$90,550 and NT\$60,366, which are used to repay the capital loans due in January 2024, March 2024, August 2024 and November 2024. The total loan limit after borrowing new funds and repaying old ones is NT\$273,172.

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)

December 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 December 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	\$ 27,518	0.53%	\$ 12,027	
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%	95,810	
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%	1,993	
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%	527	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	277,869	37,717	0.17%	18,118	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,227	0.02%	1,235	
UNITED SKILLS CO., LTD.	LASTER TECH CO., LTD.	N	Current financial assets at fair value through profit or loss	103,000	3,609	0.09%	3,574	
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%	1,391	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	1,150	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	1,667	235	0.00%	108	
			Valuation adjustment		33,660		\$ 135,933	
					\$ 135,933			
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%	\$ 23,213	
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%	104,219	
			Valuation adjustment		(1,103)		\$ 127,432	
					\$ 127,432			

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
 December 31, 2024

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024 (Note 1)	Turnover rate (Note 4)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note5)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Subsidiary	208,947	-	-	-	-	-	Note 2
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	123,905	-	-	-	-	-	Note 3

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

Note 2: It pertains to principal and interest aggregating to \$208,947 from loans to the subsidiary shown as other receivables.

Note 3: It pertains to principal and interest aggregating to \$115,725 from loans to the subsidiary shown as other receivables and sales of product amounting to \$8,180 shown as accounts receivable.

Note 4: Only accounts receivable was used for the calculation of turnover rate.

Note 5: Subsequent collection is the amount collected as of February 7, 2025.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 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	\$ 123,905	Based on the contract	2.42%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	208,947	Based on the contract	4.09%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables	79,897	Based on the contract	1.56%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivable	11,290	Based on the contract	0.49%
0	Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD	1	Other receivables	25,085	Based on the contract	0.22%
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Revenue	12,755	Based on the contract	0.66%
1	CHANG JIE TECHNOLOGY CO., LTD.	Y.C.C. PARTS MFG. CO., LTD.	2	Contract liabilities	14,496	Based on the contract	0.28%

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

Year ended December 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 December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Wholesale and retail of health supplements, online shopping and mail order	\$ 98,000	\$ 50,000	9,800	100.00%	\$ 104,966	\$ 5,486	\$ 5,486	Subsidiary (Note 1)
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	298,556 (	170,835) (	170,835)	Subsidiary (Note 2)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	284,201 (	154,815) (	138,868)	Subsidiary (Note 2)

Note 1: The Company passed a resolution by the Board of Directors to invest NT\$100,000 thousand in its subsidiary UNITED SKILLS in installments on March 7, 2024. As of December 31, 2024, the Company increased its capital NT\$48,000 thousand and the change in registration was completed. However, on November 6, 2024, the Board of Directors resolved to cancel the remaining investment plan for the capital increase as the subsidiary, United Skills Co., Ltd. has no capital needs in the short-term.

Note 2: 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
Year ended December 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)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 5)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan							
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles, producing and selling various accessories of automobiles and electronic plastic parts	\$ 483,600	2	\$ 890,664	\$ -	\$ -	\$ 890,664	(\$ 148,737)	89.44%	(\$ 133,030)	\$ 58,449	\$ -	Note 2
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	(7,732)	73.89%	(5,713)	204,872	-	Note 3
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	(30,073)	99.83%	(30,022)	118,973	-	Note 4

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: Paid-in capital is US\$16,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$28,300 thousand.

Note 3: Paid-in capital is US\$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$8,591 thousand.

Note 4: Paid-in capital is US\$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$6,070 thousand.

Note 5: Investment income (loss) recognised by the Company for the year ended December 31, 2024 was based on the financial statements that were audited by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	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	\$ 1,432,154	\$ 2,465,912

Note 1: 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 2: 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 3: The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) to CHANG JIE TECHNOLOGY CO., LTD. was RMBS10,000 thousand.

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

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

Major shareholders information

December 31, 2024

Table 7

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

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

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

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

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

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

Y.C.C. PARTS MFG. CO., LTD.
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Y.C.C. Parts Mfg. Co., Ltd. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as follows:

Cut-off of sales revenue recognition

Description

For the accounting policy of revenue recognition, please refer to Note 4(29); and for details of operating revenue, please refer to Note 6(19). The Company is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms. The sales revenue recognition involves the use of several manual judgements and procedures. As a result, the timing of sales revenue recognition may be inappropriate, which also affected the Company's subsidiary accounted for using equity method. Therefore, we included the cut-off of sales revenue recognition as one of the key areas of focus for this year.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Understanding and evaluating the operating procedures and internal controls over sales revenue, and assessing the effectiveness on how the management controls the timing of recognizing sales revenue.
2. Examined the transaction documents to ensure that transactions had been recorded in the proper period for a certain period around the balance sheet date.

Assessment of allowance for inventory valuation loss

Description

For the accounting policy of inventory assessment, please refer to Note 4(13); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5; and for details of allowance for inventory valuation losses, please refer to Note 6(5). The Company is primarily engaged in manufacturing and trading automobile parts. Sale revenue is recognised when the control over the goods was transferred under the transaction terms.

As of December 31, 2024, the balances of inventories and allowance for inventory valuation losses were NT\$ 277,687 thousand and NT\$ 38,161 thousand, respectively.

The Company is primarily engaged in manufacturing and trading automobile parts. Inventories that are over a certain age and separately recognised as impaired inventories are stated at the lower of cost and net realisable value. Those inventory items separately identified as obsolete and damaged are corroborated against supporting documents in recognising valuation losses. Considered that the Company's inventories were material to its financial statements, and the determination of net realisable value in the balance sheet date involved judgements and estimates, which also affected the Company's subsidiary accounted for using equity method. We identified the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtained an understanding of the nature of the Company's business and industry and assessed the reasonableness of provision policies in the determination of allowance for inventory valuation losses.

2. Reviewed the Company's annual counting plan and conducted their physical counts on inventories to evaluate the control effectiveness on inventory classification.
3. Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the proper categorisation of inventory aging report in accordance with the Company's policy.
4. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the inventory valuation.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Yu-Chuan

Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2025

The accompanying 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 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.
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 478,167	10	\$ 252,454	5
Financial assets at fair value through profit or loss- current	6(2)	128,867	3	124,815	3
Current financial assets at amortised cost	6(3)	29,167	1	125,890	3
Notes receivable, net	6(4)	11,797	-	16,821	-
Accounts receivable, net	6(4)	324,782	6	293,989	6
Accounts receivable due from related parties, net	7(2)	22,114	-	18,108	-
Other receivables		2,276	-	9,503	-
Other receivables due from related parties	7(2)	439,100	9	633,360	12
Inventories	6(5)	239,526	5	252,903	5
Other current assets	7(2)	24,468	-	19,933	-
Total current assets		<u>1,700,264</u>	<u>34</u>	<u>1,747,776</u>	<u>34</u>
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	6(6)	127,432	3	128,299	2
Non-current financial assets at amortised cost	6(3) and 8	300	-	300	-
Investments accounted for using equity method	6(7)	402,960	8	506,021	10
Property, plant and equipment	6(8) and 8	2,305,036	47	2,240,616	44
Right-of-use assets	6(9)	17,197	-	22,586	-
Investment property, net	6(10)	80,887	2	80,887	2
Intangible assets		1,312	-	3,357	-
Deferred tax assets	6(26)	94,464	2	95,981	2
Other non-current assets	6(11)	221,507	4	313,750	6
Total non-current assets		<u>3,251,095</u>	<u>66</u>	<u>3,391,797</u>	<u>66</u>
Total assets		<u>\$ 4,951,359</u>	<u>100</u>	<u>\$ 5,139,573</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Financial liabilities at fair value through profit or loss	6(2)	\$ -	-	\$ 2,952	-
Current contract liabilities	6(19)	3,024	-	1,866	-
Notes payable		115,943	2	178,103	3
Accounts payable		22,531	-	20,981	-
Other payables	6(12)	136,830	3	137,444	3
Current tax liabilities	6(26)	93,206	2	188,159	4
Long-term liabilities, current portion	6(13)	136,815	3	133,167	3
Other current liabilities, others	6(9)	5,279	-	5,310	-
Total current liabilities		<u>513,628</u>	<u>10</u>	<u>667,982</u>	<u>13</u>
Non-current liabilities					
Long-term borrowings	6(13)	311,489	7	446,846	9
Current tax liabilities-non-current	6(26)	969	-	56,283	1
Deferred tax liabilities	6(26)	1,378	-	-	-
Other non-current liabilities	6(9)(14)(15)	14,041	-	22,587	-
Total non-current liabilities		<u>327,877</u>	<u>7</u>	<u>525,716</u>	<u>10</u>
Total liabilities		<u>841,505</u>	<u>17</u>	<u>1,193,698</u>	<u>23</u>
Equity					
Share capital	6(16)				
Share capital - common stock		741,239	15	741,239	14
Capital surplus	6(17)				
Capital surplus		1,193,369	24	1,193,349	24
Retained earnings	6(18)				
Legal reserve		427,883	9	383,999	8
Special reserve		94,043	2	109,142	2
Unappropriated retained earnings		1,733,942	35	1,612,189	31
Other equity interest					
Other equity interest		(80,622)	(2)	(94,043)	(2)
Total equity		<u>4,109,854</u>	<u>83</u>	<u>3,945,875</u>	<u>77</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Total liabilities and equity		<u>\$ 4,951,359</u>	<u>100</u>	<u>\$ 5,139,573</u>	<u>100</u>

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
Sales revenue	6(19) and 7(2)	\$ 1,526,367	100	\$ 1,456,959	100
Operating costs	6(5)(24)(25) and 7(2)	(819,996)	(54)	(773,514)	(53)
Net operating margin		<u>706,371</u>	<u>46</u>	<u>683,445</u>	<u>47</u>
Operating expenses	6(24)(25)				
Selling expenses		(113,934)	(8)	(113,412)	(8)
General and administrative expenses		(63,616)	(4)	(64,871)	(4)
Research and development expenses		(63,787)	(4)	(59,655)	(4)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	-	-	(167)	-
Total operating expenses		<u>(241,337)</u>	<u>(16)</u>	<u>(238,105)</u>	<u>(16)</u>
Operating profit		<u>465,034</u>	<u>30</u>	<u>445,340</u>	<u>31</u>
Non-operating income and expenses					
Interest income	6(20) and 7(2)	38,805	3	49,049	3
Other income	6(21) and 7(2)	38,994	3	51,591	4
Other gains and losses	6(22)	111,309	7	68,815	5
Finance costs	6(23)	(9,629)	(1)	(10,644)	(1)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	(165,350)	(11)	(56,750)	(4)
Total non-operating income and expenses		<u>14,129</u>	<u>1</u>	<u>102,061</u>	<u>7</u>
Profit before income tax		<u>479,163</u>	<u>31</u>	<u>547,401</u>	<u>38</u>
Income tax expense	6(26)	(107,551)	(7)	(111,740)	(8)
Profit from continuing operations		<u>371,612</u>	<u>24</u>	<u>435,661</u>	<u>30</u>
Profit for the period		<u>\$ 371,612</u>	<u>24</u>	<u>\$ 435,661</u>	<u>30</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurements of defined benefit plans	6(15)	\$ 1,622	-	\$ 3,972	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)	(867)	-	26,304	2
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(324)	-	(794)	-
Components of other comprehensive income that will not be reclassified to profit or loss		<u>431</u>	<u>-</u>	<u>29,482</u>	<u>2</u>
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		<u>14,288</u>	<u>1</u>	<u>(11,205)</u>	<u>(1)</u>
Components of other comprehensive income that will be reclassified to profit or loss		<u>14,288</u>	<u>1</u>	<u>(11,205)</u>	<u>(1)</u>
Total other comprehensive income for the year		<u>\$ 14,719</u>	<u>1</u>	<u>\$ 18,277</u>	<u>1</u>
Total comprehensive income for the year		<u>\$ 386,331</u>	<u>25</u>	<u>\$ 453,938</u>	<u>31</u>
Basic earnings per share	6(27)				
Basic earnings per share		<u>\$ 5.01</u>		<u>\$ 5.88</u>	
Diluted earnings per share		<u>\$ 5.00</u>		<u>\$ 5.86</u>	

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year 2023</u>									
Balance at January 1, 2023		\$ 741,239	\$ 1,193,349	\$ 343,211	\$ 120,040	\$ 1,425,612	(\$ 82,602)	(\$ 26,540)	\$ 3,714,309
Profit for the year		-	-	-	-	435,661	-	-	435,661
Other comprehensive income (loss)	6(6)	-	-	-	-	3,178	(11,205)	26,304	18,277
Total comprehensive (loss) income		-	-	-	-	438,839	(11,205)	26,304	453,938
Appropriation and distribution of 2022 earnings	6(18)								
Legal reserve		-	-	40,788	-	(40,788)	-	-	-
Special reserve		-	-	-	(10,898)	10,898	-	-	-
Cash dividends		-	-	-	-	(222,372)	-	-	(222,372)
Balance at December 31, 2023		\$ 741,239	\$ 1,193,349	\$ 383,999	\$ 109,142	\$ 1,612,189	(\$ 93,807)	(\$ 236)	\$ 3,945,875
<u>Year 2024</u>									
Balance at January 1, 2024		\$ 741,239	\$ 1,193,349	\$ 383,999	\$ 109,142	\$ 1,612,189	(\$ 93,807)	(\$ 236)	\$ 3,945,875
Profit for the year		-	-	-	-	371,612	-	-	371,612
Other comprehensive income (loss)	6(6)	-	-	-	-	1,298	14,288	(867)	14,719
Total comprehensive income	6(18)	-	-	-	-	372,910	14,288	(867)	386,331
Appropriation and distribution of 2023 earnings									
Legal reserve		-	-	43,884	-	(43,884)	-	-	-
Special reserve		-	-	-	(15,099)	15,099	-	-	-
Cash dividends		-	-	-	-	(222,372)	-	-	(222,372)
Donated assets		-	20	-	-	-	-	-	20
Balance at December 31, 2024		\$ 741,239	\$ 1,193,369	\$ 427,883	\$ 94,043	\$ 1,733,942	(\$ 79,519)	(\$ 1,103)	\$ 4,109,854

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

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 479,163	\$ 547,401
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on disposal of property, plant and equipment	6(22)	(2,199)	-
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(22)	(10,112)	(6,415)
Expected credit impairment loss	12(2)	-	167
Depreciation expense	6(8)(24)	289,148	278,723
Depreciation expense - right-of-use assets	6(9)(24)	5,389	2,678
Amortization expense	6(24)	5,532	6,231
Interest expense	6(23)	9,629	10,644
Interest income	6(20)	(38,805)	(49,049)
Government grant	6(14)	(1,431)	(1,410)
Dividend income	6(21)	(7,576)	(6,733)
Share of loss (profit) of associates accounted for under equity method	6(7)	165,350	56,750
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		5,024	(2,546)
Accounts receivable		(30,793)	(66,961)
Accounts receivable-related parties		(4,006)	9,381
Other receivables		(11,480)	(16,239)
Other receivables-related parties		10,474	(4,016)
Inventories		6,126	(96,833)
Other current assets		(4,535)	6,885
Changes in operating liabilities			
Contract liabilities - current		1,158	(945)
Notes payable		19,022	14,972
Accounts payable		1,550	8,027
Other payables		11,854	6,683
Other current liabilities		3	(3)
Net defined benefit liability		(565)	(138)
Cash inflow generated from operations		897,920	697,254
Interest received		39,504	49,260
Interest paid		(9,830)	(10,539)
Dividend received		7,576	6,733
Income tax paid		(236,988)	(51,135)
Net cash flows from operating activities		<u>698,182</u>	<u>691,573</u>

(Continued)

Y.C.C. PARTS MFG. CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss	6(28)	\$ -	(\$ 12,263)
Proceeds from disposal of financial assets at fair value through profit or loss		3,109	13,723
(Increase) decrease in financial assets at amortised cost		96,723	(125,890)
Increase in other receivables due from related parties		183,786	(312,056)
Acquisition of financial assets measured at fair value through other comprehensive profit or loss - non-current		-	(26,748)
Acquisition of investments accounted for under equity method	6(7)	(48,000)	-
Acquisition of property, plant and equipment	6(28)	(308,248)	(154,665)
Gain on disposal of property, plant and equipment		2,199	2,010
Increase in prepayments for equipment and construction	6(28)	(38,909)	(261,248)
Acquisition of real estate investment	6(10)	-	(80,887)
Acquisition of intangible assets		-	(1,533)
Increase in other non-current assets		(2,282)	(2,690)
Increase in guarantee deposits paid		-	(2,900)
Net cash flows used in investing activities		(111,622)	(965,147)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of long-term borrowings	6(29)	(133,167)	(154,424)
Repayment of principal portion of lease liabilities	6(29)	(5,308)	(2,663)
Cash dividends paid	6(29)	(222,372)	(222,372)
Net cash flows used in financing activities		(360,847)	(379,459)
Net increase (decrease) in cash and cash equivalents		225,713	(653,033)
Cash and cash equivalents at beginning of year		252,454	905,487
Cash and cash equivalents at end of year		\$ 478,167	\$ 252,454

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

Y.C.C. PARTS MFG. CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 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 is primarily engaged in manufacturing and trading automobiles 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 parent company only financial statements were authorized for issuance by the Board of Directors on February 24, 2025.

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[®]”) 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:

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(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 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
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
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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 applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Bas of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(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) Cash equivalents

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

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Except for the same types of inventory, the item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method-subidiaries

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

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. If the Company loses significant influence over the subsidiary, the amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

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

Buildings and structures	10 ~ 20 years
Machinery and equipment	1 ~ 15 years
Molding equipment	2 ~ 5 years
Transportation equipment	2 ~ 8 years
Furniture equipment	2 ~ 5 years
Other equipment	2 ~ 10 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment real estate

Investment real estate is recognized at acquisition cost, and subsequent measurement adopts the cost model.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(19) Impairment of non-financial assets

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

(20) Borrowings

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

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(26) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

Sales of goods

- A. The Company manufactures and sells automobiles parts products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue was recognized based on the contract price net of sales discount. Goods are often sold with sales discounts and allowances based on future estimated sales volume. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term of 60 to 120 days after the delivery date. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As net realisable value of inventories is estimated at the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated selling expenses, the estimates are based on current market conditions and historical sales experience of similar products and the result of the estimates might be significantly influence by changes in market conditions.

As of December 31, 2024, the carrying amount of inventories was \$239,526.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 107	\$ 103
Checking accounts and demand deposits	149,432	46,627
Time deposits	<u>328,628</u>	<u>205,724</u>
	<u>\$ 478,167</u>	<u>\$ 252,454</u>
Interest rate range		
Time deposits	<u>0.55%~5.00%</u>	<u>5.64%~5.72%</u>

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

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

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

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

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 94,395	\$ 95,422
Valuation adjustment	<u>34,080</u>	<u>29,393</u>
Total	<u>\$ 128,475</u>	<u>\$ 124,815</u>
Financial assets (liabilities) held for trading		
Foreign exchange swap contracts	<u>\$ 392</u>	<u>(\$ 2,952)</u>
Total amount of financial assets at fair value through profit or loss	<u>\$ 128,867</u>	<u>\$ 124,815</u>
Total amount of financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>(\$ 2,952)</u>

- A. The Company recognised financial assets and liabilities at fair value through profit of \$10,112 and \$6,415 for the years ended December 31, 2024 and 2023, respectively.
- B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Company does not adopt hedge accounting are as follows:

December 31, 2024		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 900 thousand	2024.12.06 ~ 2025.01.06
December 31, 2023		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Maturity period</u>
Foreign exchange swap contracts	USD 7,086 thousand	2023.12.07 ~ 2024.01.29

The Company entered into cross currency swap contracts to hedge risk arising from the changes in currency rates of assets and liabilities denominated in foreign currencies. However, the forward exchange contracts did not meet the criteria for hedge accounting.

- C. The Company 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 and liabilities at fair value through profit or loss is provided in Note 12(2).
- (3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposits maturing over three months	\$ <u>29,167</u>	\$ <u>125,890</u>
Non-current items		
Restricted time deposits	\$ <u>300</u>	\$ <u>300</u>

- A. As at December 31, 2024 and 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 Company were \$29,467 and \$126,190, 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 Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company's expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 12,004	\$ 17,028
Less: Allowance for uncollectible accounts	(207)	(207)
	<u>\$ 11,797</u>	<u>\$ 16,821</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 331,997	\$ 301,204
Less: Allowance for uncollectible accounts	(7,215)	(7,215)
	<u>\$ 324,782</u>	<u>\$ 293,989</u>

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 12,004	\$ 277,299	\$ 17,028	\$ 249,844
1~60 days	-	47,774	-	47,809
61~120 days	-	4,276	-	843
121~180 days	-	-	-	-
Over 241 days	-	2,648	-	2,708
	<u>\$ 12,004</u>	<u>\$ 331,997</u>	<u>\$ 17,028</u>	<u>\$ 301,204</u>

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

B. As at December 31, 2024 and 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 \$234,306 and \$14,419, respectively.

C. As at December 31, 2024 and 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 Company's notes receivable and accounts receivable were \$11,797 and \$16,821 as well as \$324,782 and \$293,989, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

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(5) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 99,107	(\$ 21,755)	\$ 77,352
Work in progress	13,011	(2,065)	10,946
Semi-finished goods	5,704	(1,512)	4,192
Finished goods	159,057	(12,829)	146,228
Merchandise	808	-	808
Total	<u>\$ 277,687</u>	<u>(\$ 38,161)</u>	<u>\$ 239,526</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 113,928	(\$ 11,552)	\$ 102,376
Work in progress	8,851	(473)	8,378
Semi-finished goods	3,142	(799)	2,343
Finished goods	152,047	(12,613)	139,434
Merchandise	372	-	372
Total	<u>\$ 278,340</u>	<u>(\$ 25,437)</u>	<u>\$ 252,903</u>

The cost of inventories recognised as expense for the period:

	Year ended December 31, 2024	Year ended December 31, 2023
Cost of goods sold	\$ 788,683	\$ 774,746
Unallocated fixed overheads	18,498	8,500
Loss on (gain on reversal of) market value decline and slow-moving inventories	12,724 (	5,161)
Gain on physical inventory	(144) (	4,798)
Loss on scrapping inventory	235	227
	<u>\$ 819,996</u>	<u>\$ 773,514</u>

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

(6) Financial assets at fair value through other comprehensive income-non-current

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Listed stocks	\$ 128,535	\$ 128,535
Valuation adjustment	(1,103)	(236)
	<u>\$ 127,432</u>	<u>\$ 128,299</u>

- A. The Company 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 \$127,432 and \$128,299 as at December 31, 2024 and 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:

	Years ended December 31,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 867)	\$ 26,304
Dividend income recognised in profit or loss held at end of period	\$ 3,988	\$ 3,262

- C. As at December 31, 2024 and 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 Company were \$127,432 and \$128,299, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Subsidiaries		
RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	\$ 298,556	\$ 455,103
UNITED SKILLS CO., LTD. (UNITED SKILLS)	104,404	50,918
	<u>\$ 402,960</u>	<u>\$ 506,021</u>

- A. Share of profit or loss of subsidiaries accounted for using equity method is evaluated based on each investee's audited financial statements for the corresponding period. For the years ended December 31, 2024 and 2023, the Company recognised loss in the amount of \$165,350 thousand and \$56,750 thousand, respectively.
- B. On March 7, 2024, the Company resolved in a board meeting to increase the capital of its subsidiary, United Inc., by investing NT\$100,000 thousand in tranches. As of December 31, 2024, an additional NT\$48,000 thousand has been invested, and the change in registration has been completed. However, on November 6, 2024, the board resolved that the subsidiary, United Inc., does not have short-term funding needs, and therefore, the remaining capital increase investment plan was canceled.
- C. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2024 for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

	Year ended December 31, 2024				
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending balance</u>
Cost					
Land	\$ 956,365	\$ -	\$ -	\$ -	\$ 956,365
Buildings and structures	1,219,989	36,355	-	16,826	1,273,170
Machinery and equipment	841,968	13,365	(39,774)	15,380	830,939
Molding equipment	2,276,393	77,217	-	53,962	2,407,572
Transportation equipment	32,222	-	(1,996)	-	30,226
Furniture equipment	2,270	-	-	-	2,270
Other equipment	185,229	16,774	(1,271)	9,057	209,789
Unfinished construction and equipment under acceptance	227,824	79,908	-	34,724	342,456
	<u>\$ 5,742,260</u>	<u>\$ 223,619</u>	<u>(\$ 43,041)</u>	<u>\$ 129,949</u>	<u>\$ 6,052,787</u>
Accumulated Depreciation					
Buildings and structures	(\$ 845,351)	(\$ 55,400)	\$ -	\$ -	(\$ 900,751)
Machinery and equipment	(657,684)	(50,359)	39,774	-	(668,269)
Molding equipment	(1,829,925)	(163,905)	-	-	(1,993,830)
Transportation equipment	(26,605)	(1,976)	1,996	-	(26,585)
Furniture equipment	(2,061)	(130)	-	-	(2,191)
Other equipment	(140,018)	(17,378)	1,271	-	(156,125)
	<u>(\$ 3,501,644)</u>	<u>(\$ 289,148)</u>	<u>\$ 43,041</u>	<u>\$ -</u>	<u>(\$ 3,747,751)</u>
Total	<u>\$ 2,240,616</u>				<u>\$ 2,305,036</u>

	Year ended December 31, 2023				
	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	\$ 956,365	\$ -	\$ -	\$ -	\$ 956,365
Buildings and structures	1,217,374	2,615	-	-	1,219,989
Machinery and equipment	808,629	22,953	(22,943)	33,329	841,968
Molding equipment	2,099,665	68,671	(14,810)	122,867	2,276,393
Transportation equipment	32,760	-	(538)	-	32,222
Furniture equipment	2,441	-	(171)	-	2,270
Other equipment	154,839	22,435	(288)	8,243	185,229
Unfinished construction and equipment under acceptance	268,679	41,738	-	(82,593)	227,824
	<u>\$ 5,540,752</u>	<u>\$ 158,412</u>	<u>(\$ 38,750)</u>	<u>\$ 81,846</u>	<u>\$ 5,742,260</u>
Accumulated Depreciation					
Buildings and structures	(\$ 792,484)	(\$ 52,867)	\$ -	\$ -	(\$ 845,351)
Machinery and equipment	(624,021)	(54,595)	20,932	-	(657,684)
Molding equipment	(1,690,885)	(153,850)	14,810	-	(1,829,925)
Transportation equipment	(24,912)	(2,231)	538	-	(26,605)
Furniture equipment	(2,056)	(177)	172	-	(2,061)
Other equipment	(125,303)	(15,003)	288	-	(140,018)
	<u>(\$ 3,259,661)</u>	<u>(\$ 278,723)</u>	<u>\$ 36,740</u>	<u>\$ -</u>	<u>(\$ 3,501,644)</u>
Total	<u>\$ 2,281,091</u>				<u>\$ 2,240,616</u>

A. Transfers for the period were from inventories and prepayments for business facilities.

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

(9) Lease transactions – lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of 5 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Transportation equipment (Business vehicles)	\$ 17,197	\$ 22,586
	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Transportation equipment (Business vehicles)	\$ 5,389	\$ 2,678

C. For the years ended December 31, 2024 and 2023, the costs of additions to right-of-use assets were \$0 and \$18,925, respectively.

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

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 257	\$ 101
Expense on leases of low-value assets	\$ 239	\$ 75

E. As of December 31, 2024 and 2023, the balances of lease liabilities -current and lease liabilities - non-current are as follows :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities - current	\$ 5,272	\$ 5,308
Lease liabilities - non-current	\$ 12,083	\$ 17,355

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were \$5,804 and \$2,839, respectively.

(10) Investment property

	<u>Year ended December 31, 2024</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending balance</u>
Cost				
Land	\$ 80,887	\$ -	\$ -	\$ 80,887
	<u>Year ended December 31, 2023</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending balance</u>
Cost				
Land	\$ -	\$ 80,887	\$ -	\$ 80,887

A. The fair value of the investment property held by the Company, which is the land, as at December 31, 2024 and 2023 was 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.

B. The Company 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.

(11) Other non-current assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments for business facilities	\$ 213,096	\$ 304,136
Guarantee deposits paid	6,754	6,754
Other non-current assets-others	<u>1,657</u>	<u>2,860</u>
	<u>\$ 221,507</u>	<u>\$ 313,750</u>

(12) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonus payable	\$ 49,692	\$ 47,267
Machinery and equipment payable	35,366	43,263
Employees' compensation payable	8,892	8,426
Utilities expense payable	6,045	4,795
Directors' remuneration payable	5,928	5,841
Transportation expenses payable	1,784	1,705
Payables on insurance premiums	1,367	1,358
Others	<u>27,756</u>	<u>24,789</u>
	<u>\$ 136,830</u>	<u>\$ 137,444</u>

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(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2024</u>
Long-term bank borrowings			
Unsecured borrowings	From December 26, 2019 to December 15, 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	\$ 24,000
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	177,430
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	184,000
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>448,668</u>
Less: Current portion			(136,815)
Less: Discount on government grants			(364)
			<u>\$ 311,489</u>
Interest rate range			<u>1.38%~1.91%</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	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	\$ 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>

(14) Government grants

As of December 31, 2024, the Company acquired government concessional loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” from Bank of Taiwan in the amounts of \$432,000 and \$48,000, respectively, for supporting capital expenditure and working capital. Such loans will mature in December 2029 and December 2026, respectively. The fair values for the loans were \$424,935 and \$47,277, respectively which were calculated at a market rate of 1.25% and 1.375%. The differences between the acquired amount and the fair value were \$7,065 and \$723, respectively, which were deemed as a low interest loan subsidy from government and recognised 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 realised deferred government grants revenue were \$1,431 and \$1,410, respectively, for the years ended December 31, 2024 and 2023.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the 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 contributes 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 labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the 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) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 16,308	\$ 16,431
Fair value of plan assets	(16,342)	(14,658)
Net defined benefit liability	<u>(\$ 34)</u>	<u>\$ 1,773</u>

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

	Year ended December 31, 2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 16,431	(\$ 14,658)	\$ 1,773
Interest expense (income)	185	(166)	19
	<u>16,616</u>	<u>(14,824)</u>	<u>1,792</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,314)	(1,314)
Change in financial assumptions	(183)	-	(183)
Experience adjustments	(125)	-	(125)
	<u>(308)</u>	<u>(1,314)</u>	<u>(1,622)</u>
Pension fund contribution	-	(204)	(204)
Balance at December 31	<u>\$ 16,308</u>	<u>(\$ 16,342)</u>	<u>\$ 34</u>
	Year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 20,037	(\$ 14,153)	\$ 5,884
Interest expense (income)	225	(161)	64
	<u>20,262</u>	<u>(14,314)</u>	<u>5,948</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(141)	(141)
Experience adjustments	(3,831)	-	(3,831)
	<u>(3,831)</u>	<u>(141)</u>	<u>(3,972)</u>
Pension fund contribution	-	(203)	(203)
Balance at December 31	<u>\$ 16,431</u>	<u>(\$ 14,658)</u>	<u>\$ 1,773</u>

- (d) The Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan assets in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	<u>1.38%</u>	<u>1.13%</u>
Future salary increases	<u>2.50%</u>	<u>2.50%</u>

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023, respectively.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2024				
Effect on present value of defined benefit	(<u>\$ 178</u>)	<u>\$ 183</u>	<u>\$ 179</u>	(<u>\$ 175</u>)
December 31, 2023				
Effect on present value of defined benefit	(<u>\$ 151</u>)	<u>\$ 156</u>	<u>\$ 151</u>	(<u>\$ 147</u>)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$212.

(g) As of December 31, 2024, the weighted average duration of that retirement plan is 4.5 years.

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 pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$6,529 and \$6,273, respectively.

(16) Share capital

A. As of December 31, 2024, the Company’s authorised 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:

	<u>2024</u>	<u>2023</u>
	<u>Number of thousand shares</u>	<u>Number of thousand shares</u>
At January 1 and December 31	<u>74,124</u>	<u>74,124</u>

(17) Capital surplus

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Used to offset deficits, distributed as cash dividends</u> <u>or transferred to share capital (Note 1)</u>		
Additional paid-in capital in excess of par-ordinary share	<u>\$ 1,163,298</u>	<u>\$ 1,163,298</u>
Difference between consideration and carrying amount of associates accounted for using equity method	<u>\$ 2,125</u>	<u>\$ 2,125</u>
Assets received as donations	<u>\$ 20</u>	<u>\$ -</u>
<u>Used to offset accumulated deficits only (Note 2)</u>		
Changes in ownership interests in associates accounted for using equity method	<u>\$ 27,926</u>	<u>\$ 27,926</u>

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

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

(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 year's 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 attendance 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 May 30, 2024. The appropriations of 2022 earnings had been resolved at the shareholders' meeting on May 31, 2023. Details are summarized below:

	Years ended December 31,			
	2023		2022	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 43,884		\$ 40,788	
Provision for (reversal of) special reserve	(15,099)		(10,898)	
Cash dividend	222,372	\$ 3.00	222,372	\$ 3.00

G.The appropriation of 2024 earnings proposed by the Board of Directors on February 24, 2025 is as follows:

	Year ended December 31, 2024	
	Amount	Dividend per share (in dollars)
Legal reserve special reserve	\$ 37,291	
	(13,421)	
Cash dividends	222,372	\$ 3.00

H.Refer to Note 6 (25) for further information relating to employees' compensation and directors' and supervisors' remuneration.

(19) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Years ended December 31,	
	2024	2023
Auto parts	\$ 1,513,312	\$ 1,444,806
Others	13,055	12,153
	<u>\$ 1,526,367</u>	<u>\$ 1,456,959</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities:			
Contract liabilities	\$ 3,024	\$ 1,866	\$ 2,811
- advance sales receipts	<u>3,024</u>	<u>1,866</u>	<u>2,811</u>

For the years ended December 31, 2024 and 2023, revenue recognised that were included in the contract liability balance at the beginning of the period amounted to \$1,738 and \$2,314, respectively.

(20) Interest income

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 22,548	\$ 33,636
Interest income from loans to related parties	16,258	15,413
	<u>\$ 38,806</u>	<u>\$ 49,049</u>

(21) Other income

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Dividend income	\$ 7,576	\$ 6,733
Rent income	4,152	4,856
Revenue for government grants	2,167	1,682
Other income - others	25,099	38,320
	<u>\$ 38,994</u>	<u>\$ 51,591</u>

(22) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Foreign exchange losses	\$ 99,895	\$ 62,464
Gains on financial assets and liabilities at fair value through profit or loss	10,112	6,415
Gains on disposal of property, plant and equipment	2,199	-
Other losses	(897)	(64)
	<u>\$ 111,309</u>	<u>\$ 68,815</u>

(23) Finance costs

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest expense	\$ 9,629	\$ 10,644

(24) Expenses by nature

	Year ended December 31, 2024		
	Classified as	Classified as	Total
	Operating Costs	Operating Expenses	
Employee benefit expense	\$ 139,052	\$ 84,124	\$ 223,176
Depreciation charges on property, plant and equipment	264,662	24,486	289,148
Depreciation charges on right-of-use assets	-	5,389	5,389
Amortisation	2,036	3,496	5,532
	<u>\$ 405,750</u>	<u>\$ 117,495</u>	<u>\$ 523,245</u>
	Year ended December 31, 2023		
	Classified as	Classified as	Total
	Operating Costs	Operating Expenses	
Employee benefit expense	\$ 133,713	\$ 88,217	\$ 221,930
Depreciation charges on property, plant and equipment	257,491	21,232	278,723
Depreciation charges on right-of-use assets	-	2,678	2,678
Amortisation	2,916	3,315	6,231
	<u>\$ 394,120</u>	<u>\$ 115,442</u>	<u>\$ 509,562</u>

(25) Employee benefit expense

	Year ended December 31, 2024		
	Classified as	Classified as	Total
	Operating Costs	Operating Expenses	
Wages and salaries	\$ 114,548	\$ 68,189	\$ 182,737
Labour and health insurance fees	12,577	4,511	17,088
Pension costs	4,121	2,427	6,548
Directors' remuneration	-	7,239	7,239
Other personnel expenses	7,806	1,758	9,564
	<u>\$ 139,052</u>	<u>\$ 84,124</u>	<u>\$ 223,176</u>
	Year ended December 31, 2023		
	Classified as	Classified as	Total
	Operating Costs	Operating Expenses	
Wages and salaries	\$ 110,770	\$ 72,656	\$ 183,426
Labour and health insurance fees	12,169	4,748	16,917
Pension costs	3,766	2,572	6,338
Directors' remuneration	-	6,427	6,427
Other personnel expenses	7,008	1,814	8,822
	<u>\$ 133,713</u>	<u>\$ 88,217</u>	<u>\$ 221,930</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 years ended December 31, 2024 and 2023, the accrued employees' compensation and directors' remuneration were as follows:

	Years ended December 31,	
	2024	2023
Employees' compensation	\$ 8,892	\$ 8,425
Directors' remuneration	5,928	5,841
	<u>\$ 14,820</u>	<u>\$ 14,266</u>

For the years ended December 31, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 1.8% and 1.5% as well as 1.2% 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 recognised 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.
- E. As at December 31, 2024 and 2023, the Company had 284 and 281 employees, including 4 non-employee directors.
- F. Average employee benefit expenses in current and previous years were \$771 and \$778, respectively.
- G. Average employees salaries in current and previous years were \$653 and \$662, respectively.
- H. Adjustment of average employees salaries was (1.36%).
- I. The directors' emolument includes directors' salaries, transportation allowances and remuneration from earnings. Directors' salaries are determined based on the pay levels in the same industry. Transportation allowances are paid based on their attendance to the board meetings. Directors' remuneration from earnings are appropriated in accordance with the Articles of Incorporation of the Company, which shall be reviewed by the Remuneration Committee, resolved by the Board of Directors and approved at the shareholders' meeting. The salary to an individual director is determined based on each director's performance results assessed according to 'Regulations Governing the Board Performance Evaluation' and then calculated in accordance with the 'Rules for Distribution of Remuneration to Directors'. The salary payments shall be submitted to be reviewed by the Remuneration Committee and resolved by Board of Directors. Managers' and employees' emoluments include salaries, bonuses, employee compensations, pensions, etc. Salaries are determined based on the positions and responsibilities assumed by each manager or

employee by reference to the pay levels for the same position in the same industry and the individual's performance results assessed according to 'Regulations Governing Performance Evaluation'. The managers' emolument shall be reviewed by the Remuneration Committee and resolved by the Board of Directors.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31,	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 122,329	\$ 127,577
Prior year income tax over estimation	(17,349)	(13,026)
Total current tax	<u>104,980</u>	<u>114,551</u>
Deferred tax:		
Origination and reversal of temporary differences	2,571	(2,811)
Total deferred tax	<u>2,571</u>	<u>(2,811)</u>
Income tax expense	<u>\$ 107,551</u>	<u>\$ 111,740</u>

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

	Years ended December 31,	
	2024	2023
Remeasurement of defined benefit obligations	(\$ 324)	(\$ 794)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 96,702	\$ 109,480
Expenses disallowed by tax regulation	12	-
Tax exempt income by tax regulation	(3,836)	(3,728)
Temporary differences not recognised as deferred tax assets	32,109	11,877
Change in assessment of realisation of deferred tax assets	(87)	7,137
Prior year income tax overestimation	(17,349)	(13,026)
Income tax expense	<u>\$ 107,551</u>	<u>\$ 111,740</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised exchange loss	\$ 5,474	(5,474)	-	\$ -
Inventory valuation loss	5,088	2,545	-	7,633
Defined benefit plan	729	(37)	(324)	368
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	80,563
Others	4,127	1,773	-	5,900
	<u>\$ 95,981</u>	<u>(\$ 1,193)</u>	<u>(\$ 324)</u>	<u>\$ 94,464</u>
Deferred tax liabilities:				
Gains on valuation of financial instruments at fair value through profit or loss	\$ -	(1,378)	-	(\$ 1,378)
	<u>\$ 95,981</u>	<u>(\$ 2,571)</u>	<u>(\$ 324)</u>	<u>\$ 93,086</u>
	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Unrealised exchange loss	\$ 3,696	\$ 1,778	\$ -	\$ 5,474
Inventory valuation loss	6,120	(1,032)	-	5,088
Losses on valuation of financial instruments at fair value through profit or loss	-	590	-	590
Defined benefit plan	1,551	(28)	(794)	729
Share of profit (loss) of subsidiaries accounted for under the equity method	80,563	-	-	80,563
Others	2,547	990	-	3,537
	<u>\$ 94,477</u>	<u>\$ 2,298</u>	<u>(\$ 794)</u>	<u>\$ 95,981</u>
Deferred tax liabilities:				
Gains on valuation of financial instruments at fair value through profit or loss	(\$ 513)	513	-	\$ -
	<u>\$ 93,964</u>	<u>\$ 2,811</u>	<u>(\$ 794)</u>	<u>\$ 95,981</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary differences	\$ 481,031	\$ 310,196

E. The Company's and domestic subsidiaries' income tax returns through 2022 have been assessed and approved by the Tax Authority.

F. As of December 31, 2024, relevant information of current income tax liabilities and non-current income tax liabilities is as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Income tax payable</u>		<u>Income tax payable</u>	
	Current (Within an year)	Non-current (Over 1 year)	Current (Within an year)	Non-current (Over 1 year)
2021	\$ -	\$ -	\$ 11,999	\$ 3,789
2022	37,055	969	37,055	52,494
2023	-	-	139,105	-
2024	56,151	-	-	-
	<u>\$ 93,206</u>	<u>\$ 969</u>	<u>\$ 188,159</u>	<u>\$ 56,283</u>

(27) Earnings per share

Earnings per share of ordinary shares:

	<u>Year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 371,612	74,124	\$ 5.01
<u>Diluted earnings per share</u>			
Profit for the year	371,612	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	183	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 371,612</u>	<u>74,307</u>	<u>\$ 5.00</u>

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 435,661	74,124	\$ 5.88
<u>Diluted earnings per share</u>			
Profit for the year	435,661	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	162	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 435,661	74,286	\$ 5.86

(28) Supplemental cash flow information

A. Investing activities with partial cash payments in property, plant and equipment:

	December 31, 2024	December 31, 2023
Purchase of property, plant and equipment	\$ 223,619	\$ 158,412
Add: Opening balance of payable on equipment and construction	43,263	44,189
Opening balance of notes payable	105,428	102,954
Less: Ending balance of payable on equipment and construction	(35,366)	(43,263)
Ending balance of notes payable	(21,445)	(105,428)
Transfer of inventory to property, plant and equipment	(7,251)	(2,199)
Cash paid during the year	<u>\$ 308,248</u>	<u>\$ 154,665</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Transfer of property, plant and equipment	\$ 129,949	\$ 81,846
Add: Ending balance of prepayment for equipment	213,096	304,136
Less: Opening balance of prepayment for equipment	(304,136)	(124,734)
Cash paid during the period	<u>\$ 38,909</u>	<u>\$ 261,248</u>

B. Investing activities with partial cash payments:

	December 31, 2024	December 31, 2023
Purchase of financial assets at fair value through profit or loss	\$ -	\$ 10,880
Add: Opening balance of securities payables	-	1,383
Cash paid during the year	<u>\$ -</u>	<u>\$ 12,263</u>

(29) Changes in liabilities from financing activities

	<u>Long-term borrowings</u> <u>(including current portion)</u>	<u>Lease liabilities</u> <u>(including non-current)</u>	<u>Dividends payable</u>	<u>Liabilities from financing</u> <u>activities-gross</u>
At January 1, 2024	\$ 580,013	\$ 22,663	\$ -	\$ 602,676
Changes in cash flow from financing activities	(133,167)	(5,308)	(222,372)	(360,847)
Changes in other non-cash items	<u>1,458</u>	<u>-</u>	<u>222,372</u>	<u>223,830</u>
At December 31, 2024	<u>\$ 448,304</u>	<u>\$ 17,355</u>	<u>\$ -</u>	<u>\$ 465,659</u>
	<u>Long-term borrowings</u> <u>(including current portion)</u>	<u>Lease liabilities</u> <u>(including non-current)</u>	<u>Dividends payable</u>	<u>Liabilities from financing</u> <u>activities-gross</u>
At January 1, 2023	\$ 736,032	\$ 6,693	\$ -	\$ 742,725
Changes in cash flow from financing activities	(154,424)	(2,663)	(222,372)	(379,459)
Changes in other non-cash items	<u>(1,596)</u>	<u>18,925</u>	<u>222,372</u>	<u>239,701</u>
At December 31, 2023	<u>\$ 580,012</u>	<u>\$ 22,663</u>	<u>\$ -</u>	<u>\$ 602,967</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	The Company's subsidiary
UNITED SKILLS CO., LTD. (UNITED SKILLS)	The Company's subsidiary
CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	The Company's subsidiary
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU FUTE)	The Company's subsidiary
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	The Company's subsidiary (Note)
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD. (LIAONING HETAI)	The Company's subsidiary
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	The corporate representative of the company's director is its chairperson.
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	The corporate representative of the company's director is its director.
HE HAN INVESTMENT CO.,LTD	The corporate representative of the company's director is its director.

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

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2024	2023
Sales of goods:		
Subsidiaries	\$ <u>16,110</u>	\$ <u>12,188</u>

Goods are sold based on the price that would be available to general customers. The credit terms to related parties and general customer are 30~90 days and 60~120 days after the monthly billings, respectively.

B. Purchases

	Years ended December 31,	
	2024	2023
Purchases of goods:		
Subsidiaries	\$ <u>10,933</u>	\$ <u>9,044</u>

Goods are purchased based on the price that would be available to general customers. The transaction price and payment terms are not significantly different from those of general suppliers. The payment terms of general manufacturers are prepayments.

C. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
CHANG JIE	\$ 11,290	\$ 10,867
RISE BRIGHT	8,180	7,241
UNITED SKILLS	<u>2,644</u>	<u>-</u>
	<u>\$ 22,114</u>	<u>\$ 18,108</u>
Other receivables:		
Subsidiaries	<u>\$ 12,999</u>	<u>\$ 17,702</u>

The receivables from related parties arise mainly from sales of automatic equipment and goods. Other receivables arise mainly from technical service revenue. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Prepayments (shown as other current assets)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
CHANG JIE	\$ 14,496	\$ 8,353
RISE BRIGHT	<u>1,203</u>	<u>-</u>
	<u>\$ 15,699</u>	<u>\$ 8,353</u>

The prepayments mainly represent the purchase of steel products from CHANG JIE.

E. Acquisition of financial assets:

	<u>Accounts</u>	<u>No. of shares</u> (Thousand shares)	<u>Objects</u>	<u>Years ended December 31, 2024</u>	
					<u>Consideration</u>
UNITED SKILLS	Investments accounted for using equity method	4,800	Stock	<u>\$</u>	<u>48,000</u>

F. Technical service revenue (shown as other income)

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
CHANGSHU FUTE	\$ 6,936	\$ 7,477
Subsidiaries	<u>60</u>	<u>6,729</u>
	<u>\$ 6,996</u>	<u>\$ 14,206</u>

Technical service revenue refers to the supervision services rendered by the Company to CHANGSHU FUTE、LIAONING HETAI and CHANG JIE, including wages and salaries, meal expenses, insurance expenses and other expenses.

I. Loans to/from related parties

(a) Loans to related parties

i. Outstanding balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
CHANGSHU FUTE	\$ 208,947	\$ 379,602
RISE BRIGHT	114,748	107,468
LIAONING HETAI	76,365	121,776
UNITED SKILLS	25,000	-
	<u>\$ 425,060</u>	<u>\$ 608,846</u>

ii. Interest receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries	\$ 1,041	\$ 6,812

iii. Interest income

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
CHANGSHU FUTE	\$ 9,644	\$ 8,105
LIAONING HETAI	4,941	5,777
RISE BRIGHT	1,557	1,531
UNITED SKILLS	116	-
	<u>\$ 16,258</u>	<u>\$ 15,413</u>

The loans carry interest at 0.77%~4.35% and 1.4%~5% per annum for both the years ended December 31, 2024 and 2023, respectively.

J. Endorsements and guarantees provided to related parties

Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 22,172	\$ 21,668
Post-employment benefits	15	56
	<u>\$ 22,187</u>	<u>\$ 21,724</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>	
Property, plant and equipment	\$ 960,582	\$ 1,023,108	Short-term borrowings and long-term borrowings
Financial assets at amortised cost - non-current (shown as other non-current assets)	300	300	Natural gas for manufacturing
	<u>\$ 960,882</u>	<u>\$ 1,023,408</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As at December 31, 2024 and 2023, the Company's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$199,038 and \$168,542, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

- A. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and to optimise the balance of liabilities and equity.
- B. The Company'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 Company has no obligation to comply with any external capital requirements.
- D. The key management of the Company monitors the capital structure every year, including capital costs and related risks, and the Company 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>December 31, 2024</u>	<u>December 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	\$ 128,867	\$ 124,815
Financial assets at fair value through other comprehensive income		
Designation of equity instrument instrument	\$ 127,432	\$ 128,299
Financial assets at amortised cost		
Cash and cash equivalents	\$ 478,167	\$ 252,454
Financial assets at amortised cost	29,467	126,190
Notes receivable	11,797	16,821
Accounts receivable (including related parties)	346,896	312,097
Other receivables (including related parties)	441,376	642,863
Guarantee deposits paid	6,754	6,754
	<u>\$ 1,314,457</u>	<u>\$ 1,357,179</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 2,952
Financial liabilities at amortised cost		
Notes payable	\$ 115,943	\$ 178,103
Accounts payable	22,531	20,981
Other payables	136,830	137,444
Long-term borrowings (including current portion)	448,304	580,013
	<u>\$ 723,608</u>	<u>\$ 916,541</u>
Lease liabilities (including current portion)	<u>\$ 17,355</u>	<u>\$ 22,663</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, 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 Company'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 Company 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 Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company 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 Company is required to hedge their entire foreign exchange risk exposure with the treasury. Exchange rate risk is measured through a forecast of highly probable United States Dollar and Chinese Renminbi expenditures. Company uses natural hedge to decrease the risk exposure in the foreign currency through the treasury.
- iii. The Company hedges foreign exchange rate by using forward exchange contracts.
However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan Dollars. 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:

December 31, 2024			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 22,994	32.79	\$ 753,853
RMB : NTD	81,152	4.48	363,401
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>			
USD : NTD	\$ 9,422	32.79	\$ 308,916
December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 28,521	30.71	\$ 875,737
RMB : NTD	98,232	4.33	425,050
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>			
USD : NTD	\$ 14,822	30.71	\$ 455,103

- v. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to \$99,895 and \$62,464, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	7,539	\$ -
RMB : NTD	1%		3,634	-
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>				
USD : NTD	1%	\$	3,089	Not applicable

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	8,757	\$ -
RMB : NTD	1%		4,251	-
<u>Non-monetary items</u>				
<u>Investments accounted for using equity method</u>				
USD : NTD	1%	\$	4,551	Not applicable

Price risk

- i. The Company'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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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, pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$1,289 and \$1,248, 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 increased/decreased by \$1,274 and \$1,283,

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 Company's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2024 and 2023, the Company'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 years ended December 31, 2024 and 2023 would have increased/decreased by \$449 and \$582, 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortised 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 Company's credit policy, the Company is responsible for managing and analysing 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 utilisation of credit limits is regularly monitored.
- iii. The Company 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. The Company used the forecastability to adjust historical and timely information to assess the default possibility of receivables (including notes receivable). On December 31, 2024 and 2023, the provision matrix is as follows:

	Not past due	1 to 61 days	61 to 120 days	Over 241 days	Total
<u>December 31, 2024</u>					
Expected loss rate	0.05%	1.07%	13.93%	100%	
Total book value	\$ 289,303	\$ 47,774	\$ 4,276	\$ 2,648	\$ 344,001
Loss allowance	-	(4,039)	(735)	(2,648)	(7,422)
	<u>\$ 289,303</u>	<u>\$ 43,735</u>	<u>\$ 3,541</u>	<u>\$ -</u>	<u>\$ 336,579</u>
	Not past due	1 to 61 days	61 to 120 days	Over 241 days	Total
<u>December 31, 2023</u>					
Expected loss rate	0.05%	0.84%	6.51%	100%	
Total book value	\$ 266,872	\$ 47,809	\$ 843	\$ 2,708	\$ 318,232
Loss allowance	-	(4,683)	(31)	(2,708)	(7,422)
	<u>\$ 266,872</u>	<u>\$ 43,126</u>	<u>\$ 812</u>	<u>\$ -</u>	<u>\$ 310,810</u>

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

	December 31, 2024		
	Notes receivable	Accounts receivable	Total
At January 1/December 31	<u>\$ 207</u>	<u>\$ 7,215</u>	<u>\$ 7,422</u>
	December 31, 2023		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 144	\$ 7,111	7,255
Provision for impairment	85	704	789
Reversal of an impairment loss	(22)	(600)	(622)
At December 31	<u>\$ 207</u>	<u>\$ 7,215</u>	<u>\$ 7,422</u>

(c) Liquidity risk

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

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Expiring within one year	<u>\$ 300,000</u>	<u>\$ 300,000</u>

- iii. The table below analyses the Company'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:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Notes payable	\$ 115,943	\$ -	\$ -	\$ -	\$ -	\$ 115,943
Accounts payable	22,531	-	-	-	-	22,531
Other payables	136,830	-	-	-	-	136,830
Lease liabilities	5,461	4,943	3,995	3,361	-	17,760
Long-term borrowings (including current portion)	141,343	146,185	40,812	79,619	57,232	465,191

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
Notes payable	\$ 178,103	\$ -	\$ -	\$ -	\$ -	\$ 178,103
Accounts payable	20,981	-	-	-	-	20,981
Other payables	137,444	-	-	-	-	137,444
Lease liabilities	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

(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 Company'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 Company's investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. For information on the fair value of investment real estate measured at cost, please refer to Note 6. (10).

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 (including related parties), other receivables (including related parties), financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion) and guarantee deposits received.

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 at December 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>
December 31, 2024				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 128,475</u>	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 128,867</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 127,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,432</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>\$ 124,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,815</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>

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

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

E. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. For the years ended December 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

Not applicable.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Loans to others
Year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024	Balance at December 31, 2024	Actual amount drawn down (Note 2)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	\$ 229,495	\$ 114,748	\$ 114,748	1.40%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 410,985	\$ 1,643,942	
0	Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Other receivables	Y	25,000	25,000	25,000	0.77%	2	-	Operating capital	-	N	-	410,985	1,643,942	
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	579,489	273,172	208,947	4.00%	2	-	Operating capital	-	N	-	410,985	1,643,942	Note 5
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	217,365	89,831	76,356	4.35%	2	-	Operating capital	-	N	-	410,985	1,643,942	
0	CHINA FIRST HOLDINGS LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	16,393	16,393	-	-	2	-	Operating capital	-	N	-	31,780	127,120	

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 December 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 0.14 and 32.79 on December 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\$579,489, which exceeds the capital loan limit for single parties. However, after a board meeting, the capital loan limit was increased, and the company actually did not exceed the limit. The maximum amount includes NT\$89,831, NT\$65,570, NT\$90,550 and NT\$60,366, which are used to repay the capital loans due in January 2024, March 2024, August 2024 and November 2024. The total loan limit after borrowing new funds and repaying old ones is NT\$273,172.

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)
December 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 December 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	\$ 27,518	0.53%	\$ 12,027	
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%	95,810	
Y.C.C. PARTS MFG. CO., LTD.	ROUNDTOP MACHINERY INDUSTRIES CO., LTD.	N	Current financial assets at fair value through profit or loss	73,000	3,342	0.05%	1,993	
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%	527	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	277,869	37,717	0.17%	18,118	
UNITED SKILLS CO., LTD.	WANHWA ENTERPRISE COMPANY	N	Current financial assets at fair value through profit or loss	100,000	1,227	0.02%	1,235	
UNITED SKILLS CO., LTD.	LASTER TECH CO., LTD.	N	Current financial assets at fair value through profit or loss	103,000	3,609	0.09%	3,574	
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%	1,391	
UNITED SKILLS CO., LTD.	GLOBAL BRANDS MANUFACTURE LTD.	N	Current financial assets at fair value through profit or loss	20,000	769	0.00%	1150	
UNITED SKILLS CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	1,667	235	0.00%	108	
			Valuation adjustment		33,660		\$ 135,933	
					\$ 135,933			
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%	\$ 23,213	
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%	104,219	
			Valuation adjustment		(1,103)		\$ 127,432	
					\$ 127,432			

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
 December 31, 2024

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2024 (Note 1)	Turnover rate (Note 4)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 5)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Subsidiary	\$ 208,947	-	\$ -	-	\$ -	-	Note 2
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	123,905	-	-	-	-	-	Note 3

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

Note 2: It pertains to principal and interest aggregating to \$208,947 from loans to the subsidiary shown as other receivables.

Note 3: It pertains to principal and interest aggregating to \$115,725 from loans to the subsidiary shown as other receivables and sales of product amounting to \$8,180 shown as accounts receivable.

Note 4: Only accounts receivable was used for the calculation of turnover rate.

Note 5: Subsequent collection is the amount collected as of February 7, 2025.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 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	\$ 123,905	Based on the contract	2.42%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	208,947	Based on the contract	4.09%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	1	Other receivables	79,897	Based on the contract	1.56%
0	Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	1	Other receivables	25,085	Based on the contract	0.49%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANG JIE TECHNOLOGY CO., LTD.	1	Accounts receivables	11,290	Based on the contract	0.22%
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Sales revenue	12,755	Based on the contract	0.66%
1	CHANG JIE TECHNOLOGY CO., LTD.	Y.C.C. PARTS MFG. CO., LTD.	2	Contract liabilities	14,496	Based on the contract	0.28%

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
Year ended December 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 December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognised by the Company for the year ended December 31, 2024	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Wholesale and retail of health supplements, online shopping and mail order	\$ 98,000	\$ 50,000	9,800	100.00%	\$ 104,404	\$ 5,486	\$ 5,486	Subsidiary (Note 1)
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,235,358	1,235,358	-	100.00%	298,556 (	170,835) (	170,835)	Subsidiary (Note 2)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	284,201 (	154,815) (	138,868)	Subsidiary (Note 2)

Note 1: The Company passed a resolution by the Board of Directors to invest NT\$100,000 thousand in its subsidiary UNITED SKILLS in installments on March 7, 2024. As of December 31, 2024, the Company increased its capital NT\$48,000 thousand and the change in registration was completed. However, on November 6, 2024, the Board of Directors resolved to cancel the remaining investment plan for the capital increase as the subsidiary, United Skills Co., Ltd. has no capital needs in the short-term.

Note2: 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
Year ended December 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)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the Year ended December 31, 2024			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 5)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan							
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles, producing and selling various accessories of automobiles and electronic plastic parts	\$ 483,600	2	\$ 890,664	\$ -	\$ -	\$ 890,664	(\$ 148,737)	89.44%	(\$ 133,030)	\$ 58,449	\$ -	Note 2 Note 5
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	(7,732)	73.89%	(5,713)	204,872	-	Note 3
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	(30,073)	99.83%	(30,022)	118,973	-	Note 4

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: Paid-in capital is US\$16,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$28,300 thousand.

Note 3: Paid-in capital is US\$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$8,591 thousand.

Note 4: Paid-in capital is US\$6,080 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$6,070 thousand.

Note 5: 'Investment income (loss) recognised by the Company for the Year ended December 31, 2024 was based on the financial statements that were audited by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA

Note 1: 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 2: 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 3: The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) to CHANG JIE TECHNOLOGY CO., LTD. was RMB\$10,000 thousand.

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

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

Major shareholders information

December 31, 2024

Table 7

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

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

(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.

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024

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

Statement 1

Item	Description	Amount
Cash on hand and petty cash		\$ 107
Cash in banks:		
Checking accounts and NTD demand deposits		135,552
Foreign currency demand deposits	USD 261 at exchange rate approximately 1 : 32.79	8,567
	RMB 1,186 at exchange rate approximately 4.48	5,313
Time deposits	USD 9,200 at exchange rate approximately 1 : 32.79	301,668
	RMB 6,000 at exchange rate approximately 4.48	26,960
		<u>\$ 478,167</u>

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024

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

Statement 2

Item	Description	Amount	Note
Related parties:		\$ 22,114	
Non-related parties:			
A client		\$ 83,434	
B client		69,861	
C client		24,538	
D client		22,624	
E client		22,484	
F client		21,018	
Others		88,038	None of the balance of each remaining client is greater than 5% of this account balance
		\$ 331,997	
Less: Allowance for uncollectible accounts		(7,215)	
		<u>\$ 324,782</u>	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER RECEIVABLES - RELATED PARTIES
DECEMBER 31, 2024

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

Statement 3

Item	Description	Amount	Note
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For information regarding the other receivables - related parties incurred during the current period, please refer to Note 7.

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

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

Statement 4

Item	Description	Amount		Note
		Cost	Market Value	
Materials:		\$ 99,107	\$ 96,886	Replacement cost method
Work in progress		13,011	9,097	Net Realisable Value
Semi-finished goods		5,704	3,177	Net Realisable Value
Finished goods		159,057	230,894	Net Realisable Value
Merchandises		808	875	Net Realisable Value
		<u>277,687</u>	<u>\$ 340,929</u>	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories		(<u>38,161</u>)		
		<u>\$ 239,526</u>		

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 5

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount		
RISE BRIGH UNITED SKILLS CO., LTD.	-	\$455,103	-	\$ 14,288	-	(\$170,835)	-	100%	\$ 298,556	-	\$ 298,556	None	Note 1
	5,000	<u>50,918</u>	4,800	<u>53,486</u>	-	<u>-</u>	9,800	100%	<u>104,404</u>	10.65	<u>104,404</u>	None	Note 2、3
		<u>\$506,021</u>		<u>\$ 67,774</u>		<u>(\$170,835)</u>			<u>\$ 402,960</u>		<u>\$ 402,960</u>		

Note 1: The investee is a limited company without shares. The shareholding ratio is calculated proportionately to the contributed amount.

Note 2: The amounts of shares are expressed in thousands.

Note 3: The increase for this period includes investment income of NT\$5,486 recognized using the equity method and an increase in investment funds of NT\$48,000.

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note
Information on change in property, plant and equipment for the year is provided in Note 6(8).						

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 7

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Collateral</u>	<u>Note</u>
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Information on change in property, plant and equipment for the year is provided in Note 6(8).

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2024

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

Statement 8

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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For information regarding other non-current assets incurred during the current period, please refer to Note

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024

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

Statement 9

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Bank of Taiwan	Medium- and long-term borrowings	\$ 24,000	2019.12.26-2026.12.15	1.38%	None	
Bank of Taiwan	Medium- and long-term borrowings	177,430	2016.01.06-2031.01.06	1.91%	Land	
Bank of Taiwan	Medium- and long-term borrowings	184,000	2019.12.26-2026.12.15	1.38%	Machinery and equipment	
Bank of Taiwan	Medium- and long-term borrowings	63,238	2019.09.19-2029.12.15	1.38%	Building	
		<u>448,668</u>				
Less: Long-term borrowings, current portion		(136,815)				
Less: Government grant discounts		(364)				
		<u>\$ 311,489</u>				

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 10

Item	Volume	Amount	Note
Auto parts	1,842	\$ 1,523,764	
Others		13,055	None of the balance of each remaining item is greater than 5% of this account balance
		1,536,819	
Less: Sales discounts and allowances as well as sales returns		(10,452)	
		<u>\$ 1,526,367</u>	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 11

Item	Amount
Beginning inventories	\$ 372
Add: Purchase for the year	11,385
Less: Ending inventories	(808)
Cost of goods purchased and sold	10,949
Beginning raw materials	113,928
Add: Purchase for the year	278,635
Gain on physical inventory for raw materials	918
Transferred from work in progress	120
Less: Ending inventories	(99,107)
Transferred to various expenses	(2,131)
Gain on material sold	(89)
Raw materials used	292,274
Add: Direct labor	98,539
Manufacturing expense	438,044
Less: Unallocated fixed overhead	(18,498)
Manufacturing cost	810,359
Add: Beginning work in progress	11,993
Transfer of finished goods	324,233
Less: Ending work in progress	(18,715)
Loss on physical inventory for work in progress	(12)
Transferred to raw materials	(120)
Transferred to various expenses	(1,503)
Cost of finished goods	1,126,235
Add: Beginning finished goods	152,047
Less: Ending finished goods	(159,057)
Transferred to work in progress	(324,233)
Transferred to various expenses	(9,099)
Transferred to property, plant and equipment	(7,251)
Loss on physical inventory for finished goods	(762)
Loss on disposals	(235)
Cost of goods manufactured and sold	777,645
Cost of goods purchased and sold	10,949
Loss on slow-moving inventories and valuation loss	12,724
Loss on physical inventories	(144)
Loss on scrapping of inventories	235
Gain on material sold	89
Unallocated fixed manufacturing overhead	18,498
Operating costs	\$ 819,996

Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 12

Item	Description	Amount	Note
Depreciation		\$ 264,662	
Utilities expense		67,419	
Wages and salaries		26,233	
Other expenses		79,730	None of the balance of each remaining client is greater than 5% of this account balance
		\$ 438,044	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 13

Item	Selling expenses	Administrative expenses	Research and development expenses	Note
Import/export (customs) expense	\$ 43,327	\$ -	\$ -	
Wages and salaries	28,199	32,157	9,660	
Freight	18,583	-	740	
Depreciation	5,619	7,790	16,466	
Inspection fee	-	-	5,373	
Commissioned research expenses	-	-	4,382	
Other expenses	<u>18,206</u>	<u>23,669</u>	<u>27,166</u>	None of the balance of each remaining client is greater than 5% of this account balance
	<u>\$ 113,934</u>	<u>\$ 63,616</u>	<u>\$ 63,787</u>	

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF INTEREST INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 14

	Amount	
Item	Subtotal	Total

For information regarding the interest income incurred during the current period, please refer to Note 6(20).

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral	Note
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Information on other income for the year is provided in Note 6(21).

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF OTHER INCOME AND EXPENSES, NET
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 16

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Information on other income and expenses for the year is provided in Note 6(22).			

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Y.C.C. PARTS MFG. CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Statement 17

Item	Description	Amount	Note
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Information on finance cost for the year is provided in Note 6(23).

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Y.C.C. PARTS MFG. CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 18

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Information on employee benefits, depreciation and amortisation expenses for the year is provided in Notes 6(24) and (25).						